BASE PROSPECTUS

CAIXABANK, S.A.

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

EURO 15,000,000,000
Euro Medium Term Note Programme

Under this Euro 15,000,000,000 Euro Medium Term Note Programme (the **Programme** described in this Base Prospectus (which replaces the previous Base Prospectus dated 23 April 2018, in respect of the Programme)), CaixaBank, S.A. (the **Issuer**, the **Bank** or **CaixaBank**) may from time to time issue notes governed by English law (the **English Law Notes**) and notes governed by Spanish law (the **Spanish Law Notes** and together with the English Law Notes, the **Notes**), as specified in the applicable Final Terms. The terms and conditions of the English Law Notes (the **English Law Conditions**) are set out herein in the section headed "*Terms and Conditions of the English Law Notes*" and the terms and conditions of the Spanish Law Notes (the **Spanish Law Conditions**) are set out herein in the section headed "*Terms and Conditions of the Spanish Law Notes*". References to the "Notes" shall be to the English Law Notes and/or the Spanish Law Notes, as appropriate, and reference to the "Terms and Conditions", "Terms and Conditions of the Notes" or the "Conditions" shall be to the English Law Conditions and/or the Spanish Law Conditions, as appropriate. For the avoidance of doubt, in the English Law Conditions, references to the "Notes" shall be to the English Law Notes, and in the Spanish Law Conditions, references to the "Notes" shall be to the Spanish Law Notes. Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below) subject to any applicable legal or regulatory restrictions. CaixaBank and its subsidiaries comprise the CaixaBank Group (the **CaixaBank Group** or the **Group**).

The Final Terms (as defined below) for each Tranche (as defined on pages 88 and 136) of Notes will state whether the Notes of such Tranche are to be (a) Senior Notes or (b) Subordinated Notes and, if Senior Notes, whether such notes are (i) Ordinary Senior Notes or (ii) Senior Non-Preferred Notes and, if Subordinated Notes, whether such Notes are (i) Senior Subordinated Notes or (ii) Tier 2 Subordinated Notes.

The maximum aggregate original nominal amount of all Notes from time to time outstanding under the Programme will not exceed Euro 15,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

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

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

Potential investors should note the statements on pages 223 – 229 regarding the tax treatment in Spain of income obtained in respect of Notes and the disclosure requirements imposed by Law 10/2014 (as defined below) on the Issuer. In particular, payments on Notes may be subject to Spanish withholding tax if certain information relating to Notes is not received by the Issuer in a timely manner.

This document has been approved as a base prospectus by the Central Bank of Ireland (the **CBI**) in its capacity as competent authority under Directive 2003/71/EC, as amended or superseded (including the amendments made by Directive 2010/73/EU) (the **Prospectus Directive**). The CBI only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to Notes that are to be admitted to trading on the regulated market of The Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) or on another regulated market for the purposes of Directive 2014/65/EU as amended (**MiFID II**) or that are to be offered to the public in any Member State of the European Economic Area. Application has been made to Euronext Dublin for Notes to be admitted to its official list (the **Official List**) and trading on its regulated market. References in the Base Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to listing on the Official List of Euronext Dublin and admitted to trading on its regulated market or, as the case may be, a regulated market for the purposes of MiFID II. The regulated market of Euronext Dublin is a regulated market for the purposes of MiFID II, as amended. This document may be used to list Notes on the regulated market of Euronext Dublin pursuant to the Programme.

References in this Base Prospectus to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the regulated market of Euronext Dublin and have been admitted to the Official List.

The requirement to publish a prospectus under the Prospectus Directive and any relevant implementing measure in a relevant Member State of the European Economic Area only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area and/or offered to the public in the European Economic Area other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as implemented in the relevant Member State(s)).

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

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

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

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

A determination will be made in relation to each issue about whether, for the purpose of the MiFID II Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer

subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

PRIIPs / IMPORTANT - EEA RETAIL INVESTORS - If the Final Terms in respect of any Notes includes a legend entitled "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 European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC, as amended or superseded (the **IMD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA will be prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Amounts payable on Floating Rate Notes and Fixed Reset Notes may be calculated by reference to one of the Euro Interbank Offered Rate (**EURIBOR**) or the London Interbank Offered Rate (**LIBOR**) as specified in the relevant Final Terms, which are provided by the European Money Markets Institute (**EMMI**) and ICE Benchmark Administration Limited (**ICE**), respectively. As at the date of this Base Prospectus, ICE is included in the European Securities and Markets Authorities' register of administrators and benchmarks under Article 36 of the Regulation (EU) No. 2016/1011 (the **Benchmarks Regulation**) and EMMI is not included in the European Securities and Markets Authorities' register of administrators and benchmarks under Article 36 of the Benchmarks Regulation.

As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that EMMI is not currently required to obtain authorisation/registration (or, if located outside the EU, recognition, endorsement or equivalence).

Arranger

BARCLAYS

Dealers

Banco Bilbao Vizcaya Argentaria, S.A.
Barclays
BofA Merrill Lynch
BNP PARIBAS
CaixaBank, S.A.
Citigroup
Commerzbank
Crédit Agricole CIB
Credit Suisse
Deutsche Bank
Goldman Sachs International
HSBC
J.P. Morgan
Mediobanca - Banca di Credito Finanziario S.p.A.
Morgan Stanley
NATIXIS
Nomura
Santander Corporate & Investment Banking (SCIB)
Société Générale Corporate & Investment Banking
UBS Investment Bank

The date of this Base Prospectus is 26 April 2019.

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus for the purposes of the Prospectus Directive and any relevant implementing measure in a relevant Member State of the European Economic Area.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

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

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

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

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

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

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or

other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the United Kingdom, Spain, Republic of Italy, France, Japan, Belgium and Singapore (see "*Subscription and Sale*"-).

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

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and

(v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

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

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

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

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

PRESENTATION OF INFORMATION

In this Base Prospectus, all references to:

- **U.S. dollars** refer to United States dollars;
- **Sterling** and **£** refer to pounds sterling;
- **Kwanza** refer to Angolan kwanza; and
- **euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the EU, as amended.

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

STABILISATION

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

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OVERVIEW OF THE PROGRAMME

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

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004, as amended implementing the Prospectus Directive (the **Prospectus Regulation**).

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

Issuer:	CaixaBank, S.A.
LEI Code:	7CUNS533WID6K7DGFI87
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "*Risk Factors*" below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "*Risk Factors*" and include certain risks relating to the structure of particular Series of Notes and certain market risks.
Description:	Euro Medium Term Note Programme
Arranger:	Barclays Bank PLC
Dealers:	Banco Bilbao Vizcaya Argentaria, S.A. Banco Santander, S.A. Barclays Bank Ireland PLC Barclays Bank PLC BNP Paribas BofA Securities Europe SA CaixaBank, S.A. Citigroup Global Markets Limited Citigroup Global Markets Europe AG Commerzbank Aktiengesellschaft Crédit Agricole Corporate and Investment Bank Credit Suisse Securities (Europe) Limited Deutsche Bank AG, London Branch Goldman Sachs International HSBC Bank plc HSBC France J.P. Morgan AG J.P. Morgan Securities plc Merrill Lynch International Mediobanca - Banca di Credito Finanziario S.p.A.

	Morgan Stanley & Co. International plc NATIXIS Nomura International plc Société Générale UBS Europe SE and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restrictions applicable at the date of this Base Prospectus.
Issuing and Principal Paying Agent:	BNP Paribas Securities Services, Luxembourg Branch.
Programme Size:	Up to €15,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) in aggregate original nominal amount of all Notes outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Subject to applicable selling restrictions, Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Notes may be denominated in euro, Sterling, U.S. dollars, yen and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer.
Maturities:	Any maturity of at least one year in the case of Senior Notes and Senior Subordinated Notes and a minimum maturity of five years in the case of Tier 2 Subordinated Notes, as indicated in the applicable Final Terms or such other minimum or maximum maturity as may be allowed or required from time to time by the relevant competent authority or any applicable laws or regulations.
Issue Price:	Notes may be issued on a fully- paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be in bearer form and will on issue be represented by either a temporary global Note or a permanent global Note as specified in the applicable Final Terms. Temporary global Notes will be exchangeable either for (a) interests in a permanent global Note or (b) for definitive Notes as indicated in the applicable Final Terms. Permanent global Notes will be exchangeable for definitive Notes upon the occurrence of an Exchange Event as described under "*Form of the Notes*".
Clearing Systems:	Euroclear, Clearstream, Luxembourg and/or, in relation to any Notes,

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

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

Floating Rate Notes: Floating Rate Notes will bear interest at a rate determined:

(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or

(b) on the basis of the reference rate set out in the applicable Final Terms.

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

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

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

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

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

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

price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

Redemption for taxation reasons in the case of Subordinated Notes, Senior Non-Preferred Notes and Ordinary Senior Notes eligible to comply with MREL Requirements, or redemption following a Capital Event or an Eligible Liabilities Event, will be subject to the prior permission of the Regulator and/or the Relevant Resolution Authority if and as applicable (if such permission is required therefor under Applicable Banking Regulations) (including, for the avoidance of doubt, Applicable MREL Regulations) and may only take place in accordance with Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) in force at the relevant time. See Condition 5 (*Redemption and Purchase*).

Substitution and Variation: If a Capital Event, an Eligible Liabilities Event, an Alignment Event or circumstance giving rise to the right of the Issuer to redeem the Ordinary Senior Notes eligible to comply with MREL Requirements, Subordinated Notes or Senior Non-Preferred Notes under Condition 5.2 (*Redemption for tax reasons*) occurs and is continuing, the Issuer may substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes, including, in the case of English Law Notes by changing the governing law of the Notes from English law to Spanish law, without any requirement for the consent or approval of the Noteholders, so that they are substituted for, or varied to become or remain, Qualifying Notes. See Condition 18 (*Substitution and Variation*).

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

Taxation: All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction (as defined in Condition 6 (*Taxation*)), unless such withholding or deduction is required by law. In that event, the Issuer will, save in certain limited circumstances or exceptions (please refer to Condition 6 (*Taxation*) of the Terms and Conditions of the Notes) be required to pay such additional amounts in respect of interest and, in respect of Senior Notes and Senior Subordinated Notes only (unless otherwise indicated in the relevant Final Terms), principal and/or any premium, as will result in receipt by the Noteholders of such amounts in respect of such interest and, in respect of Senior Notes and Senior Subordinated Notes only (unless otherwise indicated in the relevant Final Terms), principal and/or any premium, as would

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

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

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

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

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

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

Status of the Notes: Notes may be either Senior Notes or Subordinated Notes and, in the case of Senior Notes, Ordinary Senior Notes or Senior Non-Preferred Notes and, in the case of Subordinated Notes, Senior Subordinated Notes or Tier 2 Subordinated Notes and will all rank as more fully described in Condition 2 (*Status of the Senior Notes and Subordinated Notes*).

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

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

Listing: This Base Prospectus has been approved by the CBI as competent authority under the Prospectus Directive. Application has been made for Notes issued under the Programme to be listed on the Official List of Euronext Dublin. No unlisted Notes may be issued under the

	Programme. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. The applicable Final Terms will state on which stock exchanges and/or markets the relevant Notes are to be listed and/or admitted to trading.
Governing Law:	The English Law Notes and any non-contractual obligations arising out of or in connection with the English Law Notes will be governed by, and shall be construed in accordance with, English law, except the provisions relating to the status of the Notes, the capacity of the Issuer and the relevant corporate resolutions and the provisions relating to the exercise and effect of the Loss Absorbing Power by the Relevant Resolution Authority and the acknowledgement of the same, which are governed by Spanish law. The Spanish Law Notes and any non-contractual obligations arising out of or in connection with the Spanish Law Notes will be governed by, and shall be construed in accordance with, Spanish law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the United Kingdom, Spain, Japan, the Republic of Italy, France, Belgium, Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes (see "*Subscription and Sale*").
United States Selling Restrictions:	Regulation S. TEFRA C/TEFRA D/TEFRA not applicable, as specified in the applicable Final Terms.

RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Base Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the Notes.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

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

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

Risks relating to Group operations

Unfavourable global economic conditions and, in particular, unfavourable economic conditions in Spain or Portugal or any deterioration in the European, Portuguese or Spanish financial environment, could have a material adverse effect on the Group's business, financial condition and results of operations

The performance of the Spanish economy has been positive since 2014. Gross Domestic Product (**GDP**) growth was 1.4% in 2014, 3.6% in 2015, 3.2% in 2016, 3.0% in 2017 and 2.6% in 2018 (Source: *National Statistics Institute of Spain. For 2014 Press Note 30 January 2018, for 2015-2017 Press Note 6 September 2018 and for 2018 Press Note 29 March 2019*). This constitutes four consecutive years of growth above that of many other advanced economies. Regarding the projections for 2019, the International Monetary Fund expects output growth of 2.1% (Source: *International Monetary Fund, World Economic Outlook, April 2019*), a similar rate as that noted by Bank of Spain (*Source: "Economic Bulletin 1/2019, Quarterly report on the Spanish economy, March 2019"*). Domestic demand is expected to be supported by a number of factors, including robust employment growth, loose credit conditions and an easing of the pace of fiscal consolidation. Instead, external demand is expected to remain subdued, as weakening global growth and trade tensions between the US and its commercial partners continue to weigh on export demand. In all, growth is forecast to moderate as the cyclical rebound loses steam and uncertainties at the global level weigh on the external sector. The Spanish economy has made progress in reducing its economic and financial imbalances and implementing important structural reforms. Current account surpluses (reducing external debt), the adjustment in the real estate sector, sustained wage moderation (improving competitiveness) and advanced deleveraging of the private sector have contributed to improve the Spanish economy. Similarly, the public sector deficit has continued to decline. Starting from a peak reached in 2009 of 11%, in 2018 the public deficit stood at 2.6% (Source:*Intervención General de la Administración del Estado, 29 March 2019*). Consistent with this, public debt is expected to decline from 98.1% of GDP in 2017 to 96.9% in 2018 and further to 96.2% in 2019 (Source: European Commission, Autumn 2018 Economic Forecast - Spain). While these levels are elevated, they are not far from the euro area average of 86.8% of GDP in 2017 (Source: *Eurostat, Statistics Explained, Government finance statistics*). The Spanish banking system is accelerating the pace of new lending as a result of increased demand and improved financial conditions. After the clean-up and restructuring efforts of the past years, the main challenge now is to achieve sustainable profitability levels through a combination of higher revenues from increased business volumes, lower funding costs, additional capacity adjustments and a lower cost-of-risk.

Between 2014 and 2016, Portugal experienced a moderate recovery: output grew by 0.9% in 2014, 1.8% in 2015 and 1.9% in 2016 (Source: *National Statistics Institute of Portugal. For 2014 and 2015 Press Notes, 14 February 2018 and for 2016 and 2017 Press Notes, 21 September 2018*). The economy gained momentum in 2017 with growth of 2.8% and, subsequently, growth moderated in 2018 to 2.1% (*Source: National Statistics Institute of Portugal. Press Notes, 28 February 2019*). In 2019, growth is expected to soften slightly to 1.8%, a rate similar to that forecast by Bank of Portugal of 1.7% in 2019 (*Source: Bank of Portugal, Press Release 28 March 2018*). Domestic demand is expected to be the main engine of growth, supported by improved labour market conditions and accommodative financing conditions, while external demand, even if it continues to benefit from improved competitiveness, is expected to remain subdued due to weaker global demand. Over the past few years, the Portuguese economy has reduced its economic imbalances and has implemented several structural reforms. In addition, public finances have improved considerably: the fiscal deficit has decreased from 11.2% of GDP in 2010 to 0.5%[1] in 2018 (Source: *National Statistics Institute of Portugal, Press Release, 26 March 2019*), below the current European Commission target of 1.4 %. Public debt, instead, which in 2018 stood at 121.5% of GDP, remains high (Source: *Bank of Portugal, Press Release, 26 March 2019*)[2], and further fiscal consolidation efforts will be needed in the coming years to reduce it. The private sector deleveraging process is well advanced but unfinished. Finally, the Portuguese banking sector has improved its solvency, and its restructuring process is ongoing. However, important challenges remain, as credit volumes remain subdued in a context of the ongoing deleveraging of the private sector, the stock of non-performing loans (**NPLs**) remains high, and the average profitability of the sector is low.

The economic recovery of the Eurozone gained momentum in 2017 but growth has recently slowed down. While annual GDP growth averaged 1.8% between 2014 and 2016 and reached a peak of 2.5% in 2017, later it softened to 1.8% in 2018 (*Source: Eurostat, News Release 27/2018, 14 February 2018. Eurostat, News Release 174/2018, 14 November 2018. Eurostat, News Release 29/2019, 14 February 2019*). The recovery between 2014 and 2017 was sustained on the back of improved sentiment, a decline in uncertainty, particularly following the French and German elections, loose monetary policy conditions, falling unemployment and stronger global growth. However, the increase in uncertainty at the global level due to the rising trade tensions between the US and its commercial partners, the impact that the normalisation of monetary policy by the US Federal Reserve has had on markets, *Brexit* related uncertainties and the tensions between the Italian government and the European Commission have dented confidence and growth. Moreover, temporary factors, such as the impact on the automotive industry of the switch to new vehicle (WLTP) emissions regulation, are also weighing on growth. Consequently, growth is forecast to moderate further. Reflecting this, the European Commission recently lowered its 2019 growth forecast to 1.3% (*Source: European Commission, European Economic Forecast, Winter 2019*) and the OECD slashed its forecast 0.8 p.p. to 1.0% (*Source: OECD interim Economic Outlook, March 2019*).

The future is, by definition, uncertain. As such, several factors could derail the output growth projections of the European, Spanish and Portuguese economies and, ultimately, affect the environment in which the Group operates. At the European level, the main internal risk is that of a breakdown of the *Brexit* negotiations that would culminate in a disorderly exit of the UK from the EU. Such event would be likely to have negative effects on both the UK and the EU through real and financial channels. While the direct exposure of the European economy to the UK through these channels appears to be relatively small, the impact of a disorderly exit could be greater due to a potentially adverse impact on consumer and business confidence. In addition, pockets of risks remain in certain areas. For instance, while the Italian banking system appears to have avoided a major crisis after the latest government bailout, the sector remains overburdened with a large stock of NPLs and low profitability which acts as a drag on the wider economy. The political situation in Italy after the results of the 4 March 2018 elections (as further described in "*The outcome of the UK referendum on membership of the EU and the uncertain future relationship of the UK with the EU, as well as political uncertainty in other Eurozone countries, including Italy, could have a material adverse effect on the business, financial condition and results of operations of the Bank and its Group*" below) has increased

[1] Without including the effect of the recapitalization process of Caixa Geral de Depósitos (CGD)

[2] Debt figure according to the Maastricht definition.

uncertainty as well as putting the Italian banking system under increased pressure. In addition, the elections to the European Parliament scheduled for May 2019 is another factor contributing to the political uncertainty in the EU. External risks to the economic environment include any escalation of trade tensions between the US and its commercial partners, a rapid slowdown of emerging economies, another episode of financial volatility, for instance due to tensions deriving from rapid growth of corporate debt in China or due to a sudden correction of the US stock market, or heightened geopolitical risks, including those surrounding North Korea, the Middle East and the north of Africa.

An internal risk to the Spanish economy could arise from political fragmentation and uncertainty surrounding the political situation within Spain, which may slow the pace of reform and fiscal adjustments or result in changes to laws, regulations and policies or impact economic growth in Spain, which could affect the Group's business, financial condition and results of operations. This applies not only to specific Spanish regions such as Catalonia, where uncertainty exists due to political tension between Spain's central government and the regional government of Catalonia that, if unchecked, could start to weigh on business confidence and investment, and could weaken Spain's current positive growth prospects, but also to the Spanish central government. After the current minority government failed to pass the 2019 Budget plan and called snap elections due on 28 April 2019, polls suggest that Parliament may remain highly fragmented and, therefore, further instability cannot be ruled out.

Beyond political factors, there is a consensus that, despite the sustained improvement in the labour market, the unemployment rate will remain high in the months to come. In addition, the high level of debt to GDP constitutes another source of concern, as it diminishes the capacity of the Spanish Government to act in the event of a negative shock to the economy. Finally, as the Spanish economy is particularly sensitive to economic conditions in the Eurozone, which is the main market for Spanish goods and services exports, a marked economic slowdown of the recovery in the Eurozone could also have a negative impact on the Spanish economy.

A risk to the Portuguese economy also arises from the upcoming general elections due in October 2019, which may become a source of uncertainty. Public debt remains a cause for concern, as it is very high and limits the room for manoeuvre of the government in the event of future negative shocks. Being a small open economy, the deterioration of global demand also poses a risk to the Portuguese economy through its impact on exports. Finally, while the restructuring of the banking sector is under way, the sector as a whole remains burdened with a large stock of NPLs and reduced profitability.

While the economic outlook for Portugal, Spain and the Eurozone remains one of robust growth, if any of the risks listed above were to materialise, the economic situation could deteriorate and adversely affect the Group's business, financial condition and results of operation.

The Group's business could be affected if its capital is not effectively managed (capital adequacy risk)

Effective management of the Group's capital position is important to its ability to operate its business and to pursue its business strategy. In response to the 2008 financial crisis, a number of changes to the regulatory capital framework have been adopted or are being considered. For example, the regulation governing capital requirements according to Regulation (EU) 575/2013, of 26 June, of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (**CRR)** and, together with the 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**), any regulatory capital rules implementing the CRD IV Directive or the CRR which may from time to time be introduced, which are applicable to CaixaBank or to the Group, including, without limitation, Law 10/2014, of 26 June, on organisation, supervision and solvency of credit entities (**Law 10/2014**), Royal Decree 84/2015, of 13 February, implementing Law 10/2014 (**RD 84/2015**), Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002, on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate and amending Council

Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC, and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council (the **Directive 2002/87/EC**), as amended from time to time and any other regulation, circular or guidelines implementing CRD IV through which the EU is implementing the Basel III capital reforms.

In addition to the minimum capital requirements under CRD IV, the regime under BRRD (as defined below) prescribes that banks shall hold a minimum level of capital and eligible liabilities in relation to total liabilities and own funds (known as **MREL**). See "*Increasingly onerous capital requirements constitute one of the Issuer's main regulatory challenges*" below.

On 23 November 2016, the European Commission published among others a proposal for a European Directive amending CRR, the CRD IV Directive and the BRRD and a proposal for a European Regulation amending Regulation (EU) No. 806/2014 effective from 1 January 2015 (the **SRM Regulation**). Please see "*Increasingly onerous capital requirements constitute one of the Issuer's main regulatory challenges - Eligible liabilities requirements"* below for more information on the implementation status of the EU Banking Reforms (as defined below).

As these and other changes are implemented or future changes are considered or adopted that limit the Group's ability to manage its balance sheet and capital resources effectively or to access funding on commercially acceptable terms, the Group may experience a material adverse effect on its financial condition and regulatory capital position.

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 and results of operations.

The financial problems faced by the Group's customers could adversely affect the Group

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Group's businesses.

Any prolonged period of market turmoil and economic recession, especially in Spain, could materially and adversely affect the liquidity, businesses and/or financial conditions of the Group's borrowers, which could in turn increase the Group's own NPL ratios, devalue the Group's loan and other financial assets and result in decreased demand for borrowings in general. In the context of the uneven global recovery from the recent market turmoil and economic recession, and the possibility of continued economic contraction in continental Europe combined with continued high unemployment and low consumer spending, the value of assets collateralising the Group's secured loans, including homes and other real estate, could decline significantly, possibly resulting in the impairment of the value of the Group's loan assets. In addition, the Group's customers may further significantly decrease their risk tolerance to non-deposit investments such as stocks, bonds and mutual funds, which would adversely affect the Group's fee and commission income.

Any of the conditions described above could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's exposure to the Spanish real estate market makes it more vulnerable to adverse developments in the Spanish market

The Group is exposed to the Spanish real estate market, and the deterioration of Spanish real estate prices could have a material adverse effect on the Group's business, financial condition and results of operations.

Spanish real estate assets secure many of the Group's outstanding loans, and the Group holds a significant amount of Spanish real estate assets on its balance sheet, including real estate received in lieu of payment for certain underlying loans. Furthermore, the Group has restructured and extended the maturity of certain of the loans it has made relating to real estate, and the capacity of such borrowers to repay such restructured loans may be materially adversely affected by declining real estate prices.

Prior to 2008, demand for housing and mortgage financing in Spain increased significantly driven by, among other factors, economic growth and historically low interest rates in the Eurozone. During late 2007, however, the housing market began to adjust in Spain as a result of excess supply and higher interest rates. From 2008 until 2014, as economic growth stagnated in Spain, housing demand and prices declined leading to a persistent oversupply, while mortgage defaults increased.

Since 2015 the Spanish real estate market has shown signs of recovery as housing prices are stabilising after deflating for six years and sales are increasing owing to pent-up demand, the improvement in employment rates and easier credit conditions. An expected recovery in demand for housing is expected to increase sales, which is expected to lead to a gradual reduction of excess supply and potential increase in real estate prices. However, the unequal geographical distribution of the current housing stock is expected to drive distinct price dynamics and construction activity among different regions, leading to an unequal recovery. Despite the upturn in the Spanish real estate market, its recovery is in its early stages. As a consequence, deterioration in economic conditions could have a material adverse impact on the Group's mortgage default rates, which in turn could have a material adverse effect on its business, financial condition and results of operations.

The Group has lending exposure to risks in the property development and construction sector, with loans for property construction and/or development amounting to €6,829 million (3.0% of the Group's total gross loans and receivables according to management criteria) as of 31 December 2018, €7,101 million (3.2% of the Group's total gross loans and receivables according to management criteria) as of 31 December 2017 and €8,024 million (3.9% of the Group's total gross loans and receivables according to management criteria) as of 31 December 2016. NPL ratio on loans to real-estate developers as of 31 December 2018 decreased further to 13.7% (21.7% as of 31 December 2017 and 30.4% as of 31 December 2016) and provisions for this exposure amounted to approximately €477 million as of 31 December 2018 (€681 million as of 31 December 2017 and €1,062 million as of 31 December 2016), 51% of coverage of real estate development risk as of 31 December 2018 and 44% of coverage of real estate development risk as of both 31 December 2017 and 31 December 2016.

Additionally, as of 31 December 2018, the Group portfolio of foreclosed real estate assets available for sale stood at €740 million net (€213 million real estate assets in the process of foreclosure are not considered since the Bank does not have the possession of the asset), €5,878 million net as of 31 December 2017 (€473 million real estate assets in the process of foreclosure are not considered for the same reason indicated above), and €6,256 million net as of 31 December 2016 (€556 million real estate assets not considered for the same reason indicated above). The Group's real estate assets held for rent stood at €2,479 million net as of 31 December 2018 (€3,030 million net as of 31 December 2017 and €3,078 million net as of 31 December 2016).

Declines in property prices decrease the value of the real estate collateral securing the Group's mortgage loans and adversely affect the credit quality of property developers to whom the Group has lent. Therefore, any defaults by borrowers in the property construction or development sector, as well as any downturn in the Spanish real estate market, could have a material adverse effect on the Group's business, financial condition and results of operations.

Despite the Group's risk management policies, procedures and methods, the Group may nonetheless be exposed to unidentified or unanticipated risks

The Group's risk management techniques and strategies may not be fully effective in mitigating the Group's risk exposure in all economic market environments or against all types of risk, including risks that the Group fails to identify or anticipate. Some of the Group's qualitative tools and metrics for managing risk are based upon the Group's use of observed historical market behaviour. The Group applies statistical and other tools to these observations to aim to quantify its risk exposures. These qualitative tools and metrics may fail to predict future risk exposures. These risk exposures could, for example, arise from factors the Group did not anticipate or correctly evaluate in its statistical models. This would limit the Group's ability to manage its risks and could result in the Group's losses being significantly greater than the historical measures indicate. In addition, the Group's quantified modelling does not take all risks into account. The Group's more qualitative approach to managing those risks could prove insufficient, exposing it to material unanticipated losses. If existing or potential customers believe the Group's risk management is inadequate, they could take their business elsewhere. This could harm the Group's reputation as well as its revenues and profits, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The financial industry is increasingly dependent on information technology systems, which may fail, may not be adequate for the tasks at hand or may no longer be available

Banks and their activities are increasingly dependent on highly sophisticated information technology (IT) systems. IT systems are vulnerable to a number of problems, such as software or hardware malfunctions, computer viruses, hacking and physical damage to vital IT centres. IT systems need regular upgrading and banks, including the Issuer, may not be able to implement necessary upgrades on a timely basis or upgrades may fail to function as planned. Furthermore, failure to protect financial industry operations from cyber-attacks could result in the loss or compromise of customer data or other sensitive information. A breach of sensitive customer data, such as account numbers, could have a significant reputational impact and significant legal and/or regulatory costs for the Group. These threats are increasingly sophisticated and there can be no assurance that banks will be able to prevent all breaches and other attacks on its IT systems.

The Group's risk and exposure to these matters remains heightened because of the evolving nature and complexity of these threats from cybercriminals and hackers, its plans to continue to provide internet banking and mobile banking channels, and its plans to develop additional remote connectivity solutions to serve its customers. The Group may incur increasing costs in seeking to minimise these risks and could be held liable for any security breach or data loss.

Additionally, fraud risk may increase as the Issuer and its subsidiaries offer more products online or through mobile channels.

In addition to costs that may be incurred as a result of any failure of IT systems, banks, including the Issuer, could face fines from bank regulators if they fail to comply with applicable banking or reporting regulations.

The Group is exposed to risks faced by other financial institutions

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. Defaults by, and even rumours 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 the Group's significant counterparties. Despite the risk control measures the Group has in place, a default by a significant financial counterparty, or liquidity problems in the financial services industry in general, could have a material adverse effect on the Group's business, financial condition and results of operations.

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

The Group is exposed to market risk as a consequence of its trading activities in financial markets and through the asset and liability management of the Group's overall financial position, including the Group's trading portfolio and other equity investments (as for example, the Group's stakes in Repsol, S.A. (**Repsol**) (see "*Description of the Issuer - Key events in 2016, 2017, 2018 and 2019 - Agreement to sell the stake in Repsol*"), Telefónica, S.A. (**Telefónica**), Erste Group Bank, A.G. (**Erste Group Bank**) and Banco de Fomento de Angola (**BFA**)). With respect to BFA, the Group is also exposed to country and foreign exchange risk as a result of Angola's inflationary economy. The performance of financial markets may cause changes in the value of the Group's investment, available for sale and trading portfolios. In some of the Group's business, protracted adverse market movements, particularly asset price decline, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if the Group cannot close out deteriorating positions in a timely way. This may especially be the case for assets of the Group for which there are less liquid markets. Further, the value of certain financial instruments (such as derivatives not traded on stock exchanges or other public trading markets) is recorded at fair value, which is determined by using financial models other than publicly quoted prices that incorporates assumptions, judgements and estimations that are inherently uncertain and which may change over time or may ultimately be inaccurate. Consequently, failure to obtain correct valuations for such assets may result in unforeseen losses for the Group in the case of any asset devaluations. Furthermore, monitoring the deterioration of prices of assets like these is difficult and could lead to losses that the Group does not anticipate.

Any of these factors could require the Group to recognise further write-downs or realise impairment charges, which may have a material adverse effect on the Group's business, regulatory position, financial condition and results of operations.

Volatility in the equity markets due to recent economic uncertainty has had a particularly adverse impact on the financial sector. Continued volatility such as that experienced recently may affect the value of the Group's investments in entities in this sector and, depending on their fair value and future recovery expectations could become a permanent impairment which would be subject to write-offs against the Group's results and cause volatility in capital ratios, which in turn may have a material adverse effect on the Group's business, financial condition and results of operations.

Increased competition in the countries where the Group operates may adversely affect the Group's 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 this trend is likely to continue. In addition, the trend towards consolidation in the banking industry has created larger and stronger banks with which it must now compete, some of which have recently received public capital. This trend is expected to continue as the Bank of Spain continues to impose measures aimed at restructuring the Spanish financial sector, including requirements that smaller, non-viable regional banks consolidate into larger, more solvent and competitive entities, and reducing overcapacity.

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, insurance companies, and public debt. In addition, the Group faces 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 further continues to connect society. The Group cannot be certain that this competition will not adversely affect its competitive position and for example those objectives set out under CaixaBank's most recent internal review of its strategic plan. In this regard, it is worth noting that targets should not be treated as guarantees of

performance as there is no assurance that the objectives of the Group can or will be achieved and they should not be seen as an indication of the Group's expected or actual results or returns.

If the Group is unable to provide competitive product and service offerings, it may fail to attract new customers and/or retain existing customers, experience decreases in its interest, fee and commission income, and/or lose market share, the occurrence of any of which could have a material adverse effect on its business, financial condition and results of operations.

Changes in 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 interest income from loans and other interest-earning assets and interest expense paid to its depositors and other creditors on interest-bearing liabilities. Interest rates are highly sensitive to many factors beyond the Issuer's control, including fiscal and monetary policies of governments and central banks and regulation of the financial sectors in the markets in which it operates, as well as domestic and international economic and political conditions and other factors.

Changes in market interest rates may 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 of operations. An increase in interest rates, for instance, could cause the Group's interest expense on deposits to increase more significantly and quickly than its interest income from loans, resulting in a reduction in its net interest income as often its liabilities will re-price more quickly than its assets. Further, an increase in interest rates could result in a reduction in the demand for loans and the Group's ability to originate loans, and also contribute to an increase in credit default rates among the Group's customers. Conversely, a decrease in the general level of interest rates could adversely affect the Group through, among other things, increased pre-payments on its loan and mortgage portfolio, lower net interest income from deposits, reduced demand for deposits and increased competition for deposits and loans to clients. Fluctuations in interest rates may therefore have a material adverse effect on the Group's business, financial condition and results of operations.

Operational risk is inherent in the Group's business

Operational risk includes the risk of loss arising from inadequate or failed internal processes, personnel and internal systems or from unforeseen external events, including legal risk, and external events beyond the control of the Group or due to third parties outside the Group, both accidentally and fraudulently. It includes errors in the management of suppliers, model risk and the custody of securities. The Group's businesses depend on the ability to process a large number of transactions efficiently and accurately and require it to record and process a large number of transactions and handle large amounts of money accurately on a daily basis. Losses can result from inadequate personnel, inadequate or failed internal control processes and systems, the failure of due application of necessary compliance measures or from external events that interrupt normal business operations. The Group also faces the risk that the design of its controls and procedures prove to be inadequate or are circumvented. Despite the risk management measures put in place by the Group, there can be no assurance that the Group will not suffer material losses from operational risk in the future, which may have a material adverse effect on its business, financial condition and results of operations.

Furthermore, the Group has outsourced certain functions to third parties and, as a result, it is dependent on the adequacy of the internal processes, systems and security measures of such third parties. Any actual or perceived inadequacies, weaknesses or failures in the Group's systems, processes or security or the systems, processes or security of such third parties could damage the Group's reputation (including harming customer confidence) or could otherwise have a material adverse effect on its business, financial condition and results of operations.

Weaknesses or failures in the Group's internal processes could materially adversely affect its results of operations, financial condition or prospects, and could result in reputational damage

The systems for internal control and risk management of financial reporting of the Group are designed to provide reasonable assurance about the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, applicable laws and regulations, and other requirements for listed companies. The Group has a system of internal control over financial reporting (**ICFR**), which is defined as the set of processes that are carried out to provide reasonable assurance on the reliability of financial information published by the Group in the markets.

Any weakness or failure in these internal processes could have an adverse effect on the Group's results and the reporting of such results. In addition, any breach in security of the Group's systems could disrupt its business, result in the disclosure of confidential information and create significant financial and legal exposure for the Group. Although the Group devotes significant resources to maintain and regularly update its processes and systems that are designed to protect the security of its systems, software, networks and other technology assets, there is no assurance that all of its security measures will provide absolute security. Any actual or perceived inadequacies, weaknesses or failures in the Group's systems, processes or security could damage the Group's reputation or could otherwise have a material adverse effect on its business, financial condition and results of operations.

The Issuer's financial statements are based in part on assumptions and estimates which, if inaccurate, could cause material misstatement of the results of its operations and financial position

The preparation of financial statements in accordance with IFRS requires the use of estimates. It also requires management to exercise judgement in applying relevant accounting policies. The key areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the consolidated and individual financial statements, include impairment of certain financial assets, the assumptions used to quantify certain provisions and for the actuarial calculation of post-employment benefit liabilities and commitments, the useful life and impairment losses of tangible and intangible assets, the valuation of goodwill and purchase price allocation of business combinations, the fair value of certain unlisted financial assets and liabilities, the recoverability of deferred tax assets and the exchange rate and the inflation rate of countries in which certain subsidiaries operate. There is a risk that if the judgment exercised or the estimates or assumptions used subsequently turn out to be incorrect then this could result in significant loss to the Group, beyond that anticipated or provided for, which could have an adverse effect on the Group's business, financial condition and results of operations.

Observable market prices are not available for many of the financial assets and liabilities that the Group holds at fair value and a variety of techniques to estimate the fair value are used. Should the valuation of such financial assets or liabilities become observable, for example as a result of sales or trading in comparable assets or liabilities by third parties, this could result in a materially different valuation to the current carrying value in the Group's financial statements.

The further development of standards and interpretations under IFRS could also significantly affect the results of operations, financial condition and prospects of the Group.

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

The Issuer is rated by various credit rating agencies (see "*Description of the Issuer – Credit ratings*").

The credit ratings of the Issuer are an assessment by rating agencies of its ability to pay its obligations when due. Credit ratings affect the cost and other terms upon which the Group is able to obtain funding. Rating

agencies regularly evaluate the Group and the ratings of the Issuer's long-term debt are based on a number of factors, including the Group's financial strength as well as conditions affecting the financial services industry generally.

Credit ratings are subject to the evaluation of the financial strength of a company in accordance with the methodology applied by rating agencies. In addition, as the Issuer's rating is affected by the sovereign rating of Spain, which is the maximum level achievable by the Issuer, any reduction in the sovereign credit rating of Spain may have a consequential effect on the credit rating of the Issuer.

Any downgrade in the Issuer's ratings could increase its borrowing costs, and require it to post additional collateral or take other actions under some of its derivative contracts, and could limit its access to capital markets and adversely affect the Group's commercial business. For example, a ratings downgrade could adversely affect the Group's ability to sell or market certain of its products, engage in business transactions (particularly longer-term) and derivatives transactions and retain its customers, particularly customers who need a minimum rating threshold in order to invest. This, in turn, could reduce the Group's liquidity and have a material adverse effect on its business, financial condition and results of operations.

In light of the difficulties in the financial services industry and the financial markets, there can be no assurance that the rating agencies will maintain their current ratings or outlooks. The Group's failure to maintain favourable ratings and outlooks could increase the cost of its funding and adversely affect the Group's interest margins, which may have a material adverse effect on its business, financial condition and results of operations.

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

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

Liquidity and funding continues to remain a key area of focus for the Group and the industry as a whole. Should the Group, due to exceptional circumstances, be unable to continue to source sustainable funding, its ability to fund its financial obligations could be affected.

The Group's main source of liquidity and funding is its customer deposit base, as well as on-going access to wholesale lending markets, including senior unsecured and subordinated bonds, interbank deposits, mortgage and public sector covered bonds and short-term commercial paper. 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. Under extreme and unforeseen circumstances, such as the closure of financial markets and uncertainty as to the ability of a significant number of firms to ensure they can meet their liabilities as they fall due, the Group's ability to meet its financial obligations as they fall due or to fulfil its commitments to lend could be affected through reduced access to liquidity (including government and central bank facilities). In such extreme circumstances the Group may not be in a position to continue to operate without additional funding support, which it may be unable to access.

Central banks have taken extraordinary measures to provide adequate amounts of liquidity during the past few years, with the aim of contributing to the stability of the financial system. If current central bank facilities were rapidly removed or significantly reduced, this could have an adverse effect on the Group's ability to access liquidity and on its funding costs.

The Group cannot assure that in the event of a sudden or unexpected shortage of funds in the banking system it will be able to maintain levels of funding without incurring high funding costs, a reduction in the term of funding instruments or the liquidation of certain assets. These factors may have a material adverse effect on the Group's regulatory position, including its ability to meet its regulatory minimum liquidity requirements. These risks can be exacerbated by operational factors such as an over-reliance on a particular source of funding or changes in credit ratings, as well as market-wide phenomena such as market dislocation, regulatory change or major disasters.

Additionally, corporate and institutional counterparties may seek to reduce aggregate credit exposures to the Group (or to all banks), which could increase the Group's cost of funding and restrict its access to liquidity. The funding structure employed by the Group may also prove to be inefficient, thus giving rise to a level of funding cost where the cumulative costs are not sustainable over the longer term. The funding needs of the Group may increase and such increases may be material to the Group's business, financial condition or and results of operations.

Withdrawals of deposits or other sources of liquidity may make it more difficult or costly for the Group to fund its business on favourable terms

Historically, one of the Group's major sources of funds has been savings and demand deposits. Large-denomination time 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 level of wholesale and retail deposits may also fluctuate due to other factors outside the Group's control, such as a loss of confidence (including as a result of political initiatives, including bail-in and/or confiscation and/or taxation of creditors' funds) or competition from investment funds or other products. Furthermore, there can be no assurance that, 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 will be able to maintain its current levels of funding without incurring higher funding costs or having to liquidate certain of its assets. In addition, if public sources of liquidity, such as the European Central Bank (**ECB**) extraordinary measures adopted in response to the financial crisis since 2008, are removed from the market, there can be no assurance that the Group will be able to maintain its current levels of funding without incurring higher funding costs or having to liquidate certain of its assets or taking additional deleverage measures, which could have a material adverse effect on its business, financial condition and results of operations.

Since CaixaBank needs to comply with evolving liquidity regulatory requirements, it may need to implement changes in business practices that could affect the profitability of its business activities

The liquidity coverage ratio (**LCR**) is the short-term indicator which expresses the ratio between the amount of available assets readily monetisable (cash and the readily liquidable securities held by CaixaBank) and the net cash imbalance accumulated over a 30-day liquidity stress period. It is a quantitative liquidity standard developed by the Basel Committee on Banking Supervision (**BCBS**) and provided for in CRR to ensure that those banking organisations to which this standard is to apply (including CaixaBank) have sufficient high-quality liquid assets to cover expected net cash outflows over a 30-day liquidity stress period. The final standard was announced in January 2013 by the BCBS and since January 2015 has been progressively phased in. Since 1 January 2018, the banks to which this standard applies (including CaixaBank) must comply with 100% of the applicable LCR requirement. CaixaBank's consolidated LCR stood at 200%, 202% and 160% as at 31 December 2018, 31 December 2017 and 31 December 2016, respectively. The average LCR over the twelve months from December 2017 to December 2018 was 196%.

The BCBS's net stable funding ratio (**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. Both the LCR and NSFR are used by CaixaBank to assess the liquidity profile of the Group. The final definition of the NSFR approved by the Basel Committee in October 2014, has not yet come into effect. The Basel requirement still needs to be written into the CRR, which is expected to be published in 2019. At the end of 2018 this ratio stood at 117% for the Group.

Various elements of the LCR and the NSFR, as they are implemented by national banking regulators and complied with by the Group, may cause changes that affect the profitability of business activities and require changes to certain business practices, which could expose the Group to additional costs (including increased compliance costs) or have a material adverse effect on the Group's business, financial condition or results of operations. These changes may also cause the Group to invest significant management attention and resources to implement any necessary changes.

The Group's business could also be significantly affected by a failure to monitor concentration and spread of risks

The principal banking business conducted by the Issuer consists of retail banking including, amongst other things, retail financial services such as taking customer deposits and customer lending, as well as the provision of insurance services, securities transactions and foreign exchange transactions. This part of the Issuer's business, in addition to the Issuer's investments to expand and develop it, are subject to certain inherent risks in the financial sector which in turn depend on a series of macroeconomic variables beyond the Issuer's control.

The risks arising from the Group's business in this respect are typically classified as: (i) credit risk (which includes sovereign risk, counterparty risk due to treasury positions and risk associated with the investment portfolio), (ii) market risk, (iii) interest rate risk in the banking book, (iv) actuarial risk, (v) eligible own funds risk, (vi) funding and liquidity risk, (vii) legal/regulatory risk, (viii) conduct and compliance risk, (ix) technological risk, (x) operating processes and external events risk, (xi) reliability of financial reporting risk and (xii) reputational risk.

Although the Group monitors its risk concentration by geographic area and by business activity, a failure to monitor and adequately remedy any significant imbalances in the spread of the Group's risk concentration could adversely affect the Group's operations in an affected particular geographical region or business sector, or both.

Credit Risk

The Group is exposed to the creditworthiness of its customers and counterparties. Credit risk can be defined as possible losses which may be generated by a potential default in whole or in part of obligations by a counterparty or debtor (including, but not limited to, the insolvency of a counterparty or debtor). Credit risk is the most significant risk item on the Group's balance sheet and, primarily, such risk is of concern in respect of the Group's business activities in the banking, insurance, treasury and investee portfolio sectors. In recent years, the main items in the consolidated assets of the Group that are subject to credit risk have been fluctuating. The movements thereof have been affected by the integration of Banca Cívica, S.A. (**Banca Cívica**), Banco de Valencia, S.A. (**Banco de Valencia**) and Barclays Bank S.A.U. on the Group's balance sheet in 2012, 2013 and 2015 respectively, and the deleveraging process in connection therewith, and, more recently, by the integration of Banco BPI, S.A. (**Banco BPI**).

Payment defaults by clients and other counterparties may arise from events and circumstances that are unforeseeable or difficult to predict or detect. Market turmoil and economic weakness, especially in Spain, could have a material adverse effect on the liquidity, business and financial conditions of the Group's clients, which could in turn impair its loan portfolio. Adverse changes in the credit quality of the Group's borrowers and counterparties could affect the recoverability and value of the Group's assets and require an increase in provisions for bad and doubtful debts and other provisions. In addition, collateral and security provided to the Group may be insufficient to cover the exposure or the obligations of others to the Group. Accordingly,

any of the foregoing could have a material adverse effect on the Group's business, financial condition and results of operations.

A weakening in customers' and counterparties' creditworthiness could impact the Group's capital adequacy. The regulatory capital levels the Group is required to maintain are calculated as a percentage of its risk-weighted assets (**RWA**), in accordance with the CRD IV Directive and CRR. The RWA consist of the Group's balance sheet, off-balance sheet and other market and operational risk positions, measured and risk-weighted according to regulatory criteria, and are driven, among other things, by the risk profile of its assets, which include its lending portfolio. 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 RWA, which potentially could deteriorate the Group's capital adequacy ratios and limit its lending or investments in other operations. Furthermore, the creditworthiness of a customer or a counterparty resulting in a default would have an impact in the expected losses of the Group and cause an increase in its relevant provisions.

Sovereign Risk

As a Spanish financial institution with a nationwide footprint and the substantial majority of the Group's gross operating income derived from Spain, any decline in Spain's credit ratings could adversely affect the value of certain respective securities held by the Group in its various portfolios and could also adversely impact the extent to which the Group can use Spanish government bonds it holds as collateral for ECB refinancing and, indirectly, for refinancing with other securities, should it choose to do so. Likewise, any permanent reduction in the value of Spanish government bonds would adversely affect its ability to access liquidity, raise capital and meet minimum regulatory capital requirements. As such, a downgrade or series of downgrades in the sovereign rating of Spain and any resulting reduction in the value of Spanish government bonds may have a material adverse effect on the Group's business, financial condition and results of operations. Furthermore, any downgrades of Spain's ratings may increase the risk of a downgrade of the Group's credit ratings by the rating agencies. See "*–Credit, market and liquidity risks may have an adverse effect on the Bank's credit ratings and the Group's cost of funds. Any reduction in the Bank's credit rating could increase the Group's cost of funding and adversely affect the Group's interest margins*".

Likewise following the integration of Banco BPI (see "*Key events in 2016, 2017, 2018 and 2019 – Banco BPI acquisition process*" for additional information), the Group would be adversely affected by a negative development in the credit ratings and value of the Portuguese sovereign bonds, resulting in a material adverse effect on Banco BPI's business, financial condition and results of operations. Additionally, any downgrade of the rating of the Republic of Portugal may increase the risk of a downgrade of Banco BPI's credit ratings.

For more information on the Group's exposure to sovereign debt, see Note 3.3.3 to the 2018 Consolidated Financial Statements.

Market Risk

The Group is 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 the Group's trading portfolio. Therefore, the Group is exposed to losses arising from adverse movements in levels and volatility of interest rates, foreign exchange rates, commodity and equity prices. The Group uses a number of qualitative tools, metrics and models which may fail to predict future risk exposures and, to the extent they do, such predictions may be inaccurate. If the Group were to suffer substantial losses due to any such market volatility, it would adversely affect the Group's business, financial condition and results of operations.

Actuarial Risk

Actuarial risk is associated with the insurance business within the Group's existing business lines and types of insurance. 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 mainly distinguishing mortality, longevity, disability, expense and surrender risk. Management of this risk depends on actuarial management policies relating to underwriting, pricing, reserving, and usage of risk transfer mechanisms such as reinsurance.

The solvency framework for insurance and reinsurance companies operating in the EU, referred to as "Solvency II" entered into force on 1 January 2016. The establishment of this solvency framework started with the adoption of the European Directive 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance of 25 November 2009, as amended by Directive 2013/58/EU of 11 December and by Directive 2014/51/EU of 16 April (the **Solvency II Directive**). The Solvency II Directive has been implemented in Spain through Law 20/2015, of 14 July, on the regulation, supervision and solvency of insurance and reinsurance undertakings and Royal Decree 1060/2015, of 20 November, on the regulation, supervision and solvency of insurance and reinsurance undertakings.

The position and control of the Insurance Group's risks are monitored regularly by the management, investment and global risks committees of VidaCaixa S.A.U. de Seguros y Reaseguros (**VidaCaixa**) and CaixaBank's global risks committee and ALCO. This involves calculation and analysis of the sufficiency of technical provisions and risk capital, analysis of expenses, lapses, and claims, and analysis of products and operations.

Adverse regulatory developments or changes in government policy relating to any of the foregoing or other matters could have a material adverse effect on the Group's business, financial condition and results of operations.

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

The financial services industry is among the most highly regulated industries in the world. In response to the global financial crisis and the European sovereign debt crisis, governments, regulatory authorities and others have made and continue to make proposals to reform the regulatory framework for the financial services industry to enhance its resilience against future crises. The Group's operations are subject to ongoing regulation and associated regulatory risks, including the effects of changes in laws, regulations, policies and interpretations, in Spain, the EU and the other markets in which it operates. This is particularly the case in the current market environment, which is witnessing increased levels of government and regulatory intervention in the banking sector which is expected to continue for the foreseeable future. This creates significant uncertainty for the Bank and the financial industry in general. The wide range of recent actions and current proposals includes, among other things, provisions for more stringent regulatory capital and liquidity standards, 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 incidence or amount of liability or regulatory sanctions and may be required to make greater expenditures and devote additional resources to address potential liability.

In addition, the new institutional structure in Europe for supervision, with the creation of the single supervisory mechanism (the **SSM**), and for resolution, with the new single resolution mechanism (**SRM**), could lead to additional changes in the near future. The specific effects of a number of new laws and regulations remain uncertain because the drafting and implementation of these laws and regulations are still ongoing. In addition, since some of these laws and regulations have been recently adopted, the manner in which they are applied to the operations of financial institutions is still evolving. No assurance can be given that laws or regulations will be enforced or interpreted in a manner that will not have a material adverse

effect on the Group's business, financial condition and results of operations. In addition, regulatory scrutiny under existing laws and regulations has become more intense.

Furthermore, 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 such as the Bank.

The Group is subject to the supervision and/or regulation of the Bank of Spain (*Banco de España*) and the Bank of Portugal (*Banco de Portugal*), the ECB, the Single Resolution Board (the **SRB**), the Spanish and the Portuguese Securities Exchange Commissions (*Comisión Nacional del Mercado de Valores* or the **CNMV** and *Comissão do Mercado de Valores Mobiliários* or the **CMVM**, respectively) and the DGSPF (*Dirección General de Seguros y Fondos de Pensiones*) which are the main regulators of the operations of the Group. The operations of the Group outside of Spain are subject to direct oversight by the local regulators in those jurisdictions. In addition, many of the operations of the Group are dependent upon licences issued by financial authorities.

Following the deconsolidation of the Issuer from the CriteriaCaixa Group (as defined below) in September 2017, CaixaBank together (primarily) with its subsidiary VidaCaixa forms a financial conglomerate and, as such, is subject to the additional supervision envisaged in the Directive 2002/87/EC. CaixaBank is the parent company of this financial conglomerate.

Moreover, the regulators of the Group, as part of their supervisory function, periodically review the Group's allowances for loan losses. For instance, as a result of the TRIM (Targeted Review of Internal Models) process of the ECB, the results of the third quarter of 2018 were characterised by an adjustment to credit risk requirements of the non-performing mortgage portfolio. Those regulators may require the Group to increase such allowances, to recognise further losses or to increase the regulatory risk-weighting of assets, or may increase its combined buffer requirement or increase "Pillar 2" capital requirements. Any such measures, as required by these regulatory agencies, whose views may differ from those of the management of the Group, could have an adverse effect on its earnings and financial condition, including on the Issuer's Common Equity Tier 1 (**CET1**) ratio and on its ability to pay distributions.

As further described below (see "*Risks relating to the Issuer arising from applicable legislation and regulation*"), the regulations which most significantly affect the Group, or which could most significantly affect the Group in the future, include regulations relating to capital and provisions requirements, which have become increasingly strict in the past few years, and steps taken towards achieving a fiscal and banking union in the EU. These risks are discussed in further detail below. In addition, the Group is subject to substantial regulation relating to other matters such as liquidity. The Issuer considers that future liquidity standards could require maintaining a greater proportion of its assets in highly liquid but lower-yielding financial instruments, which would negatively affect the Issuer's net interest margin. In addition, the Group is also subject to other regulations, such as those related to anti-money laundering, privacy protection and transparency and fairness in customer relations.

Any required changes to the Bank's business operations resulting from the legislation and regulations applicable to such business (e.g. those deriving from the recent general data protection regulation) could result in significant loss of revenue, limit the Bank's ability to pursue business opportunities in which the Bank might otherwise consider engaging, affect the value of assets that the Bank holds, require the Bank to increase its prices and therefore reduce demand for its products, impose additional costs on the Bank or otherwise adversely affect the Bank's businesses.

Among others, the Group's results may be adversely affected by the changes to the classification and measurement of financial assets arising from IFRS 9 Financial Instruments, which require, among others, the development of an impairment methodology for calculating the expected credit losses on the Bank's financial assets and commitments to extend credit, instead of incurred losses. This methodology could imply more

volatility in profit and loss when estimating the value of existing exposures arising from macroeconomic variations. The adoption of IFRS 9 is effective and applicable to any financial statements issued since 1 January 2018. The initial impact on the financial statements of the Group of the entry into force of IFRS 9 was an increase of €798 million in credit loss provisions and a net impact on reserves of negative €538 million. The net capital impact was a decrease of 15 basis points in terms of the fully loaded CET1 ratio.

As regard IFRS 15, this standard establishes a model for recognising ordinary income other than income from financial instruments, based on identifying the obligations under each contract, determining the price thereof, assigning this to the obligations identified, and lastly, recognising income when control of the assets is transferred (in the widest sense, including the provision of services). Although this may entail certain changes in the timing of revenue recognition, it has not had any material impact as a result of its first time adoption.

IFRS 16 introduced a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of scarce value. The main change derives from the lessee's obligation to recognise a right-of-use asset representing its right to use the underlying leased good and a lease liability representing its obligation in terms of the present value of future lease payments. The asset is depreciated over the life of the contract, while the liability will generate a finance cost.

In implementing these changes, and considering the approach and assumption to be ratified by the Board of Directors when preparing future financial statements, the entry into force of this standard in the Group was estimated to involve an approximate reduction of 10 basis points in the CET 1 capital ratio.

In addition, the results of the Group could be adversely affected by the implementation of IFRS 16 in 2019 and IFRS 17 in 2021 (or 2022, in case the one-year deferral of IFRS 17 proposed in the IASB meeting of November 2018 is finally approved in the due process of the amendment of the standard). The Group is currently analysing the effect of these standards and cannot anticipate as of the date of this Base Prospectus how these will impact the Group's business, financial condition and results of operations.

Adverse regulatory developments or changes in government policy relating to any of the foregoing or other matters could have a material adverse effect on the Group's business, financial condition and results of operations. Furthermore, regulatory fragmentation, with some countries implementing new and more stringent standards or regulation, could adversely affect the Group's ability to compete with financial institutions based in other jurisdictions which do not need to comply with such new standards or regulation and the Group may face higher compliance costs.

The Group is exposed to risk of loss from legal and regulatory claims

The Group is currently and in the future may be involved in various claims, disputes, legal proceedings and governmental investigations in jurisdictions where it is active.

The Group is party to certain legal proceedings arising from the normal course of its business, including claims in connection with lending activities, relationships with employees and other commercial or tax matters. The outcome of court proceedings is inherently uncertain. In view of the inherent difficulty of predicting the outcome of legal matters, particularly where the claimants seek very large or indeterminate damages, or where the cases present novel legal theories, involve a large number of parties or are in the early stages of investigation or discovery, the Group cannot state with confidence what the eventual outcome of these pending matters will be or what the eventual loss, fines or penalties related to each pending matter may be. Based on available information, the Group considers that it has reliably estimated the obligations arising from each proceeding and had recognised, where appropriate, sufficient provisions to reasonably cover the liabilities that may arise as a result of these ongoing lawsuits. The Group maintains provisions reasonably covering the obligations that may arise from ongoing lawsuits based on available information, which totalled

€429 million as of 31 December 2018. Given the nature of these obligations, the expected timing of these economic outflows, if any, is uncertain.

However, the provisions made by the Group or the estimate for maximum risk could prove to be inadequate, and may have to be increased to cover the impact of the different proceedings or to cover additional liabilities, which could lead to higher costs for the Group. This could have a material adverse effect on the Group's results and financial situation.

In relation to the disbursements that could derive from the class action in which the claimants are seeking to disapply the use of floor causes (*cláusulas suelo*) in certain mortgage loans, during the years 2015 and 2016, the Group provisioned a total of €625 million under the heading "Provisions - Other provisions" to cover the reasonable estimate of such disbursements, the estimate of which took into account the status of the process and the uncertainty surrounding the matter, and was verified by an independent expert.

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.

In accordance with the provisions of Royal Decree-law 1/2017, CaixaBank implemented a code of best practices in 2017, creating a specialised department to swiftly handle claims filed in relation to this Royal Decree-law, and thereby respond to its customers within the established period. The amounts paid include, among others, €241 million of disbursements related to claims of Royal Decree-Law 1/2017 in 2017 and €107 million of the initial provision used in settlement of these claims in 2018. Claims are still being reviewed and customers are being informed of the decisions made and disbursements are made when applicable. Current provisions are in line with our estimates to reasonably cover the liabilities that may arise from pending claims based on available information.

In relation to the reference rate for mortgages in Spain, a preliminary ruling has been filed before the Court of Justice of the European Union (**CJEU**) which challenges the legitimacy, due to alleged lack of transparency, of mortgage loan contracts subject to the official benchmark rate denominated IRPH (*Índice de Referencia de Préstamos Hipotecario*s).

The legal matter under debate is the transparency test based on article 4.2 of Directive 93/13, when the borrower is a consumer. Since the IRPH is the price of the contract and it falls within the definition of the main subject matter of the contract, it must be drafted in plain, intelligible language, so that the consumer is in a position to evaluate, on the basis of clear, intelligible criteria, what the economic consequences derived from such contract are for him.

While the European Commission believes that transparency requires full explanation of the index features and functioning, available or official index comparisons, historical evolution and forecast of the mortgage indexes, etc., Spain, the United Kingdom and the bank which is a party to the proceedings, believe that an official index is public and transparent, monitored by the competent authorities, and that the main and compulsory legal tool for comparing prices is the APR indicator (annual percentage rate or "TAE" in Spain), which encompasses the full price and financial burden of the loan, comprised of costs, fees, index and the spread applied.

This preliminary ruling was formulated by a First Instance Court several months after the Spanish Supreme Court, on 14 December 2017, established the accordance with the Law of these contracts.

The existence of this previous decision of the Supreme Court, the fact that IRPH is an official benchmark rate, published and managed by the Bank of Spain, the existence of jurisprudence (*jurisprudencia*) of the CJEU which confirms transparency of contracts referenced to other official benchmark rates, and the existence of an APR indicator, which must be mandatorily informed to consumers, and which allows for the

comprehension of the economic burden and the comparison of different mortgage offers, whatever the benchmark rate index applied is, determine that the probability of an unfavorable ruling is low.

Should the CJEU issue an unfavorable ruling, its impact is difficult to quantify in advance, as it depends on a set of factors, among which what will be the rule for substitution of such index-stands out (i.e. how must the interest of the loan be calculated), but also if it has to be applied retroactively or not, until what date (if the decision is to apply it retroactively), or what number of well-grounded claims on lack of transparency there would be. In such an adverse scenario, the impact would be material.

As of 31 March 2019, the total amount of performing mortgage loans indexed to IRPH with individuals was c.€6.7bn (most of them, but not all, with consumers).

In April 2018 the anti-corruption prosecutor (*Fiscalía Anti-Corrupción*) initiated a claim against CaixaBank, its compliance officer and 11 employees under which they are alleged to have negligently permitted customers to use CaixaBank to wire money to Hong Kong and China in breach of applicable anti-money laundering regulations. Such claim is currently in a pre-trial evidentiary phase. While CaixaBank and its legal advisors believe the claims to be groundless, CaixaBank is exposed to reputational risk if the legal proceeding continues.

The Group faces risks related to its acquisitions and divestitures

The Group's mergers and acquisitions activity involves divesting its interests in some businesses and strengthening other business areas through acquisitions. The Group may not complete these transactions in a timely manner, on a cost-effective basis or at all.

The Group has made significant acquisitions in recent years, including Banca Cívica, Banco de Valencia, Barclays Bank, S.A.U. and, more recently, the tender offer of Banco BPI's shares, which was accepted by 39.01% of Banco BPI's share capital, as a result of which the stake of CaixaBank in Banco BPI has increased from 45.5% to 84.51% of the issued share capital after the end of the acceptance period of the offer on 7 February 2017. In May 2018, CaixaBank announced an agreement to acquire shares representing 8.425% of BPI from the Allianz Group. As at 31 December 2018, CaixaBank's stake in BPI stood at 100.00% (see "*Description of the Issuer - Key events in 2016, 2017, 2018 and 2019*"). Upon the completion of these acquisitions, in certain cases all of the rights and obligations of the acquired businesses were assumed by the Group, and the Group may subsequently uncover information that was not known to the Group and which may give rise to significant new contingencies or to contingencies in excess of the projections made by the Group. Any losses incurred by the Group as a result of the occurrence of any contingencies relating to the Group's past or future acquisitions for which the Group is not otherwise compensated could have a material adverse effect on the Group's business, financial condition and results of operations. In addition, transactions such as these are inherently risky because of the difficulties of integrating people, operations and technologies that may arise. There can be no assurance that any of the businesses that the Group acquires can be successfully integrated or that they will perform well once integrated. Acquisitions may also lead to potential write-downs due to unforeseen business developments that may adversely affect the Group's results of operations.

The Group's results of operations could also be negatively affected by acquisition or divestiture-related charges, amortisation of expenses related to intangibles and charges for impairment of long-term assets. The Group may be subject to litigation in connection with, or as a result of, acquisitions or divestitures, including claims from terminated employees, customers or third parties, and the Group may be liable for future or existing litigation and claims related to the acquired business or divestiture because either the Group is not indemnified for such claims or the indemnification is insufficient. These effects could cause the Group to incur significant expenses and could materially adversely affect its business, financial condition and results of operations.

The Group is also exposed to risks related to the performance of acquired companies that operate principally in foreign currencies, such as Banco de Fomento de Angola, S.A. (**BFA**), whose principal operating currency is the Angolan kwanza. In 2017, Angola was classified as a hyperinflationary economy by the principal international audit companies as a result of its accumulated ratio of inflation close to 100% in the last three years as well as the evolution prices, wages and interest rates. As a result, since 2017, CaixaBank has made estimates related to the impact of the application of IAS 29 –Financial Information in Hyperinflationary Economies in its stake in BFA as of 31 December 2017 and during 2018, until it lost significant influence in this stake, for the purposes of determining the value of its stake in the net assets and tax year results of BFA. Until the date in which its stake in BFA was reclassified as financial asset at fair value with changes in other comprehensive income (see note 2.1 to the 2018 Consolidated Financial Statements), the variations derived from the application of the IAS 29 were registered in "Other accumulated global result – Items that may be reclassified to profit or loss – Foreign currency exchange". During 2018, the effect of IAS 29, was a credit to "Other accumulated global result" of €78 million (€71 million net), and €90 million (€81 million net) loss to "Results of entities accounted for using the equity method" in the income statement. On the other hand, and as a result of successive devaluations of the kwanza, in "Other accumulated global result" a loss of €293 million net was registered as a result of the conversion into euros of the BFA financial statements, in application of the requirements of the IAS 21.

The outcome of the UK referendum on membership of the EU and the uncertain future relationship of the UK with the EU, as well as political uncertainty in other Eurozone countries, including Italy, could have a material adverse effect on the business, financial condition and results of operations of the Bank and its Group

On 23 June 2016, the UK held a non-binding referendum (the **UK EU Referendum**) on its membership in the EU, in which a majority voted for the UK to leave the EU. Immediately following the result, the UK and global stock and foreign exchange markets commenced a period of significant volatility, including a steep depreciation of the pound sterling (depreciation which however was soon reverted), in addition to which there is now prevailing uncertainty relating to the process, timing and negotiation of the UK's exit from, and future relationship with, the EU.

On 29 March 2017, the UK delivered the official notice of its intention to withdraw from the EU to the European Council president under article 50 of the Treaty of the EU. As from that moment, a two-year period of negotiation has set out to determine terms under which the UK will leave the EU (with a particular focus on the rights of UK and EU citizens currently living in the EU and the UK, respectively, the payments that the UK will have to disburse to the EU for the future financial obligations acquired by the UK while being a member of the EU and the issue regarding the border between the Republic of Ireland and Northern Ireland). These terms constitute the "Withdrawal Agreement". The Withdrawal Agreement additionally includes a transition period during which the UK would remain, operationally (although the UK would loose voting rights within the European institutions), within the European Union in order to provide sufficient time for negotiating the terms of the UK's future economic, trading and legal relationships with the EU.

As of the time of this Base Prospectus, while both the UK and the EU have reached a pre-agreement on the Withdrawal Agreement, neither the UK parliament nor the EU counterpart have ratified it. In addition, the UK has requested an extension of the article 50 deadline which has been set as the 31 October 2019, although it could be further delayed. Overall, at the time of writing the outcome of the negotiations between the UK and the EU is highly uncertain and there exists a probability that the UK exits the EU in a disorderly manner.

While the longer term effects of the UK imminent departure from the EU are difficult to predict, these are likely to include further financial instability and slower economic growth as well as higher unemployment and inflation, mostly in the UK, but also in continental Europe and the global economy, at least in the short to medium term. For instance, the UK could lose access to the single EU market and to the global trade deals negotiated by the EU on behalf of its members. A decline in trade could affect the attractiveness of the UK as a global investment centre and, as a result, could have a detrimental impact on UK growth. In particular,

London's role as a global financial centre may also decline, particularly if financial institutions shift their operations to continental Europe and the EU financial services passport is not maintained. Among the significant global implications of the UK EU Referendum is the increased uncertainty concerning a potentially more persistent and widespread imposition by central banks of negative interest rate policies. The Bank of Japan, the ECB and several other monetary authorities in Europe have already introduced negative interest rates to address deflationary concerns and to prevent appreciation of their respective currencies. As regards the English Law Notes, there is also a risk that following Brexit (should a suitable treaty in respect of the matter not be concluded between Spain and the United Kingdom) the enforcement of an English court's judgment by a Spanish court could require compliance with additional procedural requirements.

The UK EU Referendum has also given rise to calls for certain regions within the UK to preserve their place in the EU by separating from the UK, as well as the potential for other EU member states to consider withdrawal. For example, the outcome of the UK EU Referendum was not supported by the majority of voters in Scotland, who voted in favour of remaining in the EU. This has revived the political debate on a second referendum on Scottish independence, creating further uncertainty as to whether such a referendum may be held and as to how the Scottish parliamentary process may impact the negotiations relating to the UK's exit from the EU and its future economic, trading and legal relationship with the EU. As mentioned above, it has also encouraged anti-EU and populist parties in other member states, raising the potential for other countries to seek to conduct referenda with respect to their continuing membership of the EU. In Italy, the elections of 4 March 2018 delivered a government led by euro-sceptic parties (Five Star Movement and Northern League). The Italian government, in its latest budget, increased substantially the projected deficit for 2019. This plan, which was rejected in its initial version by the European Comission, triggered a risk-off episode that led to a marked increase of the Italian sovereign risk premium and, via a contagion channel, also had a moderate impact on the Spanish sovereign risk premium. If the commitment of the Italian government with the fiscal sustainability of the country were to put again into question, further market instability which could negatively impact the Group could not be ruled out.

Following the results of the UK EU Referendum and the Italian elections, the risk of further instability in the Eurozone cannot be excluded. The increase in the political influence of Eurosceptic political parties in these countries have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets.

Asset valuations, currency exchange rates and credit ratings may be especially subject to increased market volatility. The major credit rating agencies have downgraded and changed their outlook to negative on the UK's sovereign credit rating following the UK EU Referendum.

The UK political developments described above, along with any further changes in government structure and policies, may lead to further market volatility and changes to the fiscal, monetary and regulatory landscape to which the Group is subject and could have a negative adverse effect on its financing availability and terms and, more generally, on its business, financial condition and results of operations.

There can be no assurance that the objectives defined in the strategic plan will be met

The CaixaBank Group unveiled its 2019-21 strategic plan on 27 November 2018. Targets contained therein are based on assumptions and expectations that may prove to be incorrect. There can be no assurance that those targets can or will be met and they should not be seen as an indication of the Group's expected or actual results or returns.

Risks relating to the Issuer arising from applicable legislation and regulation

The Issuer is not able to determine the impact that the following legislation and regulations and that any additional regulations may have. There can be no assurance that the implementation of these requirements will not adversely affect the Issuer's ability to pay dividends, or require the Issuer to issue additional

securities that qualify as regulatory capital or eligible liabilities for compliance with MREL, to liquidate assets, to deleverage its business or to take any other actions, any of which may have adverse effects on the business, financial condition, results of operations and prospects of the Issuer. Furthermore, increased capital requirements may negatively affect the Issuer's return on equity and other financial performance indicators.

In addition, there can be no assurance that additional capital or provision requirements will not be adopted by the authorities of the jurisdictions where the Issuer operates and, as some of the banking laws and regulations have been recently adopted, the manner in which those laws and related regulations are applied to the operations of financial institutions is still evolving. Failure to comply with existing or new legislation regarding capital or provision requirements could have a material adverse effect on the business, financial condition, results of operations and prospects of the Issuer.

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

Own funds requirements

As a Spanish credit institution, the Bank is subject to the CRD IV Directive that replaced Directives 2006/48 and 2006/49 through which the EU began implementing the Basel III capital reforms with effect from 1 January 2014, with certain requirements being phased in during upcoming years. The core regulation regarding the solvency of credit entities is the CRR which is complemented by several binding regulatory technical standards, all of which are directly applicable in all EU member states, without the need for national implementation measures. Solvency requirements are applied to CaixaBank, on both an individual and consolidated basis and also to Banco BPI on both an individual and sub-consolidated basis.

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 (the **RD-L 14/2013**), Law 10/2014, RD 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**).

Under CRD IV, the Bank is required, on an individual and consolidated basis, to hold a minimum amount of regulatory capital of 8% of RWA 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 the CRD IV Directive, as implemented by Article 68 of Law 10/2014 also contemplates that in addition to the "Pillar 1" capital requirements, the supervisory authorities may require further capital to cover other risks, including those not considered to be fully captured by the "Pillar 1" minimum "own funds" requirements under CRD IV or to address macro-prudential considerations. This may result in the imposition of further CET1, Tier 1 and total capital requirements on the Issuer and/or the Group pursuant to this "Pillar 2" framework. This requirement is known as P2R capital requirement. Any failure by the Bank and/or the Group to maintain its "Pillar 1" minimum regulatory capital ratios and any additional "Pillar 2R" capital requirements could result in administrative actions or sanctions, which, in turn, may have a material adverse impact on the Group's results of operations.

Following the introduction of the SSM by means of the Council Regulation (EU) No 1024/2013, of 15 October conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions (the **SSM Regulation**), the ECB is in charge of assessing additional "Pillar 2R" capital requirements to be complied with by each of the European banking institutions now subject to the SSM, such as the Issuer and its Group. The ECB is required under the SSM Regulation to carry out, at least on an annual basis, a supervisory review and evaluation process (the **SREP**) assessments under the CRD IV of the additional "Pillar 2R" capital requirements and accordingly requirements may change from year to year. Although CaixaBank and the Group currently meet "Pillar 2R" capital requirements, there can be no

assurance that the Issuer and/or the Group, as applicable, will be able to comply with any such additional own funds requirements as updated in the future.

The European Banking Authority (the **EBA**) published its guidelines on 19 December 2014 addressed to the European competent supervisors on common procedures and methodologies for the SREP, which contained guidelines for a common approach to determining the amount and composition of additional "Pillar 2" capital requirements to be implemented from 1 January 2016. Under these guidelines, updated in 2018, supervisors should set a composition requirement for the "Pillar 2" capital requirements to cover certain specified risks of at least 56% CET1 capital and at least 75% Tier 1 capital. The guidelines also contemplate that competent supervisors should not set additional own funds requirements in respect of risks which are already covered by capital buffer requirements and/or additional macro prudential requirements.

In addition to the minimum "Pillar 1" and "Pillar 2R" capital requirements, credit institutions must comply with the "combined buffer requirement" as set out in the CRD IV Directive. The "combined buffer requirement" has introduced five new capital buffers to be satisfied with additional CET1: (i) the capital conservation buffer for unexpected losses, amounting to 2.5% of RWA on a fully loaded basis; (ii) the global systemically important institutions (***G-SIB***) buffer, of between 1% and 3.5% of RWA on a fully loaded basis; (iii) the institution-specific counter-cyclical capital buffer, which may be as much as 2.5% of RWA on a fully loaded basis; (iv) the other systemically important institutions (***O-SII***) buffer, which may be as much as 2% of RWA on a fully loaded basis; and (v) the systemic risk buffer to prevent systemic or macro prudential risks, of at least 1% of RWA if applicable (to be determined by the Bank of Spain) on a fully loaded basis.

The Bank has not been classified as *G-SIB* by the Financial Stability Board (***FSB***) nor by any competent authority so, unless otherwise indicated by the *FSB* or by the Bank of Spain in the future, it is not required to maintain the *G-SIB* buffer. According to the note published by the Bank of Spain on 21 November 2018, the Bank is considered an *O-SII* and accordingly, during 2019 it will be required to maintain a full *O-SII* buffer of 0.25%. This buffer is applicable to the Bank on both an individual and a consolidated basis. In addition, the Bank of Spain agreed on 28 March 2019 to maintain the countercyclical capital buffer applicable to credit exposures in Spain at 0% for the second quarter of 2019 (percentages will be revised each quarter). On 31 December 2018, the Bank of Portugal also published that the countercyclical buffer for credit exposures in Portugal was to be maintained at 0% for the first quarter of 2019.

Some or all of the other buffers may also apply to the Bank and/or the Group 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 (the **December 2015 EBA Opinion**), 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 "Pillar 1" and "Pillar 2R" own funds requirements of the institution, and accordingly, the "combined buffer requirement" is in addition to the minimum Pillar 1 capital requirement and to the additional Pillar 2 capital requirement, and therefore it would be the first layer of capital to be eroded pursuant to the applicable stacking order. The Proposal (as defined below) amending CRR published on 23 November 2016 and the final guidelines on the common procedures and methodologies for the SREP and supervisor stress testing published by the EBA on 19 July 2018 (the **EBA Guidelines**) also clarify the stacking order of Pillar 1 capital requirements, Pillar 2 capital requirements (**P2R**) and combined buffer requirements in the same way. Please see "*Increasingly onerous capital requirements constitute one of the Issuer's main regulatory challenges - Eligible liabilities requirements"* below for more information on the implementation status of the EU Banking Reforms.

Any failure by the Bank and/or the Group to maintain the combined buffer requirements on top of Pillar 1 capital requirements and P2R, may result in the imposition of restrictions or prohibitions on Discretionary

Payments (as defined below) by the Issuer, including dividend payments, and the possible cancellation of distributions relating to Additional Tier 1 capital instruments (in whole or in part).

According to Article 48 of Law 10/2014, Article 73 of RD 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 capital instruments (**Discretionary Payments**), until the maximum distributable amount calculated according to CRD IV (*i.e.*, the firm's "distributable profits", 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 Bank of Spain and thereafter, any such distributions or payments will be subject to such Maximum Distributable Amount for entities (a) not meeting the "combined buffer requirement" or (b) in relation to which the Bank of Spain has adopted any of the measures set forth in Article 68.2 of Law 10/2014 aimed at strengthening own funds or limiting or prohibiting the distribution of dividends.

As communicated by the EBA on 1 July 2016, in addition to Pillar 1 capital requirements and P2R and combined buffer requirements, the supervisor can also set a Pillar 2 Guidance. Thus, SREP decisions of 2016 onwards differentiate between P2R and "Pillar 2" guidance (**P2G**). Banks are expected to meet the P2G, which is set on top of the level of binding capital (Pillar 1 and P2R) requirements and on top of the capital buffer requirements. If a bank does not meet its P2G, this will not result in automatic action of the supervisor and will not be used to determine the Maximum Distributable Amount trigger, but will be used in fine-tuned measures based on the individual situation of the relevant bank. In order to assess the final measures taken, the SSM will assess every case of a bank not meeting its P2G. The EBA Guidelines confirm this stacking order of own funds requirements and P2G. The ECB recommends not to disclose the P2G.

In addition, a new Article 16a of the BRRD is proposed to better clarify the stacking order between the combined buffer requirement and the MREL requirement. Pursuant to this new provision, a resolution authority shall 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 proposed Article 16a(4) of the BRRD) where it meets the combined buffer requirement but fails to meet that combined buffer requirement when considered in addition to the MREL requirements. The proposed Article 16a of the BRRD in its current form envisages a potential nine month grace period whereby the resolution authority assesses on a monthly basis whether to exercise its powers under the provision before such resolution authority is compelled to exercise its power under the provisions (subject to certain limited exceptions).

In February 2019, the Bank received the decisions of the ECB regarding minimum capital requirements for the Group following the outcomes of the most recent SREP. These decisions state that the Group is to maintain a CET1 ratio of 8.75% over the total amount of RWA during 2019, which includes the minimum Pillar 1 requirement (4.50% of RWAs), the ECB P2R (1.50% of RWAs to be covered 100% by CET1), the capital conservation buffer (2.5% of RWAs) and the *O-SII* buffer (0.25% of RWAs). No other systemic or countercyclical buffer applies on the date of this Base Prospectus.The minimum fully loaded CET1 ratio would therefore stand at 8.75% of RWAs. The minimum Tier 1 and Total Capital ratios would consequently reach 10.25% of RWAs and 12.25% of RWAs, respectively, on a phase-in and fully loaded basis, based on the 6% of RWAs and 8% of RWAs Pillar 1 minimum requirements at a Tier 1 and total capital level, respectively. Pursuant to the current strategic plan, a target CET1 ratio of around 12% of RWAs and an additional 1% prudential buffer over the time frame covered by the strategic plan is set in order to cover any future regulatory changes, including the end of the Basel III framework on 1 January 2022. Regarding minimum capital requirements for the BPI Group in 2019, the P2R requirement is 2%, the capital conservation buffer for 2019 is 2.5%, reaching the maximum foreseen for this buffer. The counter-cyclical buffer is kept at 0% for Portugal on the date of this Base Prospectus. The O-SII buffer increases linearly over four years starting in 2018 to reach 0.5% by 2021, standing at 0.25% in 2019.

The following tables show the solvency requirements compared to the capital position of the Group on a consolidated basis as of 31 December 2018:

	Capital position									
	31 December, 2018		Minimum requirements							
	Phase-in	Fully loaded	Phase-in (2018)	Of which Pillar 1	Of which Pillar 2R	Of which buffers	Fully loaded	Of which Pillar 1	Of which Pillar 2R	Of which buffers
CET1	11.8%	11.5%	8.75%	4.5%	1.5%	2.75%	8.75%	4.5%	1.5%	2.75%
Tier 1	13.3%	13.0%	10.25%	4.5%	1.5%	2.75%	10.25%	4.5%	1.5%	2.75%
Total Capital	15.6%	15.3%	12.25%	4.5%	1.5%	2.75%	12.25%	4.5%	1.5%	2.75%

Notes:—

1. All percentages refer to the total amount of RWAs.

As a result of the ECB's decision, the phase-in CET1 threshold below which the Group would be forced to limit distributions in the form of dividend payments, variable remuneration and interest to holders of Additional Tier 1 instruments, commonly referred to as the activation level of the maximum distributable amount (or Maximum Distributable Amount trigger), is set at 8.75% of RWAs as for 2019 without taking into account any potential shortfalls in the 1.5% of RWAs Additional Tier 1 and 2% of RWAs Tier 2 "Pillar 1" buckets. As of 31 December 2018, the Group had a Tier 2 capital level above 2% of RWAs and an Additional Tier 1 capital level above 1.5%.

The ECB has not imposed P2R on an individual basis. Capital buffers are applicable at the same amount on both an individual and sub-consolidated basis.

In addition to CRD IV arrangement which requires maintenance of certain capital buffers before any dividend is paid, the ECB communicated updated recommendations on dividend distribution and remuneration policies to be adopted in 2019 for the financial year 2018. The ECB expects banks to adopt a prudent, forward-looking stance when deciding on their remuneration and dividend distribution policies so that they can fulfil all their capital requirements, including the outcome of the SREP.

In addition to the above, the CRR also includes a requirement for credit institutions to calculate a leverage ratio, report it to their supervisors and to disclose it publicly from 1 January 2015 onwards. The CRR does not currently contain a requirement for institutions to have a capital requirement based on the leverage ratio though the European Commission's Proposals (as defined below) which amend the CRR, of which approval is expected during the second quarter of 2019 and which contain a binding 3% Tier 1 capital leverage ratio requirement that is added to an institution's own funds requirements and that an institution must meet in addition to its risk based requirements. Under the European Commission's Proposals, any breach of the leverage ratio could also result in a requirement to determine the Maximum Distributable Amount and restrict Discretionary Payments.

Certain grandfathering measures have been proposed in the European Commission's Proposals. However, to the extent any of the new requirements, once finally implemented, are not initially subject to a grandfathering or exemption regime for those Additional Tier 1 instruments and/or Tier 2 instruments already in issue at the time of such implementation, such instruments could be subject to regulatory uncertainties on their inclusion as capital. This may lead to regulatory capital shortfalls and ultimately a breach of the applicable minimum regulatory capital requirements.

Any failure by the Bank and/or the Group to comply with its regulatory capital requirements could also result in the imposition of further P2Rs and the adoption of any early intervention or, ultimately, resolution measures by resolution authorities pursuant to Law 11/2015, of 18 June, on the Recovery and Resolution of Credit Institutions and Investment Firms (**Law 11/2015**) as amended by Royal Decree-Law 11/2017 (**RDL 11/2017**), which, together with Royal Decree 1012/2015, of 6 November, implementing Law 11/2015 (**RD 1012/2015**) has implemented Directive 2014/59/EU, of 15 May, establishing a framework for the recovery and resolution of credit institutions and investment firms (the **BRRD**) into Spanish law, which could have a material adverse effect on the Group's business and operations.

Eligible liabilities requirements

In addition to the minimum capital requirements under CRD IV, the BRRD regime prescribes that banks shall hold a minimum level of capital and eligible liabilities in relation to total liabilities and own funds (known as **MREL**). The level of capital and eligible liabilities required under MREL will be set by the resolution authority for each bank (and/or group) based on the resolution plan and other criteria. From 1 January 2016 the resolution authority for CaixaBank is the SRB and it is subject to the authority of the SRB for the purposes of determination of its MREL requirement. Eligible liabilities will be determined by resolution authorities (including if applicable the SRB) and may be senior or subordinated, 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 MREL requirement came into force on 1 January 2016.

On 24 April 2019, CaixaBank received the formal communication from the Bank of Spain regarding the MREL requirement. According to this communication, CaixaBank has been required to reach, by 1 January 2021, an amount of own funds and eligible liabilities equal to 22.5% of the RWA at the consolidated level.

The subordinated MREL ratio of CaixaBank stood at 17.5% as of 31 March 2019. According to the current eligibility criteria of the SRB, CaixaBank's best estimate of its total MREL ratio stood at 20.2% on a consolidated basis as of 31 March 2019. This amount includes Senior Non-Preferred Debt (including €1,000 million issued in January 2019), Senior Preferred Debt (including €1,000 million issued in March 2019) and other *pari passu* senior liabilities.

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

On 16 January 2019, the SRB published its second policy statement on MREL for the second wave of resolution plans of the 2018 cycle, which will serve as a basis for setting binding MREL targets.

On 9 November 2015 the *FSB* published its final Total Loss-Absorbing Capacity (**TLAC**) Principles and Term Sheet, proposing that *G-SIB*s maintain significant minimum amounts of liabilities that are subordinated (by law, contract or structurally) to certain prior ranking liabilities, such as guaranteed insured deposits, and which forms a new standard for *G-SIB*s. The TLAC Principles and Term Sheet contains a set of principles on loss absorbing and recapitalisation capacity of *G-SIB*s in resolution and a term sheet for the implementation of these principles in the form of an internationally agreed standard. The *FSB* will undertake a review of the technical implementation of the TLAC Principles and Term Sheet by the end of 2019. The TLAC Principles and Term Sheet requires a minimum TLAC to be determined individually for each *G-SIB* at the greater of (a) 16% of RWA as of 1 January 2019 and 18% as of 1 January 2022, and (b) 6% of the Basel III Tier 1 leverage ratio exposures as of 1 January 2019, and 6.75% as of 1 January 2022. Under the FSB TLAC standard, capital buffers stack on top of TLAC.

Although the Bank has not been classified as a *G-SIB* by the *FSB*, it cannot be disregarded that this may change in the future or that TLAC requirements are finally extended to non-*G-SIB*s which could create additional minimum capital requirements for the Issuer and/or the Group.

On 23 November 2016, the European Commission published among other a proposal for a European Directive amending CRR, the CRD IV Directive and the BRRD and a proposal for a European Regulation amending the SRM Regulation.

Additionally, the European Commission proposed an amending directive to facilitate the creation of a new asset class of "non-preferred" senior debt (the aforementioned proposals, together, the **European Commission's Proposals**). The European Commission's Proposals cover multiple areas, including the Pillar 2 (P2R) framework, the leverage ratio, mandatory restrictions on distributions, permission for reducing

own funds and eligible liabilities, macroprudential tools, a new category of "non preferred" senior debt that should only be bailed-in after junior ranking instruments but before other senior liabilities, changes to the definitions of Tier 2 and Additional Tier 1 instruments, the MREL framework and the integration of the TLAC standard into EU legislation as mentioned above. The European Commission's Proposals also cover a harmonised national insolvency ranking of unsecured debt instruments to facilitate the issuance by credit institutions of such "non preferred" senior debt.

On 25 May 2018, the Council of the European Union published the Presidency compromise text on the European Commission's Proposals and on 25 June and 28 June 2018, the European Parliament Committee on Economic and Monetary Affairs published reports containing its proposed amendments to the European Commision's Proposals. Following trilogue negotiations from July 2018 to February 2019, the Council of the EU and the European Parliament reached a final agreement on the package of proposals (the **Political Agreement**). The Political Agreement has been endorsed (i) on 15 February 2019, by the COREPER and (ii) on 16 April 2019, by the European Parliament and, once it is endorsed by the Council, will undergo a legal linguistic revision before final adoption and publication (the European Commission's package of proposals dated 23 November 2016, together with the Presidency compromise proposals dated 25 May 2018, the proposed amendments of the European Parliament dated 25 and 28 June 2018, the Political Agreement and its endorsements by the COREPER dated 15 February 2019 and by the European Parliament on 16 April 2019 respectively, the **EU Banking Reforms**). The timing for the final implementation of these reforms as of the date of this Base Prospectus is unclear. Consequently, it is uncertain how the EU Banking Reforms will affect the Issuer or the holders of the Notes.

Notwithstanding the above, the European Commission's Proposals regarding the harmonised national insolvency ranking of unsecured debt instruments and the recognition of the "non-preferred" senior debt has been implemented in the EU through the Directive (EU) 2017/2399 amending the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy which was published in the Official Journal of the EU on 27 December 2017. It had to be transposed into national law by the Member States by 29 December 2018, provided that the relevant Member States have not previously legislated in the sense of such Directive. In Spain, the new class of "non preferred" senior debt and its insolvency ranking were introduced earlier through the RDL 11/2017.

Specifically, one of the main objectives of the European Commission's Proposals to amend the BRRD and the SRM Regulation is to implement the TLAC standard and to integrate the TLAC requirement into the general MREL rules (**TLAC/MREL Requirements**) thereby avoiding duplication from the application of two parallel requirements. Although TLAC and MREL pursue the same regulatory objective, there are, nevertheless, some differences between them in the way they are constructed. The European Commission is proposing to integrate the TLAC standard into the existing MREL rules and to ensure that both requirements are met with largely similar instruments, with the exception of the subordination requirement, which will be institution-specific and determined by the resolution authority.

The European Commission's Proposals require the introduction of some adjustments to the existing MREL rules ensuring technical consistency with the structure of any requirements for *G-SIIs*.

Pursuant to the European Commission's Proposals, any failure by an institution to meet the applicable minimum TLAC/MREL Requirements is intended to be treated similarly as a failure to meet minimum regulatory capital requirements, where resolution authorities must ensure that they intervene and place an institution into resolution sufficiently early if it is deemed to be failing or likely to fail and there is no reasonable prospect of recovery and, in particular, could result in the imposition of restrictions on Discretionary Payments.

Regulatory reforms which may have an impact on capital

Basel III implementation differs across jurisdictions in terms of timing and the applicable rules. The lack of uniformity in implemented rules may lead to an uneven playing field and to competition distortions.

Moreover, a lack of regulatory coordination, with some countries bringing forward the application of Basel III requirements or increasing such requirements, could adversely affect a bank with global operations such as the Issuer and could undermine its profitability (see "*The Group is subject to substantial regulation, and regulatory and governmental oversight. Adverse regulatory developments or changes in government policy could have a material adverse effect on its business, results of operations and financial condition (regulatory risk)*"). In order to address this, the ECB has issued Regulation (EU) 2016/445 of the ECB of 14 March 2016 on the exercise of options and discretions available in Union law (**Regulation 2016/445**). There can be no assurance that new additional regulations will not be introduced that could have an impact on capital position.

On 7 December 2017, the Group of Governors and Heads of Supervision (**GHOS**) published the finalisation of the Basel III post-crisis regulatory reform agenda. This review of the regulatory framework covers credit, operational and credit valuation adjustment (**CVA**) risks, and introduces a floor to the consumption of capital by internal ratings-based methods (**IRB**) and the revision of the calculation of the leverage ratio. The main features of the reform are: (i) a revised standard method for credit risk, which will improve the soundness and sensitivity to risk of the current method; (ii) modifications to the IRB methods for credit risk, including input floors to ensure a minimum level of conservatism in model parameters and limitations to its use for portfolios with low levels of non-compliance; (iii) regarding the CVA risk, and in connection with the above, the removal of any internally modelled method and the inclusion of a standardised and basic method; (iv) regarding the operations risk, the revision of the standard method, which will replace the current standard methods and the advanced measurement approaches (AMA); (v) the introduction of a leverage ratio buffer for *G-SIB*s; and (vi) regarding capital consumption, the establishment of a minimum limit on the aggregate results (output floor), which prevents the RWA of the banks generated by internal models from being lower than the 72.5% of the RWA that are calculated with the standard methods of the Basel III framework.

The GHOS have extended the implementation of the revised minimum capital requirements for market risk until January 2022, to coincide with the implementation of the reviews of credit, operational and CVA risks. There is uncertainty with regard to how and when they will be implemented in the EU.

In light of the above, it would be reasonable not to disregard that new and more demanding additional capital requirements may be applied in the future.

On 15 March 2018, the ECB published its supervisory expectations for prudent levels of provisions for NPLs. This was published as an addendum (the **Addendum**) to the ECB's guidance to banks on non-performing loans published on 20 March 2017, which clarified the ECB's supervisory expectations regarding the identification, management, measurement and write-off of NPLs. The ECB states that the Addendum sets out what it deems to be a prudent treatment of NPLs with the aim of avoiding an excessive build-up of non-covered aged NPLs on banks' balance sheets in the future, which would require supervisory measures.

The ECB states that it will assess any differences between banks' practices and the prudential provisioning expectations laid out in the Addendum at least annually and will link the supervisory expectations in the Addendum to new NPLs classified as such from 1 April 2018 onwards. Banks will then be asked to inform the ECB of any differences between their practices and the ECB's prudential provisioning expectations, as part of the supervisory review and evaluation process dialogue, from early 2021 onwards. Ultimately this could result in the ECB requiring banks to apply specific adjustments to own funds calculations where the accounting treatment applied by the bank is considered not prudent from a supervisory perspective, which could in turn impact on the capital position of the relevant bank.

Finally, there can be no assurance that the implementation of these new capital requirements, standards or recommendations will not adversely affect the Bank's ability to make Discretionary Payments as set out above, or require it to issue additional securities that qualify as regulatory capital or eligible liabilities for compliance with MREL, to liquidate assets, to curtail business or to take any other actions, any of which may have adverse effects on the Bank's business, financial condition and results of operations. Furthermore,

increased capital requirements may negatively affect the Bank's return on equity and other financial performance indicators.

Deferred Tax Assets

In addition to introducing new capital requirements, the CRD IV Directive provides that deferred tax assets (**DTAs**) that rely on the future profitability of a financial institution must be deducted from its regulatory capital (specifically its core capital or CET1 capital) for prudential reasons, as there is generally no guarantee that DTAs will retain their value in the event of the financial institution facing difficulties.

This new deduction introduced by CRD IV has a significant impact on Spanish banks due to the particularly restrictive nature of certain aspects of Spanish tax law. For example, in some EU countries when a bank reports a loss, the tax authorities refund a portion of taxes paid in previous years, but in Spain the bank must earn profits in subsequent years in order for this set-off to take place. Additionally, Spanish tax law does not recognise as tax-deductible certain amounts recorded as costs in the accounts of a bank, unlike the tax legislation of other EU countries.

Due to these differences and the impact of the requirements of CRD IV on DTAs, the Spanish regulator implemented certain amendments to Law 27/2014, of 27 November, on corporate income tax (the **Corporate Income Tax Law**) through RD-L 14/2013, which also provided for a transitional regime for DTAs generated before 1 January 2014. These amendments enabled certain DTAs to be treated as a direct claim against the Spanish tax authorities if a Spanish bank was unable to reverse the relevant differences within 18 years or if it is liquidated, becomes insolvent or incurs accounting losses. This, therefore, allowed a Spanish bank not to deduct such DTAs from its regulatory capital. The transitional regime provided for a period in which only a percentage (which increases yearly) of the applicable DTAs would have to be deducted. This transitional regime was also included in Corporate Income Tax Law.

However, the European Commission initiated a preliminary state aid investigation in relation to the Spanish DTAs regime. Such investigation is now resolved to the extent that the European Commission, the Bank of Spain and the Spanish Ministries of Treasury and Economy agreed a commitment to amend the applicable law in order to reinforce the compatibility of the regime with European Law. In general terms, the amendment passed requires payment of a special tax charge in order for the conversion of the DTAs into a current asset to be enforceable.

The Royal Decree-Law 3/2016 of 2 December 2016 (**RD-L 3/2016**) implemented a number of amendments to the Corporate Income Tax Law including the limitation on the use of the DTAs treated as a direct claim and carried forward tax losses up to 25%.

In any case, there could be a risk that the Corporate Income Tax Law will be modified in the future and any changes to the DTAs regime could have a material adverse effect on its business, financial condition and results of operations.

Steps taken towards achieving an EU fiscal and banking union

The project of achieving a European banking union was launched in the summer of 2012. Its main goal is to resume progress towards the European single market for financial services by restoring confidence in the European banking sector and ensuring the proper functioning of monetary policy in the Eurozone.

Banking union is expected to be achieved through new harmonised banking rules (the single rulebook) and a new institutional framework with stronger systems for both banking supervision and resolution that will be managed at the European level. Its two main pillars are the SSM and the SRM.

The SSM (comprising both the ECB and the national competent authorities) will help to make the banking sector more transparent, unified and safe. The SSM Regulation was passed in October 2013 with effect from

3 November 2013. On 4 November 2014, the ECB assumed its new supervisory responsibilities within the SSM, in particular the direct supervision of the 120 largest European banks (including the Issuer). In preparation for this step, between November 2013 and October 2014 the ECB conducted, together with national supervisors, a comprehensive assessment of 130 banks, which together hold more than 80% of Eurozone banking assets. The exercise consisted of three elements: (i) a supervisory risk assessment, which assessed the main balance sheet risks including liquidity, funding and leverage; (ii) an asset quality review, which focused on credit and market risks; and (iii) a stress test to examine the need to strengthen capital or take other corrective measures. On 26 October 2014, the ECB announced the results of the comprehensive assessment.

On 24 February 2016, the EBA announced new methodology and macroeconomic scenarios for the 2016 EU-wide stress test which covered over 70% of the EU banking sector (51 banks) and assessed EU banks' ability to meet relevant supervisory capital ratios during an adverse economic shock. Similar to the 2014 stress test, the 2016 EU-wide stress test was primarily focused on the assessment of the impact of risk drivers on the solvency of banks. On 29 July 2016, the EBA published the results of the stress test, in which CaixaBank, as part of Criteria Group, took part. In an internal exercise, the methodology was applied in an adverse macroeconomic scenario to CaixaBank, resulting in a CET1 ratio of above 9.8% in December 2018 (phase-in) and 8.5% (fully loaded), applying the capital regulations applicable from 2023. The European authorities took into account the whole CriteriaCaixa Group, including, in addition to the Group, the industrial stakes and real estate assets of Criteria, based on the highest prudential consolidation level at 31 December 2015. Under this scope, the CriteriaCaixa Group would have a phase-in CET1 ratio of 9.0% at the end of the adverse scenario (2018) and a fully loaded ratio of 7.8%. Taking into account the swap agreement between CaixaBank and CriteriaCaixa, completed in the first half of 2016, CaixaBank's CET1 ratio at the end of the adverse scenario (2018) would have strengthened to 10.1% (phase-in) and 9.1% (fully loaded) due to the release of deductions deriving from the financial investments transferred to CriteriaCaixa. This amounts to a capital depletion in the adverse scenario of 2.82% (phase-in) and 2.48% (fully loaded).

In 2017, EBA performed its regular annual transparency exercise and on 31 January 2018 it launched an EU wide stress test exercise covering 70% of the EU banking sector. The Group participated directly for the first time, after the deconsolidation of CriteriaCaixa Group in September 2017. On 14 December 2018 CaixaBank published on its corporate website (www.caixabank.com) information regarding the EBA's regular annual transparency exercise of 2018 carried out throughout the EU. The information published on the website is related to data from December 2017 and June 2018. The Issuer cannot provide assurance that it will not be subject to recommendations from future EU-wide stress test or similar regulatory exercises which could have an impact on its current asset valuation policies, and the classification of some of its exposures or cause other relevant effects.

The CaixaBank Group reported on 2 November 2018 that it took part in the EU-wide stress test, which was coordinated by the European Banking Authority and supervised by the ECB. For information on the stress test, please refer to "*Description of the Issuer Key events in 2016, 2017, 2018 and 2019 - Results of the 2018 EU-wide stress test*" below.

The SSM has represented a significant change in the approach to bank supervision at a European and global level, even if it has not resulted nor is it expected to result in any radical change in bank supervisory practices in the short term. The SSM has resulted in the direct supervision by the ECB of the largest financial institutions, among them the Bank, and indirect supervision of around 3,500 financial institutions. The SSM is one of the largest authorities in the world in terms of assets under supervision. The SSM is working to establish a new supervisory culture importing the best practices from the 19 national supervisory authorities that are part of the SSM. Several steps have already been taken in this regard such as the recent publication of the Supervisory Guidelines and the approval of Regulation (EU) No. 468/2014 of the ECB of 16 April 2014, establishing the framework for cooperation within the SSM between the ECB and the national competent authorities and with national designated authorities, Regulation 2016/445 and a set of guidelines on the application of CRR's national options and discretions. In addition, the SSM represents an extra cost for the financial institutions that will fund it through payment of supervisory fees.

The other main pillar of the EU banking union is the SRM, the main purpose of which is to ensure a prompt and coherent resolution of failing banks in Europe at minimum cost. The SRM Regulation establishes uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the SRM and a Single Resolution Fund (as defined below). This Regulation complements the SSM which established a centralised power of resolution entrusted to the SRB and to the national resolution authorities as an integral part of the process of harmonisation of the resolution regime provided for by the BRRD. The SRB began operation on 1 January 2015 and fully assumed its resolution powers on 1 January 2016. From that date a single resolution fund (the **Single Resolution Fund**) has also been in place, funded by contributions from European banks.

The Single Resolution Fund is intended to reach a total amount of €55 billion by 2024 and to be used as a separate backstop only after an 8% total liabilities and own funds (or 20% RWA in certain cases) have already been bailed-in (in line with the BRRD).

By allowing for the consistent application of EU banking rules through the SSM and the SRM, the agreed banking union is expected to help resume momentum towards economic and monetary union. In order to complete such union a single deposit guarantee scheme is still needed which may require a change to the existing European treaties. This is the subject of continued negotiation by European leaders to ensure further progress is made in European fiscal, economic and political integration.

Regulations adopted towards achieving a banking and/or fiscal union in the EU and decisions adopted by the ECB in its capacity as the Issuer's main supervisory authority may have a material impact on the Issuer's business, financial condition and results of operations, in particular, the BRRD and Directive 2014/49/EU on deposit guarantee schemes (implemented in Spanish law by Law 11/2015 and RD 1012/2015). A minimum 8% bail-in of a bank's total liabilities and own funds (or, where applicable, 20% of RWA) will be required as a precondition for access to any direct recapitalisation by the European Stability Mechanism (ESM), as agreed by the Eurozone members in December 2014. Additionally, on 24 November 2015, the European Commission has proposed a draft regulation to amend Regulation the SRM Regulation, in order to establish a European deposit insurance scheme for bank deposits.

There can be no assurance that regulatory developments related to the EU fiscal and banking union, and initiatives undertaken at EU level, will not have a material adverse effect on the Issuer's business, financial condition and results of operations.

Other regulatory reforms may have a material adverse effect on the Bank's and/or the Group's business, financial condition and results of operations

As a financial institution, the Group is subject to extensive regulation, which materially affects its businesses. Extensive legislation and implementing regulation affecting the financial services industry has recently been adopted in regions that directly or indirectly affect the Group's business, including Spain and the EU and other jurisdictions, and further regulations are in the process of being implemented.

In 2018 the main milestones of the ongoing regulatory agenda and its impact on the Group were focused on the prudential supervision and bank resolution and accounting framework. See "*The Group is subject to substantial regulation, and regulatory and governmental oversight. Adverse regulatory developments or changes in government policy could have a material adverse effect on its business, results of operations and financial condition (regulatory risk)*" and "*Increasingly onerous capital requirements constitute one of the Issuer's main regulatory challenges*" above.

In addition, it is particularly noteworthy how regulation has also increased in terms of customer and investor protection and digital and technological matters. These include:

- Implementation of various European Directives into Spanish law, specifically: (i) the Directive on credit agreements for consumers relating to residential immovable property; (ii) the Basic Payment

Accounts Directive (**PAD**); (iii) the Second Payment Services Directive (**PSD2**); (iv) the General Data Protection Regulation (as defined below); (v) the Markets in Financial Instruments Directive (**MiFID 2**); (vi) the Fourth Anti Money Laundering Directive (AMLD 4); (vii) the Insurance Distribution Directive (**IDD**); and (viii) the Benchmarks Regulation.

- With regard to the banking sector's digital transformation, the following initiatives can be mentioned: at a national level, the new controlled testing mechanism (regulatory sandbox), and at European and international level, the European Commission FinTech Action Plan, the EBA Guidelines on externalisation to the cloud, initiatives regarding crowdfunding service suppliers and electronic communication privacy regulations (**ePrivacy**).

- In terms of taxation, the draft bills published on 23 October 2018: (i) Draft bill for the Tax on Financial Transactions; (ii) Draft bill for the Tax on Specific Digital Services; and (iii) Draft bill for Measures to Prevent and Combat Tax Fraud.

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

Contributions for assisting in the future recovery and resolution of the Spanish banking sector may have a material adverse effect on the Bank's business, financial condition and results of operations

Law 11/2015 and RD 1012/2015 established a requirement for banks to make at least an annual contribution to the National Resolution Fund (*Fondo de Resolución Nacional*) in addition to the annual contribution to be made to the Deposit Guarantee Fund (*Fondo de Garantía de Depósitos*) by member institutions. The total amount of contributions to be made to the National Resolution Fund by all Spanish banking entities must equal 1% of the aggregate amount of all deposits guaranteed by the Deposit Guarantee Fund by 31 December 2024. The contribution is adjusted to the risk profile of each institution in accordance with the criteria set out in RD 1012/2015 and in the Commission Delegated Regulation (EU) 2015/63 of 21 October 2014 supplementing Directive 2014/59/EU of the European Parliament and of the Council with regard to ex ante contributions to resolution financing arrangements. In addition, the *Fondo de Reestructuración Ordenada Bancaria* (the **FROB**) may request extraordinary contributions. Law 11/2015 has also established an additional charge (tasa) which will be used to further fund the activities of the FROB as resolution authority and which equals to 2.5% of the annual contribution to be made to the National Resolution Fund.

The National Resolution Fund was combined with the rest of the EU Member State's national funds into a Single Resolution Fund on 1 January 2016. Regulation No 806/2014 of the European Parliament and of the Council, of 15 July 2014, was enacted, whereby the SRB replaces the national resolution authorities and assumes administration of the Single Resolution Fund and calculation of the bank contributions, applying the calculation methodology set out in Commission Delegated Regulation 2015/63, of 21 October 2014.

Any levies, taxes or funding requirements imposed on the Group in any of the jurisdictions where the Group operates could have a material adverse effect on its business, financial condition and results of operations.

Compliance with anti-money laundering and anti-terrorism financing rules involves significant cost and effort

The Group is subject to rules and regulations regarding money laundering and the financing of terrorism which have become increasingly complex and detailed, require improved systems and sophisticated

monitoring and compliance personnel and have become the subject of enhanced government supervision. Although the Group believes that its current policies and procedures are sufficient to comply with applicable rules and regulations, it cannot guarantee that the Group-wide anti-money laundering and anti-terrorism financing policies and procedures completely prevent situations of money laundering or terrorism financing. Any of such events may have severe consequences, including sanctions, fines and notably reputational consequences, which could have a material adverse effect on the Group's business, financial condition and results of operations. See "*The Group is exposed to risk of loss from legal and regulatory claims*" above.

Data Protection Regulation

On 25 May 2018, the Regulation (EU) 2016/279 of the European Parliament and of the Council of 27 April 2016, on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the **General Data Protection Regulation** or **GDPR**) became directly applicable in all Member States of the EU. Spain has enacted the Organic Law 3/2018, of 5 December, on Data Protection and the safeguarding of digital rights which has repealed the Spanish Organic Law 15/1999, of 13 December, on data protection.

Although a number of basic existing principles have remained the same, the GDPR has introduced new obligations on data controllers and rights for data subjects, including, among others: (1) accountability and transparency requirements, which require data controllers to demonstrate and record compliance with the GDPR and to provide detailed information to data subjects regarding processing; (2) enhanced data consent requirements, which includes "explicit" consent in relation to the processing of sensitive data; (3) obligations to consider data privacy as any new products or services are developed and limit the amount of information collected, processed, stored and its accessibility; (4) constraints on using data to profile data subjects; (5) providing data subjects with personal data in a useable format on request and erasing personal data in certain circumstances; and (6) reporting of breaches without undue delay.

The GDPR has also introduced new fines and penalties for a breach of requirements, including fines for systematic breaches of up to the higher of 4% of annual worldwide turnover or €20 million and fines of up to the higher of 2% of annual worldwide turnover or €10 million (whichever is highest) for other specified infringements. The GDPR identifies a list of points to consider when imposing fines (including the nature, gravity and duration of the infringement).

The implementation of the GDPR has required substantial amendments to the Bank's procedures and policies. The changes have impacted, and could further adversely impact, the Bank's business by increasing its operational and compliance costs. Further, there is a risk that the measures may not be implemented correctly or that there may be partial non-compliance with the new procedures. If there are breaches of the GDPR obligations, the Bank could face significant administrative and monetary sanctions as well as reputational damage which could have a material adverse effects on the Bank's operations, financial condition and prospects.

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

Risks related to the structure of a particular issue of Notes

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

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

An optional redemption feature (including any redemption of the Notes for taxation reasons pursuant to Condition 5.2 (*Redemption for tax reasons*) and upon the occurrence of a Capital Event or an Eligible Liabilities Event (each as defined in Conditions 5.4 (*Redemption at the option of the Issuer (Capital Event): Tier 2 Subordinated Notes*) and 5.5 (*Redemption at the option of the Issuer (Eligible Liabilities Event): Subordinated Notes or Senior Notes*), respectively, as the case may be) is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem Notes, or during which there is an actual or perceived increased likelihood that the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period if the market believes that the Notes may become eligible for redemption in the near term.

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

It is not possible to predict whether or not any further change in the laws or regulations of Spain, Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) (as defined in the Terms and Conditions of the Notes) or the application or interpretation thereof, or any of the other events referred to above, will occur and so lead to the circumstances in which the Issuer is able to elect to redeem the Notes, and if so whether or not the Issuer will elect to exercise such option to redeem the Notes or, in the case of Ordinary Senior Notes eligible to comply with MREL Requirements, Senior Non-Preferred Notes or Subordinated Notes, as applicable, any prior permission of the Regulator and/or the Relevant Resolution Authority (as defined in the Terms and Conditions of the Notes) if and as applicable (if such permission is required) for such redemption will be given. There can be no assurances that, in the event of any such early redemption, Noteholders will be able to reinvest the proceeds at a rate that is equal to the return on the Notes.

The Notes may be redeemed prior to maturity at the Issuer's option for taxation reasons or upon the occurrence of a Capital Event or an Eligible Liabilities Event, subject to certain conditions

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Spain or any political subdivision or any authority thereof or therein having power to tax (a **Tax Jurisdiction**), the Issuer may, at its option, redeem all outstanding Notes in whole, but not in part, in accordance with the Terms and Conditions of the Notes. The Notes may be also redeemed for taxation reasons if (i) the Issuer would not be entitled to claim a deduction in computing taxation liabilities in any Tax Jurisdiction in respect of any payment of interest to be made on the Notes on the next payment date due under the Notes or the value of such deduction to the Issuer would be materially reduced or (ii) if the applicable tax treatment of the Notes is materially affected. In each case, the Issuer may only redeem such Notes if such additional payment or inability to claim a tax deduction (as applicable) occurs or the applicable tax treatment of the Notes is materially affected as a result of any change in, or amendment to, the laws or regulations of any Tax Jurisdiction, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes and, in the case of Ordinary Senior Notes eligible to comply with MREL Requirements, Senior Non-Preferred Notes and Subordinated Notes only if so permitted by the Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) then in force and subject to the permission of the Regulator and/or the Relevant Resolution Authority if and as applicable (if such permission is required), as further described in Condition 5.2 (*Redemption for tax reasons*).

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

If an Eligible Liabilities Event occurs as a result of a change (or any pending change which the competent authority considers sufficiently certain) in Spanish law or Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) or any change in the official application or interpretation thereof becoming effective on or after the Issue Date, Ordinary Senior Notes where the Eligible Liabilities Event has been specified as applicable in the relevant Final Terms, Senior Non-Preferred Notes and Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part, subject to such redemption being permitted by the Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) then in force, and subject to the prior permission of the Regulator and/or the Relevant Resolution Authority if and as applicable (if such permission is required), as further described in Condition 5.5 (*Redemption at the option of the Issuer (Eligible Liabilities Event): Subordinated Notes or Senior Notes*).

As mentioned above, the redemption of Tier 2 Subordinated Notes of the Issuer at the option of the Issuer is subject to the permission of the Regulator and/or the Relevant Resolution Authority if and as applicable (if such permission is required) and pursuant to Article 78(1) of the CRR such permission will be given only if either of the following conditions is met:

(a) on or before such redemption of the Tier 2 Subordinated Notes, the Issuer replaces the Tier 2 Subordinated Notes with own funds of an equal or higher quality on terms that are sustainable for the income capacity of the Issuer; or

(b) the Issuer has demonstrated to the satisfaction of the competent authority that its own funds would, following such redemption, exceed the capital ratios required under CRD IV by a margin that the Regulator may consider necessary on the basis set out in CRD IV.

Likewise, the early redemption of Notes that qualify as eligible liabilities for the purposes of MREL, such as Ordinary Senior Notes eligible to comply with MREL Requirements, Senior Non-Preferred Notes and Subordinated Notes, may also be subject in the future to the prior permission of the Regulator and/or the Relevant Resolution Authority. The current EU Banking Reforms provide that the redemption of eligible liabilities prior to the date of their contractual maturity is subject to the prior permission of the competent authority. According to the current EU Banking Reforms, such permission will be given only if either of the following conditions is met:

(a) earlier than or at the same time as 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

(b) the institution has demonstrated to the satisfaction of the competent 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 competent authority considers necessary.

It is not possible to predict whether or not any further change in the laws or regulations of Spain or the application or interpretation thereof, or any of the other events referred to above, will occur and so lead to the circumstances in which the Issuer is able to elect to redeem the Notes, and if so whether or not the Issuer

will elect to exercise such option to redeem the Notes or, in the case where any prior permission of the Regulator and/or the Relevant Resolution Authority for such redemption is required, whether such permission will be given.

Early redemption features are also likely to limit the market value of the Notes. During any period when the Issuer can redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period if the market believes that the Notes may become eligible for redemption in the near term. See "*If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return*".

The qualification of certain Ordinary Senior Notes, Senior Non-Preferred Notes and Subordinated Notes as eligible liabilities of the Issuer or the Group for the purposes of Article 45 of the BRRD or Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) or any other regulations applicable in Spain from time to time is subject to uncertainty

Certain Ordinary Senior Notes, Senior Non-Preferred Notes and Subordinated Notes, are intended to be eligible liabilities of the Issuer and/or the Group for the purposes of Article 45 of the BRRD (as implemented in Spain and including any amendment or replacement of the relevant implementing provisions) or the Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) or any other regulations applicable in Spain from time to time. However, there is uncertainty regarding the final substance of the BRRD and the Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) in so far as they relate to eligible liabilities and how those regulations, once enacted, are to be interpreted and applied and the Issuer cannot provide any assurance that certain Ordinary Senior Notes, Senior Non-Preferred Notes and Subordinated Notes will be (or thereafter remain) eligible liabilities under such regulations.

The European Commission is proposing to integrate the TLAC standard into the existing MREL rules and to ensure that both requirements are met with largely similar instruments, with the exception of the subordination requirement, which will be institution-specific and determined by the Relevant Resolution Authority. Among others, the European Commission proposed to amend the BRRD in order to facilitate the creation of a new class of "non preferred" senior debt which will be eligible to count as MREL instruments (for example, similar to Senior Non-Preferred Notes). On 27 December 2017, Directive 2017/2399 amending Directive 2014/59/EU as regards the ranking of unsecured debt instruments in insolvency hierarchy was published in the Official Journal of the European Union. Before that, Royal Decree-Law 11/2017, of 23 June, approving urgent measures on financial matters (**RDL 11/2017**), entered into force on 25 June 2017 and amended Additional Provision 14 of Law 11/2015, paragraph 2 of which provides for the legal recognition of unsubordinated and unsecured senior non-preferred obligations (*créditos ordinarios no preferentes*) in Spain. While the Terms and Conditions of the Notes may be consistent with the EU Banking Reforms, these EU Banking Reforms have not yet been interpreted and, when finally adopted, the final Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) may be different from those set forth in these EU Banking Reforms or, if finally adopted in a form consistent with the EU Banking Reforms, may subsequently be amended, supplemented or replaced.

Because of the uncertainty surrounding the substance of the final regulations implementing the TLAC requirements and their interpretation and application and any potential changes to the regulations giving effect to MREL, the Issuer cannot provide any assurance that Subordinated Notes, Senior Non-Preferred Notes and certain Ordinary Senior Notes will ultimately be eligible liabilities. If, for any reason they are not eligible liabilities or if they initially are eligible liabilities and subsequently become ineligible due to a change in Spanish law or the Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations), then an Eligible Liabilities Event (as defined in the Terms and Conditions of the Notes) will occur, with the consequences indicated in the Terms and Conditions of the Notes (if such Eligible Liabilities Event is specified as applicable in the applicable Final Terms). See "*The Notes may be redeemed prior to maturity at the Issuer's option for taxation reasons or upon the occurrence of a Capital*

Event or an Eligible Liabilities Event, subject to certain conditions" and "*The Conditions of the Notes contain provisions which may permit their modification and/or substitution without the consent of all or any investors*".

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

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

Pursuant to the CRR, the Issuer is prohibited from including in the conditions of any Tier 2 Subordinated Notes that qualify as Tier 2 capital of the Issuer terms that would oblige it to redeem such Tier 2 Subordinated Notes prior to their stated maturity at the option or request of Noteholders. As a result, the conditions of the Tier 2 Subordinated Notes do not include provisions allowing for early redemption of Tier 2 Subordinated Notes at the option of Noteholders, except in the case that an order is made by any competent court or resolution passed for the winding-up or dissolution of the Issuer (other than in the context of a Permitted Reorganisation).

Pursuant to the current EU Banking Reforms, the Issuer would be prohibited from including in the terms of Ordinary Senior Notes, Subordinated Notes and Senior Non-Preferred Notes that qualify as eligible liabilities and in the terms of any Tier 2 Subordinated Notes that qualify as Tier 2 capital of the Issuer provisions that give the Noteholders the right to accelerate the future scheduled payment of interest or principal, other than in case of insolvency or liquidation of the Issuer. As a result, the conditions of Ordinary Senior Notes, Subordinated Notes and Senior Non-Preferred Notes do not include provisions allowing for early redemption of such Notes at the option of Noteholders, except in the case that an order is made by any competent court or resolution passed for the winding-up or dissolution of the Issuer (other than in the context of a Permitted Reorganisation).

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

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

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

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

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

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

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

Risks relating to Floating Rate Notes

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

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

Reference rates and indices such as EURIBOR or LIBOR and other interest rate or other types of rates and indices which are deemed to be "benchmarks" (each a **Benchmark** and together, the **Benchmarks**), to which interest on securities may be linked, have become the subject of regulatory scrutiny and recent national and international regulatory guidance and proposals for reforms. This has resulted in regulatory reform and changes to existing Benchmarks. Such reform of Benchmarks includes Regulation (EU) 2016/1011 (the **Benchmarks Regulation**) which was published in the Official Journal of the EU on 29 June 2016 and mostly applies, subject to certain transitional provisions, from 1 January 2018. The Benchmarks Regulation applies to the provision of Benchmarks, the contribution of input data to a Benchmark and the use of a Benchmark within the EU. Among other things, it (i) requires Benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of Benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

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

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such Benchmarks. On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority (**FCA**), which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. In a further speech on 12 July 2018, the FCA emphasised that market participants should not rely on the continued publication of LIBOR after the end of 2021, which indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. Whilst the announcement related to LIBOR, similar concerns may be applicable to EURIBOR. The FSB also made certain recommendations to reform major interest rate Benchmarks, such as key interbank offered rates. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR or EURIBOR submissions to the administrator of LIBOR or EURIBOR going forwards. This may cause LIBOR or EURIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.

In addition to this announcement in relation to LIBOR, there have been other recent national and international regulatory guidance and proposals for reform of interest rates and indices which are deemed to be Benchmarks, including LIBOR and EURIBOR. Some of these reforms are already effective whilst others are still to be implemented. These reforms could include, among other things, reforms to other Benchmarks similar to those reforms announced in relation to LIBOR, and any such reforms may cause such Benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the value or liquidity of, and return on, any Floating Rate Notes, Fixed Reset Notes or any other Notes which are linked to or reference a Benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of Benchmarks, could increase the costs and risks of administering or otherwise participating in the settling of a Benchmark and complying with any such regulations or requirements. Such factors may have the following effects on certain Benchmarks including EURIBOR and LIBOR: (i) discourage market participants from continuing to administer or contribute to the Benchmark; (ii) trigger changes in the rules or methodologies used in the Benchmark; or (iii) lead to the disappearance of the Benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a Benchmark.

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

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

Investors should be aware that in the case of Floating Rate Notes and Fixed Reset Notes, the Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a published Benchmark, including an inter-bank offered rate such as LIBOR, EURIBOR or other relevant reference rates ceases to exist or be published or another Benchmark Event (as defined in the Terms and Conditions of the Notes) occurs. These fallback arrangements include the possibility that the Rate of Interest could be determined by the Issuer and an Independent Adviser (acting in good faith and in a commercially reasonable manner),

without any separate consent or approval of the Noteholders, by reference to a Successor Rate or an Alternative Rate and that an Adjustment Spread may be applied to such Successor Rate or Alternative Rate to reduce or eliminate, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the relevant benchmark or screen rate (as applicable) originally specified with the Successor Rate or the Alternative Rate (as the case may be), together with the making of certain Benchmark Amendments to the Terms and Conditions of such Notes. The use of a Successor Rate or an Alternative Rate may, however, result in interest payments that are lower than, or otherwise do not correlate over time with, the payments that could have been made on the Notes if the relevant Benchmark continued to be available in its current form.

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

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

Any such consequences could have a material adverse effect on the value or liquidity of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or Fixed Reset Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes or Fixed Reset Notes. Investors should consider these matters when making their investment decision with respect to the relevant Floating Rate Notes or Fixed Reset Notes.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates

The market values of securities issued at a substantial discount or premium to their original nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

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

The Conditions of the English Law Notes are governed by English law, except for Condition 2 (*Status of the Senior Notes and Subordinated Notes)* and Condition 17 (*Loss Absorbing Power*) which are subject to Spanish law, in effect as at the date of this Base Prospectus. The Conditions of the Spanish Law Notes are governed by Spanish law. Changes in European, English or Spanish laws or their official interpretation by regulatory authorities after the date hereof may affect the rights and effective remedies of Noteholders as well as the market value of the Notes. Such changes in law or official interpretation of such laws may include changes in statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on an investment in the Notes. No assurance can be given as to the impact of any possible

judicial decision or change to such laws or official interpretation of such laws or administrative practices after the date of this Base Prospectus.

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

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

Risks Related to Early Intervention and Resolution

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

The BRRD (which was implemented in Spain through Law 11/2015 and RD 1012/2015) and the SRM Regulation are designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing credit institution or investment firm (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. The BRRD further provides that any extraordinary public financial support through additional financial stabilisation tools is only to be used by a Member State as a last resort, after having assessed and exploited the resolution tools set out below to the maximum extent possible while maintaining financial stability.

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 or, 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 firm 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 firm 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 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 - which gives the Relevant Resolution Authority the right to exercise the Spanish Bail-in Power (as defined below). This includes the ability of the Relevant Resolution Authority to write down (including to zero) and/or convert into equity or other securities or obligations (which equity, securities and obligations could also be subject to any future application of the Spanish Bail-in Power) certain unsecured debt claims including both the Senior Notes and Subordinated 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 resolution of credit entities and/or the transposition of the BRRD, as amended from time to time, including, but not limited to (i) Law 11/2015, as amended from time to time, (ii) RD 1012/2015, as amended from time to time, (iii) the SRM Regulation, as amended from time to time, and (iv) any other instruments, rules or standards made in connection with either (i), (ii) or (iii), pursuant to which, among other things, any obligation of an institution can be reduced (which may result in the reduction of the relevant claim to zero), cancelled, modified, transferred 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, the sequence of any resulting write-down or conversion shall be as follows: (i) CET1 items; (ii) the principal amount of Additional Tier 1 instruments; (iii) the principal amount of Tier 2 instruments; (iv) the principal amount of other subordinated claims that do not qualify as Additional Tier 1 capital or Tier 2 capital; and (v) the principal or outstanding amount of the remaining eligible liabilities (*pasivos admisible*s) prescribed in Article 41 of Law 11/2015 in accordance with claim ranking set out in the Insolvency Law. Any application of the Spanish Bail-in Power under the BRRD shall be in accordance with the hierarchy of claims in normal insolvency proceedings (unless otherwise provided by applicable banking regulations). Accordingly, the impact of such application on Noteholders will depend on the ranking of the relevant Notes in accordance with such hierarchy, including any priority given to other creditors such as depositors.

In addition to the Spanish Bail-in Power which can be applied in respect of any of the Notes, the BRRD, Law 11/2015 and the SRM Regulation also provide for the Relevant Resolution Authority to permanently write down or convert into equity capital instruments (such as the Tier 2 Subordinated Notes qualifying as Tier 2 instruments) at the point of non-viability (**Non-Viability Loss Absorption** and together with the Spanish Bail-in Power, the **Loss Absorbing Power**) 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 or its group meets the conditions for resolution or will no longer be viable unless the relevant capital instruments (such as the Tier 2 Subordinated Notes) are written down or converted into equity or extraordinary public support is 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 Relevant Resolution Authority also has the power to alter the amount of interest payable under debt instruments and other eligible liabilities of institutions subject to resolution proceedings and the date on which the interest becomes payable under the debt instrument (including the power to suspend payment for a temporary period).

To the extent that any resulting treatment of Noteholders pursuant to the exercise of the Loss Absorbing Power is less favourable than would have been the case under such hierarchy in normal insolvency proceedings, a Noteholder may have a right to compensation under the BRRD and the SRM Regulation

based on an independent valuation of the institution, in accordance with Article 10 of RD 1012/2015 and the SRM Regulation. Any such compensation, together with any other compensation provided by any applicable banking regulations (including, among other such compensation, in accordance with Article 36.5 of Law 11/2015) is unlikely to compensate that Noteholder for the losses it has actually incurred and there is likely to be a considerable delay in the recovery of such compensation. Compensation payments (if any) are also likely to be made considerably later than when amounts may otherwise have been due under the Notes.

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

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

In addition to the guidance on bail in provided by EBA under the BRRD dated 5 April 2017, EBA recently published certain regulatory technical standards and implementing technical standards to be adopted by the European Commission and certain other guidelines. These acts could be potentially relevant to determining when or how a Relevant Resolution Authority may exercise the Spanish Bail-in Power and impose Non-Viability Loss Absorption. The pending acts include guidelines on the treatment of shareholders in bail-in or the write-down and conversion of capital instruments, and on the rate of conversion of debt to equity or other securities or obligations in any bail-in. No assurance can be given that, once adopted, these standards will not be detrimental to the rights of a Noteholder under, and the value of a Noteholder's investment in, the Notes.

In addition to the BRRD, it is possible that the application of other relevant laws, such as the BCBS package of reforms to the regulatory capital framework for internationally active banks designed, in part, to ensure that capital instruments issued by such banks fully absorb losses before taxpayers are exposed to loss and any amendments thereto or other similar regulatory proposals, including proposals by the FSB on cross-border recognition of resolution actions, could be used in such a way as to result in the Notes absorbing losses in the manner described above. Any actions by the Relevant Resolution Authority pursuant to Law 11/2015, or other measures or proposals relating to the resolution of institutions, may adversely affect the rights of Noteholders, the price or value of an investment in the Notes and/or the Group's ability to satisfy its obligations under the Notes.

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

The Issuer may be subject to a procedure of early intervention, restructuring or resolution pursuant to the BRRD as implemented through Law 11/2015 and RD 1012/2015, and the SRM Regulation if the Issuer or its group of consolidated credit entities is in breach (or due, among other things, to a rapidly deteriorating financial condition, it is likely in the near future to be in breach) of applicable regulatory requirements relating to solvency, liquidity, internal structure or internal controls or if the conditions for resolution referred to above are met (see "*Risks Related to Early Intervention and Resolution – The Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Resolution Authority. Other powers contained in Law 11/2015 and the SRM Regulation could materially affect the rights of the Noteholders under, and the value of, any Notes*").

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

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

Risks applicable to Senior Notes

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

Senior Notes are unsecured and unsubordinated obligations of the Issuer. Upon the insolvency (*concurso*) of the Issuer, in accordance with the Insolvency Law and Additional Provision 14.2 of Law 11/2015 (but subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise)), the payment obligations of the Issuer under the Senior Notes in respect of principal (and unless they qualify as subordinated claims (*créditos subordinados*) pursuant to Article 92 of the Insolvency Law), will rank: (a) in the case of Ordinary Senior Notes: (i) senior to (A) any Senior Non-Preferred Obligations (as defined in the Terms and Conditions of the Notes) and (B) any claims against the Issuer qualifying as subordinated claims (*créditos subordinados*) under Article 92 of the Insolvency Law (or equivalent legal provision which replaces it in the future); and (ii) *pari passu* among themselves and with any other Senior Preferred Obligations (as defined in the Terms and Conditions of the Notes); and (b) in the case of Senior Non-Preferred Notes: (i) senior to any claims against the Issuer qualifying as subordinated claims (*créditos subordinados*) under Article 92 of the Insolvency Law (or equivalent legal provision which replaces it in the

future); (ii) *pari passu* among themselves and with any other Senior Non-Preferred Obligations and (iii) junior to any Senior Preferred Obligations.

Ordinary Senior Notes rank below credits against the insolvency estate (*créditos contra la masa*) and credits with a privilege (*créditos privilegiados*) (including, without limitation, any deposits for the purposes of Additional Provision 14.1º of Law 11/2015) which shall be paid in full before ordinary credits.

Senior Non-Preferred Notes constitute non preferred ordinary claims (*créditos ordinarios no preferentes*) under Additional Provision 14.2 of Law 11/2015 and rank below credits against the insolvency estate (*créditos contra la masa*) and credits with a privilege (*créditos privilegiados*) (including, without limitation, any deposits for the purposes of Additional Provision 14.1º of Law 11/2015) and any other ordinary claims (*créditos ordinarios*) against the Issuer, including without limitation, the Issuer's Senior Preferred Obligations.

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

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

Moreover, the BRRD, Law 11/2015 and the SRM Regulation contemplate that Senior Notes may be subject to the exercise of the Spanish Bail-in Powers by the Relevant Resolution Authority. This may involve the variation of the terms of the Senior Notes or a change in their form, if necessary, to give effect to, the exercise of the Spanish Bail-in Power by the Relevant Resolution Authority. (see "*Risks Related to Early Intervention and Resolution – The Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Resolution Authority. Other powers contained in Law 11/2015 and the SRM Regulation could materially affect the rights of the Noteholders under, and the value of, any Notes*" *above*).

Ordinary Senior Notes may afford less protection to Noteholders than other senior ranking debt instruments issued by the Issuer

Ordinary Senior Notes issued under the Programme may differ in the level of protection afforded to Noteholders, including as compared to Ordinary Senior Notes issued on or before the date of this Base Prospectus. By way of example, Ordinary Senior Notes issued under this Base Prospectus will not benefit from a negative pledge, whereas other senior ranking debt instruments issued by the Issuer previously and/or under debt programmes may benefit from a negative pledge.

Senior Non-Preferred Notes are relatively new types of instruments for which there is still little trading history

On 25 June 2017, RDL 11/2017 entered into force amending Additional Provision 14 of Law 11/2015, paragraph 2 of which created the legal category of unsubordinated and unsecured senior non-preferred obligations (*créditos ordinarios no preferentes*) in Spain. Although certain financial institutions have issued securities with similar features in the past and, since the publication of RDL 11/2017 certain Spanish financial institutions (including the Issuer) have issued senior non-preferred obligations such as Senior Non-Preferred Notes, there is still little trading history for securities of financial institutions with this ranking. Market participants, including credit rating agencies, are in the initial stages of evaluating the risks associated with senior non-preferred securities. The credit ratings assigned to senior non-preferred securities such as Senior Non-Preferred Notes may change as the rating agencies refine their approaches, and the value of such securities may be particularly volatile as the market becomes more familiar with them. It is possible that, over time, the credit ratings and value of senior non-preferred securities such as Senior Non-Preferred

Notes will be lower than those expected by investors at the time of issuance of Senior Non-Preferred Notes. If so, Noteholders may incur losses in respect of their investments in Senior Non-Preferred Notes.

Risks applicable to Subordinated Notes

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

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

In the case of any exercise of the Spanish Bail-in Power by the Relevant Resolution Authority, the sequence of any resulting write-down or conversion of the Notes under Article 48 of the BRRD and Article 48 of Law 11/2015 provides for the principal amount of Tier 2 instruments (such as the Tier 2 Subordinated Notes if they qualify as such) to be written down or converted into equity or other securities or obligations prior to the principal amount of subordinated debt that is not Additional Tier 1 or Tier 2 capital (such as the Senior Subordinated Notes) in accordance with the hierarchy of claims provided in the Insolvency Law and for the latter to be written down or converted into equity or other securities or obligations prior to any write-down or conversion of the principal amount or outstanding amount of any other eligible liabilities (such as the Senior Notes and the Senior Non-Preferred Notes), in accordance with the hierarchy of claims provided in the Insolvency Law. Tier 2 Subordinated Notes may be subject to Non-Viability Loss Absorption, which may be imposed prior to any insolvency or formal resolution procedure being initiated and prior to or in combination with any exercise of the Spanish Bail-in Power. See "*Risks Related to Early Intervention and Resolution - The Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Resolution Authority. Other powers contained in Law 11/2015 and the SRM Regulation could materially affect the rights of the Noteholders under, and the value of, any Notes*".

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

(a) late or incorrect claims;

(b) contractually subordinated liabilities (firstly, those that do not qualify as Additional Tier 1 or Tier 2 instruments, which is expected to be the case with Senior Subordinated Notes, secondly, those that qualify as Tier 2 instruments, which is expected to be the case with Tier 2 Subordinated Notes, and thirdly, Additional Tier 1 instruments);

(c) interest (including accrued and unpaid interest due on the Notes);

(d) fines;

(e) claims of creditors which are specially related to the Issuer as provided for under the Insolvency Law;

(f) detrimental claims against the Issuer where a Spanish Court has determined that the relevant creditor has acted in bad faith (*rescisión concursal*); and

(g) claims arising from contracts with reciprocal obligations as referred to in articles 61, 62, 68 and 69 of the Insolvency Law, wherever the court rules, prior to the administrators' report of insolvency (*administración concursal*) that the creditor repeatedly impedes the fulfilment of the contract against the interest of the insolvency.

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

Risks Relating to the Insolvency Law

The Insolvency Law provides, among other things, that: (i) any claim may become subordinated if it is not reported to the insolvency administrators (*administradores concursales*) within one month from the last official publication of the court order declaring the insolvency (if the insolvency proceeding is declared as abridged, the term to report may be reduced to fifteen days), (ii) provisions in a bilateral contract granting one party the right to terminate by reason only of the other's insolvency may not be enforceable, and (iii) accrual of interest (other than interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security) shall be suspended from the date of the declaration of insolvency and any amount of interest accrued up to such date (other than any interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security) shall become subordinated. Any payments of interest in respect of debt securities will be subject to the subordination provisions of Article 92.3 of the Insolvency Law.

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

The majorities legal regime envisaged for these purposes also hinges on (i) the type of the specific restructuring measure which is intended to be imposed (e.g., extensions, debt reductions, debt for equity swaps, etc.) as well as (ii) the part of claims to be written down (i.e. secured or unsecured, depending on the value of the collateral as calculated pursuant to the rules established in the Insolvency Law).

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

Risks related to Notes generally

Risks relating to the Spanish withholding tax regime

Article 44 of Royal Decree 1065/2007 sets out the reporting obligations applicable to preference shares and debt instruments issued under Law 10/2014 (the **Simplified Information Procedures**). The procedures apply to interest deriving from preferred securities (*participaciones preferentes*) and debt instruments to

which Law 10/2014 refers, including debt instruments issued at a discount for a period equal to or less than twelve months.

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

(a) identification of the Notes;

(b) income payment date (or refund if the Notes are issued at a discount or segregated);

(c) total amount of income (or total amount to be refunded if the Notes are issued at a discount or segregated); and

(d) total amount of the income corresponding to each clearing system located outside Spain.

These obligations refer to the total amount paid to investors through each foreign clearing house. For these purposes, "income" means interest and the difference, if any, between the aggregate amount payable on the redemption of the Notes and the issue price of the Notes.

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

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

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

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

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

The Notes are complex instruments that may not be suitable for certain investors

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

(a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

(b) 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;

(c) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets;

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

(e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investment

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

The trading market for debt securities may be volatile and may be adversely impacted by many events

The trading market for debt securities issued by banks is influenced by economic and market conditions and, to varying degrees, interest rates, currency exchange rates and inflation rates in other Western and industrialised countries. There can be no assurance that events in Spain, the UK (including the UK EU Referendum), Europe, the United States or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions will not have any other adverse effect.

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

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

In addition, subject as provided herein, in particular to the provisions of Condition 18 (*Substitution and Variation*) of the English Law Conditions or Condition 18 (*Substitution and Variation*) of the Spanish Law Conditions, if a Capital Event, an Eligible Liabilities Event, an Alignment Event or a circumstance giving

rise to the right to early redeem Ordinary Senior Notes eligible to comply with MREL Requirements, Subordinated Notes or Senior Non-Preferred Notes for taxation reasons, occurs the Issuer may, at its option, and without the consent or approval of the Noteholders, elect either (i) to substitute all (but not some only) of the Notes or (ii) to vary the terms of all (but not some only) of the Notes (including, in the case of the English Law Notes, changing the governing law of such Notes from English law to Spanish law), in each case so that they are substituted for, or varied to, become or remain Qualifying Notes. While Qualifying Notes must contain terms that are materially no less favourable to Noteholders as the original terms of the relevant Notes, there can be no assurance that the terms of any Qualifying Notes will be viewed by the market as equally favourable, or that the Qualifying Notes will trade at prices that are equal to the prices at which the Notes would have traded on the basis of their original terms. In the case of the English Law Notes, any change in the governing law of such Notes from English law to Spanish law, so that the English Law Notes become or remain Qualifying Notes, shall not be subject to the requirement to be not materially less favourable to the interests of the Holders of the English Law Notes.

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

The terms of the Notes contain very limited covenants and restrictions on the amount or type of further securities or indebtedness which the Issuer may incur

The Terms and Conditions of the Notes place no restrictions on the amount or type of securities that the Issuer may issue that ranks senior to Subordinated Notes or Senior Non-Preferred Notes, or on the amount or type of securities it may issue that rank *pari passu* with the Notes. The issue of any such debt or securities may reduce the amount recoverable by Noteholders upon liquidation, dissolution or winding-up of the Issuer and may limit the ability of the Issuer to meet its obligations in respect of the Notes, and result in a Holder losing all or some of its investment in the Notes.

In addition, the Notes do not require the Issuer to comply with financial ratios or otherwise limit its ability or that of its subsidiaries to incur additional debt, nor do they limit the Issuer's ability to use cash to make investments or acquisitions, or the ability of the Issuer or its subsidiaries to pay dividends, repurchase shares or otherwise distribute cash to shareholders. Such actions could potentially affect the Issuer's ability to service its debt obligations, including those under the Notes.

The Issuer and its subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank senior in priority of payment to, or *pari passu* with, Subordinated Notes, Senior Non-Preferred Notes and certain Ordinary Senior Notes which are intended to be eligible liabilities.

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

The current EU Banking Reforms provide that Notes qualifying as Tier 2 instruments and eligible liabilities may not be subject to set-off or netting rights that would undermine their loss-absorbing capacity in resolution. The exercise of set-off rights in respect of the Issuer's obligations under the Notes upon the opening of a resolution procedure would be prohibited by Article 68 of BRRD (as transposed into Spanish law).

The Terms and Conditions of the Notes provide that Noteholders waive any deduction, set-off, netting or compensation rights arising directly or indirectly under or in connection with any Note against any right, claim, or liability the Issuer has or may have or acquire against any Noteholder, directly or indirectly, howsoever arising. As a result Noteholders will not at any time be entitled to set off the Issuer's obligations under the Notes against obligations owed by them to the Issuer.

Substitution of the Issuer

If the conditions set out in Condition 16 (*Substitution of the Issuer*) are met, the Issuer may, without the further consent of the Noteholders, subject to such substitution being in compliance with Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) and subject to the prior permission of the Regulator and/or the Relevant Resolution Authority, if and as applicable (if such permission is required), be replaced and substituted by any of its wholly owned Subsidiaries (as defined in the Terms and Conditions of the Notes) as the principal debtor in respect of all obligations arising under or in connection with the Notes, Coupons, Talons and the Deed of Covenant (the **Substituted Debtor**). In that case, the Noteholders will assume the risk that the Substituted Debtor may become insolvent or otherwise be unable to make all payments due in respect of the Notes.

Reliance on Euroclear and Clearstream, Luxembourg procedures

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

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

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

Conflicts of interest between the Calculation Agent and Noteholders

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

The Issuer may appoint a Dealer as Calculation Agent in respect of an issuance of Notes under the Programme. In such a case the Calculation Agent is likely to be a member of an international financial group that is involved, in the ordinary course of its business, in a wide range of banking activities out of which conflicting interests may arise. Whilst such a Calculation Agent will, where relevant, have information barriers and procedures in place to manage conflicts of interest, it may in its other banking activities from time to time be engaged in transactions involving an index or related derivatives which may affect amounts receivable by Noteholders during the term and on the maturity of the Notes or the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

Risks related to the market generally

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

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

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

If an investor holds Notes which are not denominated in the investor's home currency, it will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

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

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

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

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

Prospective investors in any Notes where the "Reasons for the Offer" in Part B of the applicable Final Terms are stated to be for "green", "social" or "sustainability" purposes as described therein (collectively, **Green, Social or Sustainability Notes**), should have regard to the information in the applicable Final Terms regarding the use of the net proceeds of those Green, Social or Sustainability Notes and must determine for themselves the relevance of such information for the purpose of any investment in such Green, Social or Sustainability Notes together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer or the Dealers that the use of such proceeds for any eligible projects (as described in the applicable Final Terms) will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply.

Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green", "social" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green", "social" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time or that any prevailing market consensus will not significantly change. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any eligible projects (as described in the applicable Final Terms) will meet any or all investor expectations regarding such "green", "social" or "sustainable" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any eligible projects (as described in the applicable Final Terms).

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any report, assessment, opinion or certification of any third party (whether or not solicited by the Issuer) which may or may not be made available in connection with the issue of any Green, Social or Sustainability Notes and in particular with any eligible projects (as described in the applicable Final Terms) to fulfil any environmental, social, sustainability and/or other criteria. Any such report, assessment, opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such report, assessment, opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Dealers or any other person to buy, sell or hold any such Green, Social or Sustainability Notes. Any such report, assessment, opinion or certification is only current as of the date it was issued. Prospective investors must determine for themselves the relevance of any such report, assessment, opinion or certification and/or the information contained therein and/or the provider of such report, assessment, opinion or certification for the purpose of any investment in such Green, Social or Sustainability Notes. Currently, the providers of such reports, assessments, opinions and certifications are not subject to any specific oversight or regulatory or other regime.

In the event that any Green, Social or Sustainability Notes are listed or admitted to trading on any dedicated "green", "environmental", "social" or "sustainable" or other equivalently labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply. Furthermore, the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any such Green, Social or Sustainability Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Green, Social or Sustainability Notes.

While it is the intention of the Issuer to apply the net proceeds of any Green, Social or Sustainability Notes and obtain and publish the relevant reports, assessments, opinions and certifications in, or substantially in the manner described in each case in the Final Terms, there can be no assurance that the Issuer will be able to do this. Nor can there be any assurance that any eligible projects (as described in the Final Terms) will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer.

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

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) CaixaBank's audited consolidated financial statements prepared in accordance with the International Financial Reporting Standards as adopted by the EU (**IFRS–EU**) (including the independent auditor's report thereon) for the financial year ended 31 December 2017 (the **2017 Consolidated Financial Statements**) together with CaixaBank's management report in respect of the 2017 Consolidated Financial Statements (**CaixaBank Group Management Report for 2017**) available at:

https://www.caixabank.com/deployedfiles/caixabank/Estaticos/PDFs/Informacion_accionistas_inversores/MEMGRUPCAIXABANK31122017-CNMV-ING.pdf

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

https://www.caixabank.com/deployedfiles/caixabank/Estaticos/PDFs/Informacion_accionistas_inversores/Informacion_Economica_Financiera/MEMGRUPCAIXABANK_31122018_CNMV_ING.pdf

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

https://www.ise.ie/debt_documents/FinalBaseProspectus_24f6896b-6daf-4194-a177-aa0afb70f2a3.pdf

https://www.ise.ie/debt_documents/Supplements_fd19b879-5f01-4ed0-a805-dae3d234ab7a.pdf

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

http://www.ise.ie/debt_documents/FinalBaseProspectus_e42a1032-98cb-492e-b076-aba6726cc96d.pdf

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

http://www.ise.ie/debt_documents/Base%20Prospectus_ae00599e-d866-49e4-a253-38e876d33859.pdf

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

http://www.ise.ie/debt_documents/Base%20Prospectus_b8eaae8e-f8ab-4f22-9139-85f9560f6e2f.pdf

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

http://www.ise.ie/debt_documents/Base%20Prospectus_c4de75df-1e9c-433c-bb5e-7248964f991d.pdf

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CBI in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Issuing and Principal Paying Agent for the time being in Luxembourg.

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

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

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

FORM OF THE NOTES

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

(i) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**); and

(ii) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

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

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

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

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

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

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

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

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

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

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

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

Except in relation to Notes issued in NGN form, any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms. A Note may be accelerated by the holder thereof in certain circumstances described in Condition 8 (*Events of Default*). In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes or the Maturity Date has occurred and, in either case, the payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on such day, each account holder which has Notes represented by such Global Note credited to its securities accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer and will acquire all those rights that it would have had if at the relevant time it held, executed and authenticated definitive Notes in respect of the relevant Notes (including the right to claim and receive all payments due at any time in respect of the relevant Notes) subject to and in accordance with, in the case of English Law Notes, the terms of a deed of covenant (the **Deed of Covenant**) dated 26 April 2019 and executed by the Issuer, and, in the case of the Spanish Law Notes, under the provisions of Condition 1 (*Form, Denomination and Title*) and the relevant Global Note and, from that time, the holder of the Global Note will have no further rights under such Global Note (but without prejudice to the rights which the holder or any other person may have under the Deed of Covenant (in the case of English Law Notes) or as a holder of Notes other than the Global Note (in the case of the Spanish Law Notes)).

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

Initial Issue of Notes

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

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

FORM OF FINAL TERMS

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

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

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

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

[Date]

CaixaBank, S.A.

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

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth under the section entitled ["*Terms and Conditions of the English Law Notes*"]/["*Terms and*

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

Conditions of the Spanish Law Notes"] in the Base Prospectus dated 26 April 2019 [and the supplement[s] to it dated [*date*] [and [*date*]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive and any relevant implementing measure in a relevant Member State of the European Economic Area (the **Base Prospectus**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the Central Bank of Ireland's website at *http://www.centralbank.ie* and on the website of Euronext Dublin at *www.ise.ie*. In addition, if the Notes are to be admitted to trading on the regulated market of Euronext Dublin, copies of the Final Terms will be published on the website of Euronext Dublin at *www.ise.ie.*

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

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated [23 April 2018] [and the Supplement to it dated 18 September 2018] / [20 June 2017]/ [13 June 2016] / [9 June 2015]/ [15 October 2013] which [is/are] incorporated by reference in the Base Prospectus dated 26 April 2019. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 26 April 2019 [and the supplement[s] to it dated [*date*] [and [*date*]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive and any relevant implementing measure in a relevant Member State of the European Economic Area (the **Base Prospectus**), including the Conditions incorporated by reference in the Base Prospectus[2]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the Central Bank of Ireland's website at http://www.centralbank.ie and on the website of Euronext Dublin at *www.ise.ie*.]

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

1.	Issuer:		CaixaBank, S.A.
2.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ]
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 26 below, which is expected to occur on or about [*date*]][Not Applicable]
3.	Specified Currency or Currencies:		[ ]
4.	Aggregate Nominal Amount:		
	(a)	Series:	[ ]

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

	(b)	Tranche:	[ ]
5.	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)
6.	(a)	Specified Denominations:	[ ] (*N.B. Notes must have a minimum denomination of €100,000 (or equivalent) and be in integral multiples of the specified minimum denomination*)
	(b)	Calculation Amount:	[ ]
7.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable]
8.	Maturity Date:		[*Specify date*/*or for Floating Rate Notes* - Interest Payment Date falling in or nearest to [*specify month and year*]]
9.	Interest Basis:		[[ ] per cent. Fixed Rate] [Fixed Reset Notes] [[[ ] month [LIBOR/EURIBOR/CMS Rate]] +/- [ ] per cent. Floating Rate] (see paragraph [15]/[16]/[17] below)
10.	Redemption Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ] per cent. of their nominal amount
11.	Change of Interest Basis:		[*Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs* 15 *and 17* below *and identify there*][Not Applicable]
12.	Put/Call Options:		Investor Put pursuant to Condition 5.6 of the Terms and Conditions of the Notes is [Applicable/Not Applicable][see paragraph 22 below] Issuer Call pursuant to Condition 5.3 of the Terms and Conditions of the Notes is [Applicable/Not Applicable][see paragraph 19 below] Issuer Call – Capital Event (Tier 2 Subordinated Notes) pursuant to [Condition 5.4 of the Terms and Conditions of the Notes] is [Applicable/Not Applicable] Issuer Call – Eligible Liabilities Event (Subordinated

			Notes/Senior Non-Preferred/Ordinary Senior Notes) pursuant to [Condition 5.5 of the Terms and Conditions of the Notes] is [Applicable/Not Applicable]
13.	(a)	Status of the Notes:	[Senior Notes – Ordinary Senior Notes/Senior Notes – Senior Non-Preferred Notes][Subordinated Notes - Senior Subordinated Notes/Subordinated Notes - Tier 2 Subordinated Notes]
	(b)	Date [Board] approval for issuance of Notes obtained:	[ ] [and [ ], respectively]] [Not Applicable] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)
14.		Gross-up in respect of principal and any premium (pursuant to Condition 6.1 of the Terms and Conditions of the Notes):	[Yes/No/Not Applicable] (*N.B. Only relevant for Senior Notes and Senior Subordinated Notes*) (*Include "Not Applicable" if issue is of Tier 2 Subordinated Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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

			(*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*) (*N.B. This will need to be amended in the case of regular Interest Payment Dates which are not of equal duration*)
16.	Fixed Reset Provisions:		[Applicable/ Applicable from (and including) [●] to (and excluding) [●]/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Initial Interest Rate:	[ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear on each Interest Payment Date]
	(b)	Interest Payment Date(s):	[[ ] in each year up to and including the Maturity Date]
	(c)	Fixed Coupon Amount to (but excluding) the First Reset Date:	[[ ] per Calculation Amount/Not Applicable]
	(d)	Broken Amount(s):	[[ ] per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]
	(e)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA)]
	(f)	Determination Date(s):	[[ ] in each year][Not Applicable]
	(g)	First Reset Date:	[ ]
	(h)	Second Reset Date:	[ ]/[Not Applicable]
	(i)	Subsequent Reset Date(s):	[ ] [and [ ]]
	(j)	Mid Swap Rate:	[ ]
	(k)	Reset Margin:	[+/-][ ] per cent. per annum
	(l)	Relevant Screen Page:	[ ]
	(m)	Floating Leg Reference Rate:	[ ]
	(n)	Floating Leg Screen Page:	[ ]
	(o)	Initial Mid-Swap Rate:	[ ] per cent. per annum (quoted on a[n annual/semi-annual basis])
	(p)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[ ] [Not Applicable]

17.	Floating Rate Note Provisions		[Applicable/ Applicable from (and including) [●] to (and excluding) [●]/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below /, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
	(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention][Not Applicable]
	(c)	Additional Business Centre(s):	[ ]
	(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
	(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[ ] [Not Applicable]
	(f)	Screen Rate Determination:	[Applicable / Not Applicable]
		(i) Reference Rate:	[ ] month [[*currency*] LIBOR/EURIBOR/CMS Reference Rate]
		(ii) Relevant Financial Centre:	[London/Brussels/specify other Relevant Financial Centre] (*only relevant for CMS Rate*)
		(iii) Reference Currency:	[ ] (*only relevant for CMS Rate*)
		(iv) Designated Maturity:	[ ] (*only relevant for CMS Rate*)
		(v) Relevant Time:	[11:00 a.m.] in the Relevant Financial Centre (only relevant for CMS Rate)

	(vi)	Interest Determination Date(s):	[ ] (*Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR or CMS Rate where the reference currency is euro*) (*In the case of a CMS Rate where the Reference Currency is other than euro): [Second (specify type of day) prior to the start of each Interest Period*]
	(vii)	Relevant Screen Page:	[ ] (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*) (*In the case of a CMS Linked Interest Note, specify relevant screen page and any applicable headings or captions*)
(g)	ISDA Determination:		[Applicable / Not Applicable]
	(i)	Floating Rate Option:	[ ]
	(ii)	Designated Maturity:	[ ]
	(iii)	Reset Date:	[ ] (*In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period. In the case of a CMS Linked Interest Note, if based on euro then the first day of each Interest Period and if otherwise to be checked*) (*N.B. The fallback provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time*)
(h)	Linear Interpolation:		[Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
(i)	Margin(s):		[+/-] [ ] per cent. per annum
(j)	Minimum Rate of Interest:		[ ] per cent. per annum

	(k)	Maximum Rate of Interest:	[ ] per cent. per annum
	(l)	Day Count Fraction:	[Actual/Actual (ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] [30E/360 (ISDA)]

PROVISIONS RELATING TO REDEMPTION

18.	Notice periods for Condition 5.2 of the Terms and Conditions of the Notes [*Redemption for tax reasons*]:		Minimum period: [ ] days Maximum period: [ ] days
19.	Issuer Call (pursuant to Condition 5.3 of the Terms and Conditions of the Notes):		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount:	[ ] per Calculation Amount
	(c)	If redeemable in part:	
		(i) Minimum Redemption Amount:	[ ]
		(ii) Maximum Redemption Amount:	[ ]
	(d)	Notice periods:	Minimum period: [ ] days Maximum period: [ ] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems* (*which require a minimum of 5 clearing system business days' notice for a call*) *and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)
20.	Capital Event (Tier 2 Subordinated Notes pursuant to Condition 5.4 of Terms and Conditions of the Notes):		[Applicable/Not Applicable]
21.	Eligible Liabilities Event (Subordinated Notes, Senior Non-Preferred or Ordinary Senior Notes pursuant to Condition 5.5 of the Terms and Conditions of the Notes):		[Applicable/Not Applicable]

22.	Investor Put:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount:	[ ] per Calculation Amount (*NB: The Optional Redemption Amount cannot be other than a specified amount per Calculation Amount*)
	(c)	Notice periods:	Minimum period: [ ] days Maximum period: [ ] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems* (*which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)
23.	Final Redemption Amount:		[ ] per Calculation Amount
24.	Early Redemption Amount payable on redemption for taxation reasons, on an event of default [or upon the occurrence of a Capital Event] [or upon the occurrence of an Eligible Liabilities Event]:		[ ] per Calculation Amount
25.	Ordinary Senior Notes optionality:		(*Note that this paragraph provides additional optionality to disapply Additional Events of Default in order to comply with certain of the proposed CRR amendments dated 14 February 2019 set out in the draft Article 72(b)(2) if Senior Notes are intended to qualify as eligible liabilities*)
	(a)	Additional Events of Default (Condition 8 of the Terms and Conditions of the Notes):	[Condition 8.2(a) [Not] Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26.	Form of Notes:		
	(a)	Form:	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [upon an Exchange Event [including/excluding] the exchange event described in paragraph (iii) of the definition in the Permanent Global Note]] [Temporary Global Note exchangeable for

		Definitive Notes on and after the Exchange Date] [Permanent Global Note exchangeable for Definitive Notes [upon an Exchange Event [including/excluding] the exchange event described in paragraph (iii) of the definition in the Permanent Global Note]] [Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with Article 4 of the Belgian law of 14th December, 2005[3]]
	(b) New Global Note:	[Yes][No]
27.	Additional Financial Centre(s):	[Not Applicable/*give details*] (*Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest to which sub-paragraph 17(c) relates*)
28.	Talons for future Coupons to be attached to Definitive Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

[3] Include for Notes that are to be offered in Belgium.

THIRD PARTY INFORMATION

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

Signed on behalf of CaixaBank, S.A.:

By: .....

Duly authorised

PART B – OTHER INFORMATION

2. LISTING AND ADMISSION TO TRADING

(a)	Listing:	[Application [has been/will be] made by the Issuer (or on its behalf) to Euronext Dublin for the Notes to be admitted to the [Official List of Euronext Dublin] and admitted to trading on the [regulated market of Euronext Dublin] with effect from [ ].] [Application is [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to listing on [*specify relevant listing venue (i.e. listing on an official list*] with effect from [ ].]
(b)	Admission to trading:	[Application [has been/will be] made by the Issuer (or on its behalf) to the Official List of Euronext Dublin for the Notes to be admitted to trading on its [Regulated Market] with effect from [ ].] [Application [has been/will be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated or unregulated market (for example the Bourse de Luxembourg or the London Stock Exchange's regulated market) and, if relevant, listing on an official list*] with effect from [ ].] [Not Applicable] (*When documenting a fungible issue need to indicate that original Notes are already admitted to trading*.)
(c)	Estimate of total expenses related to admission to trading:	[ ]

2. RATINGS

	Ratings:	[The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]: [*insert details*]] by [*insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms*]. [[*Insert the legal name of the relevant CRA entity*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [*insert the legal name of the relevant CRA*](cut off)

entity] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

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

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

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

Securities and Markets Authority on its website in accordance with the CRA Regulation].]

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

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

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

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

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

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

4. REASONS FOR THE OFFER

Reasons for the offer:	[General financing requirements of the CaixaBank Group / *Other – if reasons for the offer are different from general financial requirements and there is a particular identified use of proceeds, this will need to be stated here*] (*in case it is specified "green, "social" or "sustainability" purposes, the eligible projects to which the net proceeds of each issue of Green, Social or Sustainability Notes will be applied shall be described*)

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

Indication of yield:	[ ] [Not Applicable] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. OPERATIONAL INFORMATION

(a)	ISIN:	[ ]
(b)	Common Code:	[ ]
(c)	CFI:	[See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the CFI / Not Applicable / Not Available]
(d)	FISN:	[See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the FISN / Not Applicable / Not Available] (*If the CFI and/or FISN is not required or requested, it/they should be specified to be "Not Applicable"*)
(e)	WKN:	[ ] [Not applicable]
(f)	Any clearing system(s) other than Euroclear and Clearstream Luxembourg and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(g)	Delivery:	Delivery [against/free of] payment

(h)	Names and addresses of additional Paying Agent(s) (if any):	[ ]
(i)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/ [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

7. DISTRIBUTION

(a)	Method of distribution:	[Syndicated/Non-syndicated]
(b)	If syndicated, names of Managers:	[Not Applicable/*give names*]
(c)	Date of [Subscription] Agreement:	[ ]
(d)	Stabilisation Manager(s) (if any):	[Not Applicable/*give name*]
(e)	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
(f)	U.S. Selling Restrictions:	Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]
(g)	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.*)
(h)	Prohibition of Sales to Belgian Consumers:	[Applicable/Not Applicable] (*N.B. advice should be taken from Belgian counsel before disapplying this selling restriction*)

TERMS AND CONDITIONS OF THE ENGLISH LAW NOTES

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

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

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

(a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;

(b) any Global Note; and

(c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an amended and restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 26 April 2019 and made between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

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

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

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

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and

conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the **Deed of Covenant**) dated 26 April 2019 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

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

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

In the Conditions:

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

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

Group means the Issuer and its Subsidiaries; and

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

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

1. FORM, DENOMINATION AND TITLE

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

This Note may be a Fixed Rate Note, a Fixed Reset Note or a Floating Rate Note (which term includes a CMS Interest Linked Note if this Note is specified as such in the Final Terms), or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may also be a Senior Note or a Subordinated Note and, in the case of a Senior Note, an Ordinary Senior Note or a Senior Non-Preferred Note, and in the case of a Subordinated Note, a

Senior Subordinated Note or a Tier 2 Subordinated Note, all as indicated in the applicable Final Terms.

Definitive Notes are issued with Coupons attached.

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

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

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

2. STATUS OF THE SENIOR NOTES AND SUBORDINATED NOTES

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

2.1 Status of the Senior Notes

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

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

Therefore, in accordance with the Insolvency Law and Additional Provision 14.2º 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 Issuer, the payment obligations of the Issuer under the Senior Notes in respect of principal (and unless they qualify as subordinated claims (*créditos subordinados*) pursuant to Article 92 of the Insolvency Law) will rank:

(a) in the case of Ordinary Senior Notes:

(i) **senior** to (A) any Senior Non-Preferred Obligations and (B) any claims against the Issuer qualifying as subordinated claims (*créditos subordinados*) under Article 92 of the Insolvency Law (or equivalent legal provision which replaces it in the future); and

(ii) ***pari passu*** among themselves and with any other Senior Preferred Obligations; and

(b) in the case of Senior Non-Preferred Notes:

(i) **senior** to any claims against the Issuer qualifying as subordinated claims (*créditos subordinados*) under Article 92 of the Insolvency Law (or equivalent legal provision which replaces it in the future);

(ii) ***pari passu*** among themselves and with any other Senior Non-Preferred Obligations; and

(iii) **junior** to any Senior Preferred Obligations.

In the Conditions:

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

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

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

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

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

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

2.2 Status of the Subordinated Notes

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

(a) for so long as the obligations of the Issuer in respect of the relevant Subordinated Notes do not constitute Tier 2 Instruments of the Issuer:

(i) **senior** to (i) any claims for principal in respect of contractually subordinated obligations of the Issuer qualifying as Additional Tier 1 Instruments or Tier 2 Instruments; (ii) any subordinated obligations of the Issuer under Articles 92.3º to 92.7º of the Insolvency Law; and (iii) any other subordinated obligations which by law and/or by their terms, and to the extent permitted by Spanish law, rank junior to the Issuer's obligations under the Senior Subordinated Notes;

(ii) ***pari passu*** among themselves and with (i) all other claims for principal in respect of contractually subordinated obligations of the Issuer not qualifying as Additional Tier 1 Instruments or Tier 2 Instruments of the Issuer and which are not subordinated obligations under Articles 92.4º to 92.7º of the Insolvency Law; and (ii) any other subordinated obligations which by law and/or by their terms, and to the extent permitted by Spanish law, rank *pari passu* to the Issuer's obligations under the Senior Subordinated Notes; and

(iii) **junior** to (i) any unsubordinated obligations of the Issuer (including any Senior Non-Preferred Obligations); (ii) any subordinated obligations of the Issuer under Article 92.1º of the Insolvency Law; and (iii) any other subordinated obligations which by law and/or by their terms, and to the extent permitted by Spanish law, rank senior to the Issuer's obligations under the Senior Subordinated Notes.

(b) for so long as the obligations of the Issuer in respect of the relevant Subordinated Notes constitute Tier 2 Instrument of the Issuer:

(i) **senior** to (i) any claims for principal in respect of contractually subordinated obligations of the Issuer qualifying as Additional Tier 1 Instruments; (ii) any subordinated obligations of the Issuer under Articles 92.3º to 92.7º of the Insolvency Law, and (iii) any other subordinated obligations which by law and/or by their terms, and to the extent permitted by Spanish law, rank junior to the Issuer's obligations under the relevant Subordinated Notes;

(ii) ***pari passu*** among themselves and with (i) any other claims for principal in respect of contractually subordinated obligations of the Issuer qualifying as Tier 2 Instruments and which are not subordinated obligations under Articles 92.4º to 92.7º of the Insolvency Law, and (ii) any other subordinated obligations which by law and/or by their terms, and to the extent permitted by Spanish law, rank *pari passu* with the Issuer's obligations under the relevant Subordinated Notes; and

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

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

In the Conditions:

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

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

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

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

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

CRD IV Directive means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives

2006/48/EC and 2006/49/EC or such other directive as may come into effect in place thereof (in all cases, as amended from time to time).

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

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

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

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

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

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

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

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

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

3. INTEREST

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

3.1 Interest on Fixed Rate Notes

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

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

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

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

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

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

(b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

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

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

(a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

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

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

(b) if "Actual/Actual (ISDA)" is specified in the applicable Final Terms, the actual number of days in the relevant period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date divided by 365 (or, if any portion of that period falls in a leap year, the sum of (A) the actual number of days in that portion of the period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the period falling in a non-leap year divided by 365);

(c) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

(d) if "30/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the relevant period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the interest period is the 31st day of a month but the first day of the interest period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day a month, or (b) the last day of the interest period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and

(e) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365.

In the Conditions:

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

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

3.2 Interest on Fixed Reset Notes

(a) Rates of Interest and Interest Payment Dates

Each Fixed Reset Note bears interest:

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

(ii) from (and including) the First Reset Date to (but excluding) the Second Reset Date or, if none, the Maturity Date (the **First Reset Period**) at the rate per annum equal to the First Reset Rate; and

(iii) if applicable, from (and including) the Second Reset Date to (but excluding) the first Subsequent Reset Date (if any), and each successive period from (and including) any Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date (if any) (each a **Subsequent Reset Period**) at the rate per annum equal to the relevant Subsequent Reset Rate,

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

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

In these Conditions:

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

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

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

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

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

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

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

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

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

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

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

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

(c) **Certificates to be final**

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

3.3 Interest on Floating Rate Notes

(a) **Interest Payment Dates**

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

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

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

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

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

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

(i) in any case where Specified Periods are specified in accordance with Condition 3.3(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (A) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (II) below shall apply *mutatis mutandis* or (B) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar

month, in which event (I) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (II) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

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

(iii) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

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

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

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Final Terms; and

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

(b) **Rate of Interest**

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

(i) ISDA Determination for Floating Rate Notes

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

(A) the Floating Rate Option is as specified in the applicable Final Terms;

(B) the Designated Maturity is a period specified in the applicable Final Terms; and

(C) the relevant Reset Date is the day specified in the applicable Final Terms.

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

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

(ii) Screen Rate Determination for Floating Rate Notes other than CMS Linked Interest Notes

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

(A) the offered quotation; or

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

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

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

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

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

In these Conditions:

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

(iii) Floating Rate Notes which are CMS Linked Interest Notes

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

CMS Rate + Margin

As used above:

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

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

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

For this purpose:

Margin has the meaning specified in the Final Terms.

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

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

Relevant Swap Rate means:

(A) where the Reference Currency is euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR-EURIBOR-Reuters (as defined in the ISDA Definitions) with a designated maturity determined by the relevant Calculation Agent by reference to standard market practice and/or the ISDA Definitions;

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

(C) where the Reference Currency is United States dollars, the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating United States dollar interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and

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

Relevant Time has the meaning specified in the Final Terms.

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

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

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

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

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

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

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

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

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

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

(ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount,

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

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

(i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the

Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

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

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

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

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

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

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30; and

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

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

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

(e) **Linear Interpolation**

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

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

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

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

(g) **Certificates to be final**

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

3.4 Benchmark Discontinuation

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

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

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

(i) agree that there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 3.4(b) below) subsequently be used in place of the Original Reference Rate to determine the Interest Rate (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 3.4); or

(ii) agree that there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 3.4(b)) subsequently be used in place of the Original Reference Rate to determine the Interest Rate (or the

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

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

(b) **Adjustment spread**

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

(c) **Benchmark Amendments**

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

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

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

(d) **Notice**

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

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

Without prejudice to the obligations of the Issuer under Condition 3.4(a) to (d), the Original Reference Rate and the fallback provisions provided for in Condition 3.2 and 3.2(b) and the

applicable Final Terms, as the case may be, will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with this Condition 3.4.

(f) **Definitions**

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

Adjustment Spread means either a spread or quantum (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, quantum, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);

(ii) the Issuer determines, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, is recognised or acknowledged as being the industry standard for over-the counter derivative transactions or is in customary market usage in the debt capital market for transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or (if the Issuer determines that no such industry standard is recognised or acknowledged);

(iii) the Issuer, in its discretion and following consultation with the Independent Adviser, and acting in good faith and in a commercially reasonable manner, determines to be appropriate.

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

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

Benchmark Event means:

(i) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or

(ii) a public statement by the administrator of the Original Reference Rate that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences; or

(v) it has or will become unlawful for any Paying Agent, Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

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

Original Reference Rate means:

(i) the originally-specified benchmark or screen rate (as applicable) used to determine the Interest Rate (or any component part thereof) on the Notes; or

(ii) any Successor Rate or Alternative Rate which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of this Condition 3.4,

as applicable.

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

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

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

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

3.5 Accrual of interest

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

(a) the date on which all amounts due in respect of such Note have been paid; and

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

4. PAYMENTS

4.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

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

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

4.2 Presentation of definitive Notes and Coupons

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

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

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

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be

made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose original nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the original nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

4.3 Payments in respect of Global Notes

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

4.4 General provisions applicable to payments

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

Notwithstanding the foregoing provisions of this Condition 4, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

4.5 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant

place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 7 (*Prescription*)) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(i) in the case of Notes in definitive form only, the relevant place of presentation; or

(ii) each Additional Financial Centre specified in the applicable Final Terms; and

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

4.6 Interpretation of principal and interest

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

(a) any additional amounts which may be payable with respect to principal under Condition 6 (*Taxation*);

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes; and

(e) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

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

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

5. REDEMPTION AND PURCHASE

5.1 Redemption at maturity

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

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

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

5.2 Redemption for tax reasons

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

(a) at any time (if this Note is not a Floating Rate Note); or

(b) on any Interest Payment Date (if this Note is a Floating Rate Note),

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

(i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 (*Taxation*) and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(ii) the Issuer would not be entitled to claim a deduction in computing taxation liabilities in any Tax Jurisdiction (as defined in Condition 6 (*Taxation*)) in respect of any payment of interest to be made on the Notes on the occasion of the next payment date due under the Notes or the value of such deduction to the Issuer would be materially reduced; or

(iii) the applicable tax treatment of the Notes would be materially affected,

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

Prior to the publication of any notice of redemption pursuant to this Condition 5.2, the Issuer shall (i) deliver to the Agent to make available at its specified office to the Noteholders a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) use its best efforts to deliver to the Agent to make available at its specified office to the Noteholders an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and, in the case of Subordinated Notes, Senior Non-Preferred Notes and Ordinary Senior Notes eligible to comply with MREL Requirements, a copy of the permission of the Regulator and/or the Relevant Resolution Authority, to redemption, if and as applicable (if such permission is required).

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

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

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

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

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, subject in the case of Subordinated Notes, Senior Non-Preferred Notes and Ordinary Senior Notes eligible to comply with MREL Requirements, to compliance with the Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) then in force and subject to the prior permission of the Regulator and/or the Relevant Resolution Authority, if and as applicable (if such permission is required), having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will

(i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot not more than 30 days prior to the date fixed for redemption and

(ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in either case, in compliance with applicable law.

In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 (*Notices*) not less than 15 days prior to the date fixed for redemption.

The applicable Final Terms contains provisions applicable to any Issuer Call and must be read in conjunction with this Condition 5.3 for full information on any Issuer Call. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount, any minimum or maximum amount of Notes which can be redeemed and the applicable notice periods.

This Condition 5.3 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than under any of Conditions 5.2 (*Redemption for tax reasons*), 5.4 (*Redemption at the option of the Issuer (Capital Event): Tier 2 Subordinated Notes*), or 5.5 (*Redemption at the option of the Issuer (Eligible Liabilities Event): Subordinated Notes or Senior Notes*)), such option being referred to as an Issuer Call.

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

If the Notes are Tier 2 Subordinated Notes and Capital Event is specified as applicable in the applicable Final Terms, then upon the occurrence of a Capital Event as a result of a change (or any pending change which the Regulator considers sufficiently certain) in Spanish law, Applicable Banking Regulations or of any change in the official application or interpretation thereof becoming effective on or after the Issue Date (including as a result of the implementation or applicability in Spain on or after the Issue Date of CRD IV), the Tier 2 Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part, subject to such redemption being permitted by the Applicable Banking Regulations then in force, and may only take place in accordance with Applicable Banking Regulations in force at the relevant time and subject to the prior permission of the Regulator and/or the Relevant Resolution Authority, if and as applicable (if such permission is required) pursuant to such regulations, at any time, on giving not less than 30 nor more than 60 days' notice to the Principal Paying Agent and, in accordance with Condition 13 (*Notices*), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption).

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

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

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

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

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

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

(a) in respect of Ordinary Senior Notes eligible to comply with MREL Requirements, the determination by the Issuer after consultation with the Regulator and/or the Relevant Resolution Authority, that all or part of the outstanding principal amount of such Notes will not at any time prior to the Maturity Date fully qualify as MREL-Eligible Senior Preferred Instruments of the Issuer and/or the Group, except where the non-qualification as MREL Eligible Senior Preferred Instruments is due:

(i) solely to the remaining maturity of such Notes (or effective remaining maturity where the Notes, for example, are subject to an Investor Put) being less than any period prescribed by any applicable eligibility criteria under Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) (or any other regulations applicable in Spain) as at the Issue Date; or

(ii) to the relevant Notes being bought back by or on behalf of the Issuer; or

(iii) to a subordination requirement being applied by the Relevant Resolution Authority for such Notes to be eligible to comply with MREL Requirements; or

(iv) there being insufficient headroom for such Notes to qualify as Eligible Liabilities within prescribed limits established by Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) (or any other regulations applicable in Spain);

(b) in respect of Senior Non-Preferred Notes, the determination by the Issuer after consultation with the Regulator and/or the Relevant Resolution Authority, that all or part of the outstanding principal amount of such Notes will not at any time prior to the Maturity Date fully qualify as MREL-Eligible Senior Non-Preferred Instruments of the Issuer and/or the Group, except where the non-qualification as MREL-Eligible Senior Non-Preferred Instruments is due:

(i) solely to the remaining maturity of such Notes (or effective remaining maturity where the Notes, for example, are subject to an Investor Put) being less than any period prescribed by any applicable eligibility criteria under Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) (or any other regulations applicable in Spain) as at the Issue Date; or

(ii) to the relevant Notes being bought back by or on behalf of the Issuer; and

(c) in respect of Subordinated Notes, the determination by the Issuer after consultation with the Regulator and/or the Relevant Resolution Authority, that all or part of the outstanding principal amount of such Notes will not at any time prior to the Maturity Date fully qualify as Eligible Liabilities of the Issuer and/or the Group, except where the non-qualification as Eligible Liabilities is due:

(i) solely to the remaining maturity of such Notes (or effective remaining maturity where the Notes, for example, are subject to an Investor Put) being less than any period prescribed by any applicable eligibility criteria under Applicable Banking

Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) (or any other regulations applicable in Spain) as at the Issue Date; or

(ii) to the relevant Notes being bought back by or on behalf of the Issuer.

An Eligible Liabilities Event shall, without limitation, be deemed to include where such ineligibility for inclusion of the Notes in the Eligible Liabilities arises as a result of (a) any legislation which gives effect to the EU Banking Reforms in Spain differing in any respect from the form of the EU Banking Reforms as published by the Council of the EU on 14 February 2019 or, if applicable, any further form of the EU Banking Reforms that may supersede such form of the EU Banking Reforms and is made public thereafter but before the relevant issue date of the relevant Notes (the **Draft EU Banking Reforms**) (including if the EU Banking Reforms are not implemented in full in Spain), or (b) the official interpretation or application of the Draft EU Banking Reforms or the EU Banking Reforms as implemented in Spain (including any interpretation or pronouncement by any relevant court, tribunal or authority) differing in any respect from the manner in which the Draft EU Banking Reforms have been reflected in the Terms and Conditions of the Notes.

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

EU Banking Reforms means the European Commission's proposals to amend and supplement certain provisions of the CRD IV Directive, the CRR, the SRM Regulation and the BRRD, together with the Council of the EU's General Approach, the European Parliament's reports, the political agreement among the Council of the EU and the European Parliament and its endorsements by the COREPER and by the European Parliament.

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

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

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

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

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

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

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

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition 5.6 accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 5.6 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 5.6 and instead to declare such Note forthwith due and payable pursuant to Condition 8 (*Events of Default*).

5.7 Early Redemption Amounts

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

5.8 Purchases

The Issuer or any Subsidiary of the Issuer may purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at

any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

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

5.9 Cancellation

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

6. TAXATION

6.1 Taxation in respect of Senior Notes and Senior Subordinated Notes

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

(a) presented for payment in Spain; or

(b) to, or to a third party on behalf of, a holder who is liable for such taxes or duties in respect of such Senior Note or Coupon or Senior Subordinated Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Senior Note or Coupon or Senior Subordinated Note or Coupon; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 4.5 (*Payment Day*)); or

(d) to, or to a third party on behalf of, a Spanish-resident legal entity subject to Spanish Corporation Income Tax if the Spanish Tax Authorities determine that the Senior Notes or Senior Subordinated Notes do not comply with applicable exemption requirements including those specified in the Reply to a Non-Binding Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 and require a withholding to be made; or

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

6.2 Taxation in respect of the Tier 2 Subordinated Notes

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

(a) presented for payment in Spain; or

(b) to, or to a third party on behalf of, a holder who is liable for such taxes or duties in respect of such Tier 2 Subordinated Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Tier 2 Subordinated Note or Coupon; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 4.5 (*Payment Day*)); or

(d) to, or to a third party on behalf of, a Spanish-resident legal entity subject to Spanish Corporation Income Tax if the Spanish Tax Authorities determine that the Tier 2 Subordinated Notes do not comply with applicable exemption requirements including those specified in the Reply to a Non-Binding Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 and require a withholding to be made; or

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

As used herein:

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

Relevant Date means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13 (*Notices*).

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

7. PRESCRIPTION

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 6 (*Taxation*) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 7 or Condition 4.2 (*Presentation of definitive Notes and Coupons*) or any Talon which would be void pursuant to Condition 4.2 (*Presentation of definitive Notes and Coupons*).

8. EVENTS OF DEFAULT

8.1 Events of Default relating to the Notes

If:

(a) any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer (except in any such case for the purpose of a Permitted Reorganisation (as defined in Condition 8.2(b) below)); or

(b) so specified in the Final Terms, any Additional Event of Default (as defined in Condition 8.2 (*Additional Events of Default relating to Ordinary Senior Notes*)) occurs and is continuing,

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

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

8.2 Additional Events of Default relating to Ordinary Senior Notes

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

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

(i) ***Non-payment***: the Issuer fails to pay any amount of principal in respect of the Notes within 14 days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 21 days of the due date for payment thereof; or

(ii) ***Breach of other obligations***: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or, as the case may be, the Agency Agreement, as the case may be, the Deed of Covenant and such default remains unremedied for 30 days or after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer; or

(iii) ***Cross-default of Issuer or Relevant Subsidiary:***

(A) any Indebtedness for Borrowed Money of the Issuer or any of its Relevant Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period; or

(B) any such Indebtedness for Borrowed Money becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the Relevant Subsidiaries or (provided that no event of default, howsoever described, has occurred) any person entitled to such Indebtedness for Borrowed Money,

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

(iv) ***Unsatisfied judgment***: one or more final judgment(s) or order(s) for the payment of any amount which individually or in the aggregate exceeds €50,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer or any of its Relevant Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or

(v) ***Security enforced***: any Security Interest created or assumed by the Issuer or any of its Relevant Subsidiaries becomes enforceable and any steps are taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, manager or other similar person) provided that the Indebtedness for Borrowed Money to which such Security Interest relates either individually or in the aggregate exceeds €50,000,000 (or its equivalent in any other currency or currencies); or

(vi) ***Cessation of business***: the Issuer (or any of its Relevant Subsidiaries) ceases or threatens to cease to carry on the whole or a substantial part of its business (except in any such case for the purpose of a Permitted Reorganisation) or the Issuer (or any of its Relevant Subsidiaries) stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class thereof) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(vii) ***Insolvency proceedings***: (i)(A) in respect of the Issuer, an order is made by any competent court commencing insolvency proceedings (*procedimientos concursales*) against it or an order is made or a resolution is passed for the dissolution or winding up of the Issuer, and in respect of any of the Issuer's Relevant Subsidiaries, proceedings are initiated against any such Relevant Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (except in any such case for the purpose of a Permitted Reorganisation); or (B) an application made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the

Issuer (or any of its Relevant Subsidiaries) or in relation to the whole or any substantial part of the undertaking or assets of any of them; or (C) an encumbrance takes possession of the whole or any substantial part of the undertaking or assets of the Issuer (or any of its Relevant Subsidiaries); or (D) a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any substantial part of the undertaking or assets of the Issuer (or any of its Relevant Subsidiaries); and (ii) in any case is or are not discharged within 30 days; or

(viii) ***Arrangements with creditors***: the Issuer (or any of its Relevant Subsidiaries) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors); or

(ix) ***Failure to take action etc.***: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes and the Deed of Covenant, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes and the Coupons admissible in evidence in the courts of Spain or England is not taken, fulfilled or done; or

(x) ***Unlawfulness***: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Deed of Covenant.

(b) For the purpose of this Condition 8:

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

Permitted Reorganisation means:

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

(b) with respect to a Relevant Subsidiary, a reconstruction, merger or amalgamation (i) which has been approved by an Extraordinary Resolution at a meeting of Noteholders; or (ii) is on a solvent basis.

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

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

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

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

For the purposes of this definition:

(i) if there shall not at any time be any relevant audited consolidated accounts of the Issuer, references thereto herein shall be deemed to be references to a consolidation (which need not be audited) by the Issuer of the relevant audited accounts of the Issuer and its Subsidiaries;

(ii) *if, in the case of a Subsidiary which itself has Subsidiaries, no consolidated accounts are prepared and audited, its consolidated net assets and consolidated gross revenues shall be determined on the basis of pro forma consolidated accounts (which need not be audited) of the relevant Subsidiary and its Subsidiaries prepared for this purpose by the Issuer;*

(iii) if (A) any Subsidiary shall not in respect of any relevant financial period for whatever reason produce audited accounts or (B) any Subsidiary shall not have produced at the relevant time for the calculations required pursuant to this definition audited accounts for the same period as the period to which the latest audited consolidated accounts of the Issuer relate, then there shall be substituted for the purposes of this definition the management accounts of such Subsidiary for such period;

(iv) where any Subsidiary is not wholly owned by the Issuer there shall be excluded from all calculations all amounts attributable to minority interests;

(v) in calculating any amount all amounts owing by or to the Issuer and any Subsidiary to or by the Issuer and any Subsidiary shall be excluded; and

(vi) in the event that accounts of any companies being compared are prepared on the basis of different generally accepted accounting principles, there shall be made such adjustments to any relevant financial items as are necessary to achieve a true and fair comparison of such financial items.

8.3 Green, Social or Sustainability Notes

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

9. WAIVER OF SET-OFF

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

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

10. REPLACEMENT OF NOTES, COUPONS AND TALONS

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

11. PAYING AGENTS

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

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

(a) there will at all times be an Agent;

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

(c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

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

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

12. EXCHANGE OF TALONS

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

13. NOTICES

Notice to Noteholders:

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

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the Noteholders and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

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

14. MEETINGS OF NOTEHOLDERS AND MODIFICATION

14.1 Meetings of Noteholders

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

14.2 Modification

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

(a) any modification of, the Notes, the Coupons or any of the provisions of the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law; or

(b) any modification (except a Basic Terms Modification (being a matter in respect of which an increased quorum is required as mentioned above)) of the Notes, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders.

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

15. FURTHER ISSUES

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

16. SUBSTITUTION OF THE ISSUER

(a) The Issuer (or any previous substitute under this Condition 16) may, with respect to any Series of Notes issued by it (the **Relevant Notes**), without the further consent of the Noteholders but, subject to such substitution being in compliance with Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) and subject to the prior permission of the Regulator and/or the Relevant Resolution Authority, if and as applicable (if such permission is required), be replaced and substituted by any of its wholly owned Subsidiaries as the principal debtor in respect of the Notes, Coupons, Talons and the Deed of Covenant (the **Substituted Debtor**), provided that:

(i) the Issuer is not in default in respect of any amount payable under any of the Relevant Notes;

(ii) the Issuer (or any previous substitute under this Condition 16) and the Substituted Debtor have granted or entered into a deed poll and such other documents (the **Documents**) as are necessary to give effect to the substitution and in which the Substituted Debtor has undertaken in favour of each Noteholder of the Relevant Notes to be bound by these Conditions and the provisions of the Agency Agreement and the Deed of Covenant as the debtor in respect of such Notes in place of the Issuer (or of any previous substitute under this Condition 16) and pursuant to which the Issuer shall unconditionally and irrevocably guarantee (the **New Guarantee**) in favour of each Noteholder the payment of all sums payable by the Substituted Debtor as such principal debtor with the Issuer's obligations under the New Guarantee ranking *pari passu* with the Issuer's obligations under the Notes prior to the substitution becoming effective;

(iii) if the Substituted Debtor is resident for tax purposes in a territory (the **New Residence**) other than that in which the Issuer prior to such substitution was resident for tax purposes (the **Former Residence**) the Documents contain an undertaking and/or such other provisions as may be necessary to ensure that each Noteholder of the Relevant Notes has the benefit of an undertaking in terms corresponding to the provisions of Condition 6 (*Taxation*), with, where applicable, the substitution of references to the Former Residence with references to the New Residence. The Documents also contain a covenant by the Substituted Debtor and the Issuer to indemnify and hold harmless each Noteholder against all taxes or duties which arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred or levied against such holder as a result of any substitution pursuant to this Condition 16 and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, any and all taxes or duties which are imposed on any such Noteholder by any political sub-division or taxing authority of any country in which such Noteholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);

(iv) the Documents contain a warranty and representation by the Substituted Debtor and the Issuer that the Substituted Debtor and the Issuer have obtained all necessary governmental approvals and consents for such substitution and for the giving by the Issuer of the New Guarantee in respect of the obligations of the Substituted Debtor and for the performance by each of the Substituted Debtor and the Issuer of their respective obligations under the Documents and that all such approvals and consents are in full force and effect;

(v) each stock exchange on which the Relevant Notes are listed has confirmed that, following the proposed substitution of the Substituted Debtor, the Relevant Notes will continue to be listed on such stock exchange (of the Issuer or the Substituted Debtor is otherwise satisfied of the same);

(vi) a legal opinion shall have been delivered to the Agent (from whom copies will be available) from lawyers of recognised standing in the country of incorporation of the Substituted Debtor and the country which laws governs this Programme, confirming, as appropriate, that upon the substitution taking place the Notes, Coupons and Talons are legal, valid and binding obligations of the Substituted Debtor enforceable in accordance with their terms;

(vii) a legal opinion shall have been delivered to the Agent (from whom copies will be available) from lawyers of recognised standing in the country which law governs the Documents that upon the substitution taking place the Documents (including the New Guarantee given by the Issuer in respect of the Substituted Debtor) constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their terms;

(viii) a legal opinion shall have been delivered to the Agent (from whom copies will be available) from lawyers of recognised standing in England that upon the substitution taking place the Documents (including the New Guarantee given by the Issuer in respect of the Substituted Debtor) constitute legal, valid and binding obligations of the parties thereto under English law;

(ix) any rating agency which has issued a rating in connection with the Relevant Notes shall have confirmed that following the proposed substitution of the Substituted Debtor, the credit rating of the Relevant Notes will remain the same or be improved;

(x) if applicable, the Substituted Debtor has appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Relevant Notes and any Coupons and the Documents; and

(xi) the substitution complies with all applicable requirements established under the applicable laws.

(b) Upon the execution of the Documents and the delivery of the legal opinions, the Substituted Debtor shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer (or any previous substitute under this Condition 16) under the Relevant Notes and any related Coupons or Talons and the Agency Agreement and the Deed of Covenant with the same effect as if the Substituted Debtor had been named as the principal debtor in place of the Issuer herein, and the Issuer or any previous substitute under these provisions shall, upon the execution of the Documents be released from its obligations under the Relevant Notes and any related Coupons or Talons and under the Agency Agreement and the Deed of Covenant.

(c) After a substitution pursuant to Condition 16(a), the Substituted Debtor may, without the further consent of any Noteholder, effect a further substitution. All the provisions specified in Condition 16(a) and 16(b) shall apply, *mutatis mutandis*, and references in these Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substituted Debtor.

(d) After a substitution pursuant to Condition 16(a) or 16(c) any Substituted Debtor may, without the further consent of any Noteholder, reverse the substitution, *mutatis mutandis*.

(e) The Documents shall be delivered to, and kept by, the Agent for so long as any Note remains outstanding and for so long as any claim made against the Substituted Debtor by any Noteholder in relation to the Notes or the Documents shall not have been finally adjudicated or settled or discharged. Copies of the Documents will be available free of charge at the specified office of each of the Agents.

(f) Not later than 15 Business Days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 13 (*Notices*).

17. LOSS ABSORBING POWER

17.1 Acknowledgement

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

(a) to be bound by the effect of the exercise of the Loss Absorbing Power by the Relevant Resolution Authority, which may include and result in any of the following, or some combination thereof:

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

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

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

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

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

17.2 Payment of Interest and Other Outstanding Amounts Due

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

17.3 Notice to Noteholders

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

17.4 Duties of the Agents

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

17.5 Proration

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

17.6 Condition Exhaustive

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

17.7 No Event of Default

None of a cancellation of the Notes, a reduction in the Amount Due, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the Loss Absorbing Power by the Relevant Resolution Authority with respect to the Issuer or the exercise of the Loss Absorbing Power with respect to the Notes will be an Event of Default or otherwise constitute non-performance of a contractual obligation, or entitle the Noteholders to any remedies (including equitable remedies) which are hereby expressly waived.

17.8 Definitions

In this Condition 17:

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

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

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

18. SUBSTITUTION AND VARIATION

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

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

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

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

18.2 In the Conditions:

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

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

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

(a) (i) in the case of Ordinary Senior Notes eligible to comply with MREL Requirements, contain terms that comply with the then current requirements for MREL-Eligible Senior Preferred Instruments of the Issuer and/or the Group; (ii) in the case of Senior Non-Preferred Notes, contain terms that comply with the then current requirements for MREL-Eligible Senior Non-Preferred Instruments of the Issuer and/or the Group; (iii) in the case of Senior Subordinated Notes contain terms which comply with the then current MREL Requirements, in each case as embodied in the Applicable MREL Regulations; and (iv) in the case of Tier 2 Subordinated Notes, contain terms which comply with the then current requirements for their inclusion in the Tier 2 Capital of the Issuer and/or the Group, as embodied in the Applicable Banking Regulations; and

(b) carry the same rate of interest as the Notes prior to the relevant substitution or variation; and

(c) have the same denomination and aggregate outstanding principal amount as the Notes prior to the relevant substitution or variation; and

(d) have the same date of maturity and the same dates for payment of interest as the Notes prior to the relevant substitution or variation; and

(e) have the same ranking or higher as the Notes; and

(f) not, immediately following such substitution or variation, be subject to (i) in the case of Senior Notes and Subordinated Notes, an Eligible Liabilities Event or an early redemption right for taxation reasons according to Condition 5.2 (*Redemption for tax reasons*); and (ii) in the case of Tier 2 Subordinated Notes, a Capital Event or an early redemption right for taxation reasons according to Condition 5.2 (*Redemption for tax reasons*); and

(g) be listed or admitted to trading on any stock exchange as selected by the Issuer, if Notes were listed or admitted to trading on a stock exchange immediately prior to the relevant substitution or variation.

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

19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

20. GOVERNING LAW AND SUBMISSION TO JURISDICTION

20.1 Governing law

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

20.2 Submission to jurisdiction

(a) Subject to Condition 20.2(b) to (d) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons (a **Dispute**) and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

(b) For the purposes of this Condition 20.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

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

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

20.3 Appointment of Process Agent

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

TERMS AND CONDITIONS OF THE SPANISH LAW NOTES

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

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

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

(a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;

(b) any Global Note; and

(c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an amended and restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 26 April 2019 and made between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

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

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

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

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and

conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

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

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

In the Conditions:

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

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

Group means the Issuer and its Subsidiaries; and

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

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

1. FORM, DENOMINATION AND TITLE

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

This Note may be a Fixed Rate Note, a Fixed Reset Note or a Floating Rate Note (which term includes a CMS Interest Linked Note if this Note is specified as such in the Final Terms), or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

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

Definitive Notes are issued with Coupons attached.

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

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

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

2. STATUS OF THE SENIOR NOTES AND SUBORDINATED NOTES

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

2.1 Status of the Senior Notes

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

The Senior Non-Preferred Notes constitute non-preferred ordinary claims (*créditos ordinarios no preferentes*) under Additional Provision 14.2º of Law 11/2015. It is expressly stated for the purposes of Additional Provision 14.2º of Law 11/2015 that upon the insolvency of the Issuer, the Senior Non-Preferred Notes will rank below any other ordinary claims (*créditos ordinarios*) against the

Issuer and accordingly, claims in respect of the Senior Non-Preferred Notes shall be paid after payment of any such other ordinary (*créditos ordinarios*) claims of the Issuer.

Therefore, in accordance with the Insolvency Law and Additional Provision 14.2º 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 Issuer, the payment obligations of the Issuer under the Senior Notes in respect of principal (and unless they qualify as subordinated claims (*créditos subordinados*) pursuant to Article 92 of the Insolvency Law) will rank:

(a) in the case of Ordinary Senior Notes:

(i) **senior** to (A) any Senior Non-Preferred Obligations and (B) any claims against the Issuer qualifying as subordinated claims (*créditos subordinados*) under Article 92 of the Insolvency Law (or equivalent legal provision which replaces it in the future); and

(ii) ***pari passu*** among themselves and with any other Senior Preferred Obligations; and

(b) in the case of Senior Non-Preferred Notes:

(i) **senior** to any claims against the Issuer qualifying as subordinated claims (*créditos subordinados*) under Article 92 of the Insolvency Law (or equivalent legal provision which replaces it in the future);

(ii) ***pari passu*** among themselves and with any other Senior Non-Preferred Obligations; and

(iii) **junior** to any Senior Preferred Obligations.

In the Conditions:

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

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

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

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

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

in full before ordinary credits. Ordinary credits rank above subordinated credits and the rights of shareholders.

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

2.2 Status of the Subordinated Notes

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

(a) for so long as the obligations of the Issuer in respect of the relevant Subordinated Notes do not constitute Tier 2 Instruments of the Issuer:

(i) **senior** to (i) any claims for principal in respect of contractually subordinated obligations of the Issuer qualifying as Additional Tier 1 Instruments or Tier 2 Instruments; (ii) any subordinated obligations of the Issuer under Articles 92.3º to 92.7º of the Insolvency Law; and (iii) any other subordinated obligations which by law and/or by their terms, and to the extent permitted by Spanish law, rank junior to the Issuer's obligations under the Senior Subordinated Notes;

(ii) ***pari passu*** among themselves and with (i) all other claims for principal in respect of contractually subordinated obligations of the Issuer not qualifying as Additional Tier 1 Instruments or Tier 2 Instruments of the Issuer and which are not subordinated obligations under Articles 92.4º to 92.7º of the Insolvency Law; and (ii) any other subordinated obligations which by law and/or by their terms, and to the extent permitted by Spanish law, rank *pari passu* to the Issuer's obligations under the Senior Subordinated Notes; and

(iii) **junior** to (i) any unsubordinated obligations of the Issuer (including any Senior Non-Preferred Obligations); (ii) any subordinated obligations of the Issuer under Article 92.1º of the Insolvency Law; and (iii) any other subordinated obligations which by law and/or by their terms, and to the extent permitted by Spanish law, rank senior to the Issuer's obligations under the Senior Subordinated Notes.

(b) for so long as the obligations of the Issuer in respect of the relevant Subordinated Notes constitute Tier 2 Instrument of the Issuer:

(i) **senior** to (i) any claims for principal in respect of contractually subordinated obligations of the Issuer qualifying as Additional Tier 1 Instruments; (ii) any subordinated obligations of the Issuer under Articles 92.3º to 92.7º of the Insolvency Law, and (iii) any other subordinated obligations which by law and/or by their

terms, and to the extent permitted by Spanish law, rank junior to the Issuer's obligations under the relevant Subordinated Notes;

(ii) ***pari passu*** among themselves and with (i) any other claims for principal in respect of contractually subordinated obligations of the Issuer qualifying as Tier 2 Instruments and which are not subordinated obligations under Articles 92.4º to 92.7º of the Insolvency Law, and (ii) any other subordinated obligations which by law and/or by their terms, and to the extent permitted by Spanish law, rank *pari passu* with the Issuer's obligations under the relevant Subordinated Notes; and

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

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

In the Conditions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. INTEREST

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

3.1 Interest on Fixed Rate Notes

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

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

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

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

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

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

(b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

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

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

(a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

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

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

(b) if "Actual/Actual (ISDA)" is specified in the applicable Final Terms, the actual number of days in the relevant period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date divided by 365 (or, if any portion of that period falls in a leap year, the sum of (A) the actual number of days in that portion of the period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the period falling in a non-leap year divided by 365);

(c) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

(d) if "30/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the relevant period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the interest period is the 31st day of a month but the first day of the interest period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day a month, or (b) the last day of the interest period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and

(e) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365.

In the Conditions:

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

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

3.2 Interest on Fixed Reset Notes

(a) Rates of Interest and Interest Payment Dates

Each Fixed Reset Note bears interest:

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

(ii) from (and including) the First Reset Date to (but excluding) the Second Reset Date or, if none, the Maturity Date (the **First Reset Period**) at the rate per annum equal to the First Reset Rate; and

(iii) if applicable, from (and including) the Second Reset Date to (but excluding) the first Subsequent Reset Date (if any), and each successive period from (and including) any Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date (if any) (each a **Subsequent Reset Period**) at the rate per annum equal to the relevant Subsequent Reset Rate,

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

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

In these Conditions:

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

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

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

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

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

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

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

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

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

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

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

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

(c) **Certificates to be final**

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

3.3 Interest on Floating Rate Notes

(a) **Interest Payment Dates**

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

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

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

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

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

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

(i) in any case where Specified Periods are specified in accordance with Condition 3.3(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (A) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (II) below shall apply *mutatis mutandis* or (B) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar

month, in which event (I) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (II) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

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

(iii) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

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

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

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Final Terms; and

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

(b) **Rate of Interest**

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

(i) ISDA Determination for Floating Rate Notes

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

(A) the Floating Rate Option is as specified in the applicable Final Terms;

(B) the Designated Maturity is a period specified in the applicable Final Terms; and

(C) the relevant Reset Date is the day specified in the applicable Final Terms.

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

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

(ii) Screen Rate Determination for Floating Rate Notes other than CMS Linked Interest Notes

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

(A) the offered quotation; or

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

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

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

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

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

In these Conditions:

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

(iii) Floating Rate Notes which are CMS Linked Interest Notes

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

CMS Rate + Margin

As used above:

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

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

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

For this purpose:

Margin has the meaning specified in the Final Terms.

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

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

Relevant Swap Rate means:

(A) where the Reference Currency is euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR-EURIBOR-Reuters (as defined in the ISDA Definitions) with a designated maturity determined by the relevant Calculation Agent by reference to standard market practice and/or the ISDA Definitions;

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

(C) where the Reference Currency is United States dollars, the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating United States dollar interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and

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

Relevant Time has the meaning specified in the Final Terms.

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

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

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

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

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

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

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

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

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

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

(ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount,

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

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

(i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the

Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

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

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

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

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

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

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30; and

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

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

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

(e) **Linear Interpolation**

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

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

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

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

(g) **Certificates to be final**

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

3.4 Benchmark Discontinuation

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

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

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

(i) agree that there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 3.4(b) below) subsequently be used in place of the Original Reference Rate to determine the Interest Rate (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 3.4); or

(ii) agree that there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 3.4(b)) subsequently be used in place of the Original Reference Rate to determine the Interest Rate (or the

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

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

(b) **Adjustment spread**

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

(c) **Benchmark Amendments**

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

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

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

(d) **Notice**

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

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

Without prejudice to the obligations of the Issuer under Condition 3.4(a) to (d), the Original Reference Rate and the fallback provisions provided for in Condition 3.2 and 3.3(b) and the

applicable Final Terms, as the case may be, will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with this Condition 3.4.

(f) **Definitions**

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

Adjustment Spread means either a spread or quantum (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, quantum, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);

(ii) the Issuer determines, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, is recognised or acknowledged as being the industry standard for over-the counter derivative transactions or is in customary market usage in the debt capital market for transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or (if the Issuer determines that no such industry standard is recognised or acknowledged);

(iii) the Issuer, in its discretion and following consultation with the Independent Adviser, and acting in good faith and in a commercially reasonable manner, determines to be appropriate.

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

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

Benchmark Event means:

(i) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or

(ii) a public statement by the administrator of the Original Reference Rate that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences; or

(v) it has or will become unlawful for any Paying Agent, Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

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

Original Reference Rate means:

(i) the originally-specified benchmark or screen rate (as applicable) used to determine the Interest Rate (or any component part thereof) on the Notes; or

(ii) any Successor Rate or Alternative Rate which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of this Condition 3.4,

as applicable.

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

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

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

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

3.5 Accrual of interest

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

(a) the date on which all amounts due in respect of such Note have been paid; and

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

4. PAYMENTS

4.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

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

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

4.2 Presentation of definitive Notes and Coupons

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

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below) and save as provided in Condition 4.4 (*General provisions applicable to payments*)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 3 years after the Relevant Date (as defined in Condition 6 (*Taxation*) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 7 (*Prescription*)) or, if later, 3 years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be

made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose original nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the original nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

4.3 Payments in respect of Global Notes

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

4.4 General provisions applicable to payments

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

Notwithstanding the foregoing provisions of this Condition 4, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

4.5 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant

place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 7 (*Prescription*)) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(i) in the case of Notes in definitive form only, the relevant place of presentation;

(ii) each Additional Financial Centre specified in the applicable Final Terms; and

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

4.6 Interpretation of principal and interest

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

(a) any additional amounts which may be payable with respect to principal under Condition 6 (*Taxation*);

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes; and

(e) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

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

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

5. REDEMPTION AND PURCHASE

5.1 Redemption at maturity

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

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

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

5.2 Redemption for tax reasons

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

(a) at any time (if this Note is not a Floating Rate Note); or

(b) on any Interest Payment Date (if this Note is a Floating Rate Note),

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

(i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 (*Taxation*) and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(ii) the Issuer would not be entitled to claim a deduction in computing taxation liabilities in any Tax Jurisdiction (as defined in Condition 6 (*Taxation*)) in respect of any payment of interest to be made on the Notes on the occasion of the next payment date due under the Notes or the value of such deduction to the Issuer would be materially reduced; or

(iii) the applicable tax treatment of the Notes would be materially affected,

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

Prior to the publication of any notice of redemption pursuant to this Condition 5.2, the Issuer shall (i) deliver to the Agent to make available at its specified office to the Noteholders a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) use its best efforts to deliver to the Agent to make available at its specified office to the Noteholders an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and, in the case of Subordinated Notes, Senior Non-Preferred Notes and Ordinary Senior Notes eligible to comply with MREL Requirements, a copy of the permission of the Regulator and/or the Relevant Resolution Authority, to redemption, if and as applicable (if such permission is required).

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

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

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

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

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, subject in the case of Subordinated Notes, Senior Non-Preferred Notes and Ordinary Senior Notes eligible to comply with MREL Requirements, to compliance with the Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) then in force and subject to the prior permission of the Regulator and/or the Relevant Resolution Authority, if and as applicable (if such permission is required), having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will

(i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot not more than 30 days prior to the date fixed for redemption and

(ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in either case, in compliance with applicable law.

In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 (*Notices*) not less than 15 days prior to the date fixed for redemption.

The applicable Final Terms contains provisions applicable to any Issuer Call and must be read in conjunction with this Condition 5.3 for full information on any Issuer Call. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount, any minimum or maximum amount of Notes which can be redeemed and the applicable notice periods.

This Condition 5.3 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than under any of Conditions 5.2 (*Redemption for tax reasons*), 5.4 (*Redemption at the option of the Issuer (Capital Event): Tier 2 Subordinated Notes*), or 5.5 (*Redemption at the option of the Issuer (Eligible Liabilities Event): Subordinated Notes or Senior Notes*)), such option being referred to as an Issuer Call.

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

If the Notes are Tier 2 Subordinated Notes and Capital Event is specified as applicable in the applicable Final Terms, then upon the occurrence of a Capital Event as a result of a change (or any pending change which the Regulator considers sufficiently certain) in Spanish law, Applicable Banking Regulations or of any change in the official application or interpretation thereof becoming effective on or after the Issue Date (including as a result of the implementation or applicability in Spain on or after the Issue Date of CRD IV), the Tier 2 Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part, subject to such redemption being permitted by the Applicable Banking Regulations then in force, and may only take place in accordance with Applicable Banking Regulations in force at the relevant time and subject to the prior permission of the Regulator and/or the Relevant Resolution Authority, if and as applicable (if such permission is required) pursuant to such regulations, at any time, on giving not less than 30 nor more than 60 days' notice to the Principal Paying Agent and, in accordance with Condition 13 (*Notices*), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption).

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

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

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

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

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

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

(a) in respect of Ordinary Senior Notes eligible to comply with MREL Requirements, the determination by the Issuer after consultation with the Regulator and/or the Relevant Resolution Authority, that all or part of the outstanding principal amount of such Notes will not at any time prior to the Maturity Date fully qualify as MREL-Eligible Senior Preferred Instruments of the Issuer and/or the Group, except where the non-qualification as MREL Eligible Senior Preferred Instruments is due:

(i) solely to the remaining maturity of such Notes (or effective remaining maturity where the Notes, for example, are subject to an Investor Put) being less than any period prescribed by any applicable eligibility criteria under Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) (or any other regulations applicable in Spain) as at the Issue Date; or

(ii) to the relevant Notes being bought back by or on behalf of the Issuer; or

(iii) to a subordination requirement being applied by the Relevant Resolution Authority for such Notes to be eligible to comply with MREL Requirements; or

(iv) there being insufficient headroom for such Notes to qualify as Eligible Liabilities within prescribed limits established by Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) (or any other regulations applicable in Spain);

(b) in respect of Senior Non-Preferred Notes, the determination by the Issuer after consultation with the Regulator and/or the Relevant Resolution Authority, that all or part of the outstanding principal amount of such Notes will not at any time prior to the Maturity Date fully qualify as MREL-Eligible Senior Non-Preferred Instruments of the Issuer and/or the Group, except where the non-qualification as MREL-Eligible Senior Non-Preferred Instruments is due:

(i) solely to the remaining maturity of such Notes (or effective remaining maturity where the Notes, for example, are subject to an Investor Put) being less than any period prescribed by any applicable eligibility criteria under Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) (or any other regulations applicable in Spain) as at the Issue Date; or

(ii) to the relevant Notes being bought back by or on behalf of the Issuer; and

(c) in respect of Subordinated Notes, the determination by the Issuer after consultation with the Regulator and/or the Relevant Resolution Authority, that all or part of the outstanding principal amount of such Notes will not at any time prior to the Maturity Date fully qualify as Eligible Liabilities of the Issuer and/or the Group, except where the non-qualification as Eligible Liabilities is due:

(i) solely to the remaining maturity of such Notes (or effective remaining maturity where the Notes, for example, are subject to an Investor Put) being less than any period prescribed by any applicable eligibility criteria under Applicable Banking

Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) (or any other regulations applicable in Spain) as at the Issue Date; or

(ii) to the relevant Notes being bought back by or on behalf of the Issuer.

An Eligible Liabilities Event shall, without limitation, be deemed to include where such ineligibility for inclusion of the Notes in the Eligible Liabilities arises as a result of (a) any legislation which gives effect to the EU Banking Reforms in Spain differing in any respect from the form of the EU Banking Reforms as published by the Council of the EU on 14 February 2019 or, if applicable, any further form of the EU Banking Reforms that may supersede such form of the EU Banking Reforms and is made public thereafter but before the relevant issue date of the relevant Notes (the **Draft EU Banking Reforms**) (including if the EU Banking Reforms are not implemented in full in Spain), or (b) the official interpretation or application of the Draft EU Banking Reforms or the EU Banking Reforms as implemented in Spain (including any interpretation or pronouncement by any relevant court, tribunal or authority) differing in any respect from the manner in which the Draft EU Banking Reforms have been reflected in the Terms and Conditions of the Notes.

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

EU Banking Reforms means the European Commission's proposals to amend and supplement certain provisions of the CRD IV Directive, the CRR, the SRM Regulation and the BRRD, together with the Council of the EU's General Approach, the European Parliament's reports, the political agreement among the Council of the EU and the European Parliament and its endorsements by the COREPER and by the European Parliament.

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

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

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

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

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

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

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

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition 5.6 accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 5.6 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 5.6 and instead to declare such Note forthwith due and payable pursuant to Condition 8 (*Events of Default*).

5.7 Early Redemption Amounts

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

5.8 Purchases

The Issuer or any Subsidiary of the Issuer may purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at

any price in the open market or otherwise. Such Notes may be held, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

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

5.9 Cancellation

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

6. TAXATION

6.1 Taxation in respect of Senior Notes and Senior Subordinated Notes

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

(a) presented for payment in Spain; or

(b) to, or to a third party on behalf of, a holder who is liable for such taxes or duties in respect of such Senior Note or Coupon or Senior Subordinated Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Senior Note or Coupon or Senior Subordinated Note or Coupon; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 4.5 (*Payment Day*)); or

(d) to, or to a third party on behalf of, a Spanish-resident legal entity subject to Spanish Corporation Income Tax if the Spanish Tax Authorities determine that the Senior Notes or Senior Subordinated Notes do not comply with applicable exemption requirements including those specified in the Reply to a Non-Binding Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 and require a withholding to be made; or

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

6.2 Taxation in respect of the Tier 2 Subordinated Notes

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

(a) presented for payment in Spain; or

(b) to, or to a third party on behalf of, a holder who is liable for such taxes or duties in respect of such Tier 2 Subordinated Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Tier 2 Subordinated Note or Coupon; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 4.5 (*Payment Day*)); or

(d) to, or to a third party on behalf of, a Spanish-resident legal entity subject to Spanish Corporation Income Tax if the Spanish Tax Authorities determine that the Tier 2 Subordinated Notes do not comply with applicable exemption requirements including those specified in the Reply to a Non-Binding Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 and require a withholding to be made; or

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

As used herein:

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

Relevant Date means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13 (*Notices*).

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

7. PRESCRIPTION

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

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 7 or Condition 4.2 (*Presentation of definitive Notes and Coupons*) or any Talon which would be void pursuant to Condition 4.2 (*Presentation of definitive Notes and Coupons*).

8. EVENTS OF DEFAULT

8.1 Events of Default relating to the Notes

If:

(a) any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer (except in any such case for the purpose of a Permitted Reorganisation (as defined in Condition 8.2(b) below)); or

(b) so specified in the Final Terms, any Additional Event of Default (as defined in Condition 8.2 (*Additional Events of Default relating to Ordinary Senior Notes*)) occurs and is continuing,

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

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

8.2 Additional Events of Default relating to Ordinary Senior Notes

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

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

(i) ***Non-payment***: the Issuer fails to pay any amount of principal in respect of the Notes within 14 days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 21 days of the due date for payment thereof; or

(ii) ***Breach of other obligations***: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or, as the case may be, the Agency Agreement, and such default remains unremedied for 30 days or after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer; or

(iii) ***Cross-default of Issuer or Relevant Subsidiary:***

(A) any Indebtedness for Borrowed Money of the Issuer or any of its Relevant Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period; or

(B) any such Indebtedness for Borrowed Money becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the Relevant Subsidiaries or (provided that no event of default, howsoever described, has occurred) any person entitled to such Indebtedness for Borrowed Money,

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

(iv) ***Unsatisfied judgment***: one or more final judgment(s) or order(s) for the payment of any amount which individually or in the aggregate exceeds €50,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer or any of its Relevant Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or

(v) ***Security enforced***: any Security Interest created or assumed by the Issuer or any of its Relevant Subsidiaries becomes enforceable and any steps are taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, manager or other similar person) provided that the Indebtedness for Borrowed Money to which such Security Interest relates either individually or in aggregate exceeds €50,000,000 (or its equivalent in any other currency or currencies); or

(vi) ***Cessation of business***: the Issuer (or any of its Relevant Subsidiaries) ceases or threatens to cease to carry on the whole or a substantial part of its business (except in any such case for the purpose of a Permitted Reorganisation) or the Issuer (or any of its Relevant Subsidiaries) stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class thereof) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(vii) ***Insolvency proceedings***: (i)(A) in respect of the Issuer, an order is made by any competent court commencing insolvency proceedings (*procedimientos concursales*) against it or an order is made or a resolution is passed for the dissolution or winding up of the Issuer, and in respect of any of the Issuer's Relevant Subsidiaries, proceedings are initiated against any such Relevant Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (except in any such case for the purpose of a Permitted Reorganisation); or (B) an application made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer (or any of its Relevant Subsidiaries) or in relation to the whole or any substantial part

of the undertaking or assets of any of them; or (C) an encumbrance takes possession of the whole or any substantial part of the undertaking or assets of the Issuer (or any of its Relevant Subsidiaries); or (D) a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any substantial part of the undertaking or assets of the Issuer (or any of its Relevant Subsidiaries); and (ii) in any case is or are not discharged within 30 days; or

(viii) ***Arrangements with creditors***: the Issuer (or any of its Relevant Subsidiaries) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors); or

(ix) ***Failure to take action etc.***: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes and the Coupons admissible in evidence in the courts of Spain or England is not taken, fulfilled or done; or

(x) ***Unlawfulness***: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes.

(b) For the purpose of this Condition 8:

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

Permitted Reorganisation means:

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

(b) with respect to a Relevant Subsidiary, a reconstruction, merger or amalgamation (i) which has been approved by an Extraordinary Resolution at a meeting of Noteholders; or (ii) is on a solvent basis.

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

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

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

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

For the purposes of this definition:

(i) if there shall not at any time be any relevant audited consolidated accounts of the Issuer, references thereto herein shall be deemed to be references to a consolidation (which need not be audited) by the Issuer of the relevant audited accounts of the Issuer and its Subsidiaries;

(ii) if, in the case of a Subsidiary which itself has Subsidiaries, no consolidated accounts are prepared and audited, its consolidated net assets and consolidated gross revenues shall be determined on the basis of pro forma consolidated accounts (which need not be audited) of the relevant Subsidiary and its Subsidiaries prepared for this purpose by the Issuer;

(iii) if (A) any Subsidiary shall not in respect of any relevant financial period for whatever reason produce audited accounts or (B) any Subsidiary shall not have produced at the relevant time for the calculations required pursuant to this definition audited accounts for the same period as the period to which the latest audited consolidated accounts of the Issuer relate, then there shall be substituted for the purposes of this definition the management accounts of such Subsidiary for such period;

(iv) where any Subsidiary is not wholly owned by the Issuer there shall be excluded from all calculations all amounts attributable to minority interests;

(v) in calculating any amount all amounts owing by or to the Issuer and any Subsidiary to or by the Issuer and any Subsidiary shall be excluded; and

(vi) in the event that accounts of any companies being compared are prepared on the basis of different generally accepted accounting principles, there shall be made such adjustments to any relevant financial items as are necessary to achieve a true and fair comparison of such financial items.

8.3 Green, Social or Sustainability Notes

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

9. WAIVER OF SET-OFF

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

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

10. REPLACEMENT OF NOTES, COUPONS AND TALONS

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

11. PAYING AGENTS

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

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

(a) there will at all times be an Agent;

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

(c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

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

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

12. EXCHANGE OF TALONS

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

13. NOTICES

Notice to Noteholders:

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

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the Noteholders and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

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

14. MEETINGS OF NOTEHOLDERS AND MODIFICATION

14.1 Meetings of Noteholders

(a) Convening of Meetings, Quorum, Adjourned Meetings

(i) The Issuer may at any time and, if required in writing by Noteholders holding not less than 5 per cent. in nominal amount of the Notes for the time being outstanding, shall convene a meeting of the Noteholders and if the Issuer fails for a period of seven days to convene the meeting the meeting may be convened by the relevant Noteholders. Whenever the Issuer is about to convene any meeting it shall immediately give notice in writing to the Agent and the Dealers of the day, time and place of the meeting and of the nature of the business to be transacted at the meeting. Every meeting shall be held at a time and place approved by the Agent.

(ii) At least 21 clear days' notice specifying the place, day and hour of the meeting shall be given to the Noteholders in the manner provided in Condition 13 (*Notices*). The notice, which shall be in the English language, shall state generally the nature of the business to be transacted at the meeting and, in the case of an Extraordinary Resolution only, shall either (i) specify the terms of the Extraordinary Resolution to be proposed or (ii) inform Noteholders that the terms of the Extraordinary Resolution are available free of charge from the Agent, provided that, in the case of (ii), such resolution is so available in its final form with effect on and from the date on which the notice convening such meeting is given as aforesaid. The notice shall include statements as to (i) the manner in which Noteholders may arrange for voting certificates or block voting instructions to be issued and, if applicable, appoint proxies or representatives or (ii) inform Noteholders that details of the voting arrangements are available free of charge from the Agent, provided that, in the case of (ii) the final form of such details are so available with effect on and from the date on which the notice convening such meeting is given as aforesaid. A copy of the notice shall be sent by post to the Issuer (unless the meeting is convened by the Issuer).

(iii) The person (who may but need not be a Noteholder) nominated in writing by the Issuer shall be entitled to take the chair at each meeting but if no nomination is made or if at any meeting the person nominated is not present within 15 minutes after the time appointed for holding the meeting the Noteholders present shall choose one of their number to be Chairman failing which the Issuer may appoint a Chairman. The Chairman of an adjourned meeting need not be the same person as was Chairman of the meeting from which the adjournment took place.

(iv) At any meeting one or more Eligible Persons present and holding or representing in the aggregate not less than 5 per cent. in nominal amount of the Notes for the time being outstanding shall (except for the purpose of passing an Extraordinary Resolution) form a quorum for the transaction of business and no business (other than the choosing of a Chairman) shall be transacted at any meeting unless the required quorum is present at the commencement of business. The quorum at any meeting for passing an Extraordinary Resolution shall (subject as provided below) be one or more Eligible Persons present and holding or representing in the aggregate not less than 50 per cent. in nominal amount of the Notes for the time being outstanding provided that at any meeting the business of which includes any of the following matters (**Basic Terms Modification**, each of which shall only be capable of being effected after having been approved by Extraordinary Resolution):

(A) modification of the Maturity Date (if any) of the Notes or reduction or cancellation of the nominal amount payable at maturity; or

(B) reduction or cancellation of the amount payable or modification of the payment date in respect of any interest in respect of the Notes or variation of the method of calculating the rate of interest in respect of the Notes; or

(C) reduction of any Minimum Rate of Interest and/or Maximum Rate of Interest specified in the applicable Final Terms; or

(D) modification of the currency in which payments under the Notes are to be made; or

(E) modification of the majority required to pass an Extraordinary Resolution; or

(F) the sanctioning of any scheme or proposal described in Condition 14.1(b)(ix)(F); or

(G) alteration of this proviso or the proviso to Condition 14.1(a)(v),

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

(v) If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the meeting shall if convened by Noteholders be dissolved. In any other case it shall be adjourned to the same day in the next week (or if that day is a public holiday the next following business day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it shall be adjourned for a period being not less than 14 clear days nor more than 42 clear days and at a place appointed by the Chairman and approved by the Agent). If within 15 minutes (or a longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any adjourned meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the Chairman may either dissolve the meeting or adjourn it for a period, being not less than 14 clear days (but without any maximum number of clear days) and to a place as may be appointed by the Chairman (either at or after the adjourned meeting) and approved by the Agent, and the provisions of this sentence shall apply to all further adjourned meetings.

(vi) At any adjourned meeting one or more Eligible Persons present (whatever the nominal amount of the Notes so held or represented by them) shall (subject as provided below) form a quorum and shall (subject as provided below) have power to pass any Extraordinary Resolution or other resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the required quorum been present provided that at any adjourned meeting the business of which includes any of the matters specified in the proviso to Condition 14.1(a)(iv) the quorum shall be one or more Eligible Persons present and holding or representing in the aggregate not less than one-third in nominal amount of the Notes for the time being outstanding.

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

(b) Conduct of Business at Meetings

(i) Every question submitted to a meeting shall be decided in the first instance by a show of hands and in the case of an equality of votes the Chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as an Eligible Person.

(ii) At any meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or the Issuer or by any Eligible Person present (whatever the nominal amount of the Notes held by him), a declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

(iii) Subject to Condition 14.1(b)(v), if at any meeting a poll is demanded it shall be taken in the manner and, subject as provided below, either at once or after an adjournment as the Chairman may direct and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.

(iv) The Chairman may, with the consent of (and shall if directed by) any meeting, adjourn the meeting from time to time and from place to place. No business shall be transacted at any adjourned meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.

(v) Any poll demanded at any meeting on the election of a Chairman or on any question of adjournment shall be taken at the meeting without adjournment.

(vi) Any director or officer of the Issuer and its lawyers and financial advisers may attend and speak at any meeting. Subject to this, but without prejudice to the proviso to the definition of outstanding in Condition 14.1(c), no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of the Noteholders or join with others in requiring the convening of a meeting unless he is an Eligible Person. No person shall be entitled to vote at any meeting in respect of Notes held by, for the benefit of, or on behalf of the Issuer or any Subsidiary of the Issuer. Nothing contained in this paragraph shall prevent any of the proxies named in any block voting instruction from being a director, officer or representative of or otherwise connected with the Issuer.

(vii) Subject as provided in Condition 14.1(b)(vi), at any meeting:

(A) on a show of hands every Eligible Person present shall have one vote; and

(B) on a poll every Eligible Person present shall have one vote in respect of:

I. each €1.00; and

II. in the case of a meeting of the holders of Notes denominated in a currency other than Euros, the equivalent of €1.00 in that currency (calculated as specified in Condition 14.1(b)(xiii)),

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

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

(viii) The proxies named in any block voting instruction need not be Noteholders.

(ix) A meeting of the Noteholders shall in addition to the powers set out above have the following powers exercisable only by Extraordinary Resolution (subject to the provisions relating to quorum contained in Conditions 14.1(a)(iv) and 14.1(a)(vi)), namely:

(A) power to approve any compromise or arrangement proposed to be made between the Issuer and the Noteholders and Couponholders or any of them;

(B) power to approve any abrogation, modification, compromise or arrangement in respect of the rights of the Noteholders and Couponholders against the Issuer or against any of its property whether these rights arise under the Agency Agreement, the Notes or the Coupons or otherwise;

(C) power to agree to any modification of the provisions contained in the Agency Agreement or the Conditions, the Notes or the Coupons which is proposed by the Issuer (other than any change arising from the discontinuation of any interest rate benchmark used to determine the amount of any payment in respect of the Notes);

(D) power to give any authority or approval which under the provisions of this Schedule or the Notes is required to be given by Extraordinary Resolution;

(E) power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders and to confer upon any committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution;

(F) power to approve any scheme or proposal for the exchange or sale of the Notes for, or the conversion of the Notes into, or the cancellation of the Notes in consideration of, shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as stated above and partly for or into or in consideration of cash; and

(G) power to approve the substitution of any entity in place of the Issuer (or any previous substitute) as the principal debtor in respect of the Notes and the Coupons.

(x) Any resolution (i) passed at a meeting of the Noteholders duly convened and held (ii) passed as a resolution in writing or (iii) passed by way of electronic consents given by Noteholders through the relevant clearing system(s), shall be binding upon all the Noteholders whether present or not present at the meeting referred to in (i) above and whether or not voting and upon all Couponholders and each of them shall be bound to give effect to the resolution accordingly and the passing of any resolution shall be conclusive evidence that the circumstances justify its passing. Notice of the result of voting on any resolution duly considered by the Noteholders shall be published in accordance with Condition 13 (*Notices*) by the Issuer within 14 days of the result being known provided that non-publication shall not invalidate the resolution.

(xi) The expression **Extraordinary Resolution** when used herein means (a) a resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provisions of this Schedule by a majority consisting of not less than 75 per cent. of the persons voting on the resolution upon a show of hands or, if a poll was duly demanded, by a majority consisting of not less than 75 per cent. of the votes given on the poll or (b) a resolution in writing signed by or on behalf of all the Noteholders/the holders of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding, which resolution in writing may be contained in one document or in several documents in similar form each signed by or on behalf of one or more of the Noteholders or (c) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Agent) by or on behalf of all the Noteholders/the holders of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding.

(xii) Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer and any minutes signed by the Chairman of the meeting at which any resolution was passed or proceedings had shall be conclusive evidence of the matters contained in them and, until the contrary is proved, every meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had at the meeting to have been duly passed or had.

(xiii) If the Issuer has issued and has outstanding Notes which are not denominated in euros, the nominal amount of such Notes shall:

(A) for the purposes of Condition 14.1(a) above, be the equivalent in euros at the spot rate of a bank nominated by the Agent for the conversion of the relevant currency or currencies into euros on the seventh dealing day before the day on which the written requirement to call the meeting is received by the Issuer; and

(B) for the purposes of Conditions 14.1(a)(iv), 14.1(a)(vi) and 14.1(a)(vii) above (whether in respect of the meeting or any adjourned meeting or any poll), be the equivalent at that spot rate on the seventh dealing day before the day of the meeting,

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

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

(c) Definitions

For the purposes of this Condition 14,

(i) **Eligible Person** means those persons entitled to attend and vote at a meeting of the Noteholders as stated in the relevant notice of meeting or pursuant to the relevant voting arrangements details of which are available from the Agent, in each case in accordance with Condition 14.1(a)(ii) (being the relevant Noteholders or duly appointed proxies or representatives of such Noteholders);

(ii) those Notes (if any) which are for the time being held by or for the benefit of the Issuer or any subsidiary of the Issuer shall (unless and until ceasing to be so held) be deemed not to remain **outstanding**; and

(iii) a **relevant clearing system** means, in respect of any Notes represented by a Global Note, any clearing system on behalf of which the Global Note is held or which is the bearer or (directly or through a nominee) registered owner of the Global Note, in each case whether alone or jointly with any other clearing system(s).

14.2 Modification

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

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

15. FURTHER ISSUES

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

16. SUBSTITUTION OF THE ISSUER

(a) The Issuer (or any previous substitute under this Condition 16) may, with respect to any Series of Notes issued by it (the **Relevant Notes**), without the further consent of the Noteholders but, subject to such substitution being in compliance with Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) and subject to the prior permission of the Regulator and/or the Relevant Resolution Authority, if and as applicable (if such permission is required), be replaced and substituted by any of its wholly owned Subsidiaries as the principal debtor in respect of the Notes, Coupons and Talons (the **Substituted Debtor**), provided that:

(i) the Issuer is not in default in respect of any amount payable under any of the Relevant Notes;

(ii) the Issuer (or any previous substitute under this Condition 16) and the Substituted Debtor have granted or entered into such documents (the **Documents**) as are necessary to give effect to the substitution and in which the Substituted Debtor has undertaken in favour of each Noteholder of the Relevant Notes to be bound by these Conditions and the provisions of the Agency Agreement as the debtor in respect of such Notes in place of the Issuer (or of any previous substitute under this Condition 16) and pursuant to which the Issuer shall unconditionally and irrevocably guarantee (the **New Guarantee**) in favour of each Noteholder the payment of all sums payable by the Substituted Debtor as such principal debtor with the Issuer's obligations under the New Guarantee ranking *pari passu* with the Issuer's obligations under the Notes prior to the substitution becoming effective;

(iii) if the Substituted Debtor is resident for tax purposes in a territory (the **New Residence**) other than that in which the Issuer prior to such substitution was resident for tax purposes (the **Former Residence**) the Documents contain an undertaking and/or such other

provisions as may be necessary to ensure that each Noteholder of the Relevant Notes has the benefit of an undertaking in terms corresponding to the provisions of Condition 6 (*Taxation*), with, where applicable, the substitution of references to the Former Residence with references to the New Residence. The Documents also contain a covenant by the Substituted Debtor and the Issuer to indemnify and hold harmless each Noteholder against all taxes or duties which arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred or levied against such holder as a result of any substitution pursuant to this Condition 16 and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, any and all taxes or duties which are imposed on any such Noteholder by any political sub-division or taxing authority of any country in which such Noteholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);

(iv) the Documents contain a warranty and representation by the Substituted Debtor and the Issuer that the Substituted Debtor and the Issuer have obtained all necessary governmental approvals and consents for such substitution and for the giving by the Issuer of the New Guarantee in respect of the obligations of the Substituted Debtor and for the performance by each of the Substituted Debtor and the Issuer of their respective obligations under the Documents and that all such approvals and consents are in full force and effect;

(v) each stock exchange on which the Relevant Notes are listed has confirmed that, following the proposed substitution of the Substituted Debtor, the Relevant Notes will continue to be listed on such stock exchange (of the Issuer or the Substituted Debtor is otherwise satisfied of the same);

(vi) a legal opinion shall have been delivered to the Agent (from whom copies will be available) from lawyers of recognised standing in the country of incorporation of the Substituted Debtor and the country which laws governs this Programme, confirming, as appropriate, that upon the substitution taking place the Notes, Coupons and Talons are legal, valid and binding obligations of the Substituted Debtor enforceable in accordance with their terms;

(vii) a legal opinion shall have been delivered to the Agent (from whom copies will be available) from lawyers of recognised standing in the country which law governs the Documents that upon the substitution taking place the Documents (including the New Guarantee given by the Issuer in respect of the Substituted Debtor) constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their terms;

(viii) a legal opinion shall have been delivered to the Agent (from whom copies will be available) from lawyers of recognised standing in the country which law governs the Documents that upon the substitution taking place the Documents constitute legal, valid and binding obligations of the parties thereto;

(ix) any rating agency which has issued a rating in connection with the Relevant Notes shall have confirmed that following the proposed substitution of the Substituted Debtor, the credit rating of the Relevant Notes will remain the same or be improved;

(x) if applicable, the Substituted Debtor has appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Documents; and

(xi) the substitution complies with all applicable requirements established under the applicable laws.

(b) Upon the execution of the Documents and the delivery of the legal opinions, the Substituted Debtor shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer (or any previous substitute under this Condition 16) under the Relevant Notes and any related Coupons or Talons and the Agency Agreement with the same effect as if the Substituted Debtor had been named as the principal debtor in place of the Issuer herein, and the Issuer or any previous substitute under these provisions shall, upon the execution of the Documents be released from its obligations under the Relevant Notes and any related Coupons or Talons and under the Agency Agreement.

(c) After a substitution pursuant to Condition 16(a), the Substituted Debtor may, without the further consent of any Noteholder, effect a further substitution. All the provisions specified in Condition 16(a) and 16(b) shall apply, *mutatis mutandis*, and references in these Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substituted Debtor.

(d) After a substitution pursuant to Condition 16(a) or 16(c) any Substituted Debtor may, without the further consent of any Noteholder, reverse the substitution, *mutatis mutandis*.

(e) The Documents shall be delivered to, and kept by, the Agent for so long as any Note remains outstanding and for so long as any claim made against the Substituted Debtor by any Noteholder in relation to the Notes or the Documents shall not have been finally adjudicated or settled or discharged. Copies of the Documents will be available free of charge at the specified office of each of the Agents.

(f) Not later than 15 Business Days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 13 (*Notices*).

(g) By its acquisition of the Notes, each Noteholder (which for these purposes includes each holder of a beneficial interest in the Notes) will be deemed to have expressly consented to any substitution of the Issuer pursuant to this Condition 16.

17. LOSS ABSORBING POWER

17.1 Exercise of Loss Absorbing Power and Acknowledgment

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

17.2 Payment of Interest and Other Outstanding Amounts Due

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

17.3 Notice to Noteholders

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

17.4 Duties of the Agents

Upon the exercise of any Loss Absorbing Power by the Relevant Resolution Authority, (a) the Agent shall not be required to take any directions from Noteholders, and (b) the Agency Agreement shall

impose no duties upon any of the Agents whatsoever, in each case with respect to the exercise of any Loss Absorbing Power by the Relevant Resolution Authority.

17.5 Proration

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

17.6 No Event of Default

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

17.7 Definitions

In this Condition 17:

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

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

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

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

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

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

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

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

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

18. SUBSTITUTION AND VARIATION

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

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

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

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

18.2 In the Conditions:

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

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

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

(a) (i) in the case of Ordinary Senior Notes eligible to comply with MREL Requirements, contain terms that comply with the then current requirements for MREL-Eligible Senior Preferred Instruments of the Issuer and/or the Group; (ii) in the case of Senior Non-Preferred Notes, contain terms that comply with the then current requirements for MREL-Eligible Senior Non-Preferred Instruments of the Issuer and/or the Group; (iii) in the case of Senior Subordinated Notes contain terms which comply with the then current MREL Requirements, in each case as embodied in the Applicable MREL Regulations; and (iv) in the case of Tier 2 Subordinated Notes, contain terms which comply with the then current requirements for their inclusion in the Tier 2 Capital of the Issuer and/or the Group, as embodied in the Applicable Banking Regulations; and

(b) carry the same rate of interest as the Notes prior to the relevant substitution or variation; and

(c) have the same denomination and aggregate outstanding principal amount as the Notes prior to the relevant substitution or variation; and

(d) have the same date of maturity and the same dates for payment of interest as the Notes prior to the relevant substitution or variation; and

(e) have the same ranking or higher as the Notes; and

(f) not, immediately following such substitution or variation, be subject to (i) in the case of Senior Notes and Subordinated Notes, an Eligible Liabilities Event or an early redemption right for taxation reasons according to Condition 5.2 (*Redemption for tax reasons*); and (ii) in the case of Tier 2 Subordinated Notes, a Capital Event or an early redemption right for taxation reasons according to Condition 5.2 (*Redemption for tax reasons)*; and

(g) be listed or admitted to trading on any stock exchange as selected by the Issuer, if Notes were listed or admitted to trading on a stock exchange immediately prior to the relevant substitution or variation.

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

19. GOVERNING LAW AND SUBMISSION TO JURISDICTION

19.1 Governing law

The Notes and the Coupons and any non-contractual obligations arising out of or the Notes and the Coupons are governed by, and construed in accordance with, Spanish common law (*Derecho civil común*). The Notes are issued in accordance with the formalities prescribed by Spanish companies law. The Agency Agreement and any non-contractual obligations arising out of or in connection with the Agency Agreement are governed by, and construed in accordance with, English law.

19.2 Submission to jurisdiction

(a) Subject to Condition 19.2(c), the courts of Spain, in particular, the courts of the city of Valencia, have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons (a **Dispute**) and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of such courts.

(b) For the purposes of this Condition 19.2, the Issuer waives any objection to the courts of the city of Valencia, Spain, on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

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

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for the general financing requirements of the CaixaBank Group of which it forms a part. If, in respect of an issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

DESCRIPTION OF THE ISSUER

History and development of the Issuer

CaixaBank, S.A. (**CaixaBank** or the **Issuer**) and its subsidiaries compose the CaixaBank Group (the **CaixaBank Group** or the **Group**). The Issuer has its registered office in the city of Valencia, at calle Pintor Sorolla, 2-4, 46002 Valencia (contact telephone number +34 93 411 75 03), registration number 2100 in the register of the Bank of Spain (*Banco de España*) with Legal Entity Identifier (L.E.I.) code 7CUNS533WID6K7DGFI87. The Issuer is a Spanish company with legal status as a public limited company (*sociedad anónima*) admitted to trading on the Spanish stock exchanges and is governed by the Restated Spanish Companies Law (*Texto Refundido de la Ley de Sociedades de Capital*), approved by Royal Legislative Decree 1/2010, of 2 July (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*), as amended. The Issuer is also subject to special legislation applicable to lending institutions in general and to companies admitted to trading; the supervision, control and regulation of the European Central Bank (**ECB**), and, as a listed company, the regulatory oversight of the Spanish Securities Market Commission (**CNMV**).

The Issuer was incorporated for an indefinite period under the corporate name Grupo de Servicios, S.A. by virtue of a public deed granted on 12 December 1980. The Issuer changed its name to GDS-Grupo de Servicios, S.A. on 22 December 1983 and adapted its by-laws to the Royal Decree Legislative 1564/1989, of 22 December, approving the Spanish Companies Law (*Ley de Sociedades Anónimas*) in force at that time on 1 June 1992.

On 1 June 2000, GDS-Grupo de Servicios, S.A. merged with CaixaHolding, S.A.U. and adopted its corporate name, formalised by virtue of a public deed granted on 11 July 2000. In July 2000, Caixa d'Estalvis i Pensions de Barcelona, "la Caixa", (**la Caixa**) transferred the majority of its portfolio of companies in which it held a stake to the Issuer.

The Issuer subsequently changed its corporate name to Criteria CaixaCorp, S.A. (**Criteria**) on 2 August 2007 and in October 2007, the Issuer completed the process to have its securities admitted to trading on the Barcelona, Madrid, Valencia and Bilbao stock exchanges (the **Spanish stock exchanges**) further to a public offering.

Reorganisation of la Caixa Group in 2011

The enactment of Royal Decree-Law 11/2010, of 9 July, on the governing bodies and other matters relating to the legal framework of savings banks (*Real Decreto-ley 11/2010, de 9 de julio, de órganos de gobierno y otros aspectos del régimen jurídico de las Cajas de Ahorros*) (**Royal Decree-Law 11/2010**), and the approval of the consolidated text of the Catalan Savings Banks Law pursuant to Decree-Law 5/2010, of 3 August (*Decreto-ley 5/2010, de 3 de agosto, de modificación del texto refundido de la Ley de Cajas de Ahorros de Cataluña, aprobado por el Decreto Legislativo 1/2008, de 11 de marzo*) (**Decree-Law 5/2010**), enabled Spanish savings banks (*cajas*) based in Catalonia to conduct their financial activities indirectly through a bank.

Under this legal framework, on 27 January 2011, the boards of directors of la Caixa, Criteria and MicroBank de la Caixa, S.A. (**MicroBank**) entered into a framework agreement which set out the structure for the reorganisation of the la Caixa group. The structure was designed to enable la Caixa to indirectly carry out its financial activity while maintaining its social welfare activities. The restructuring plan was approved at the Ordinary General Assembly of la Caixa held on 28 April 2011, and at the ordinary general shareholders meeting of Criteria held on 12 May 2011.

Pursuant to the framework agreement dated 27 June 2011, la Caixa assigned the assets and liabilities comprising its financial business to MicroBank and, by means of a swap, la Caixa transferred all post-

segregation shares in MicroBank to Criteria. Further to the swap, Criteria became owner of 100% of the outstanding share capital of MicroBank. On 30 June 2011, Criteria and MicroBank merged, MicroBank ceased to exist, and the Issuer adopted its current corporate name, CaixaBank, S.A. Also on this date, the Issuer was entered on the Bank of Spain's Registry of Banks and Bankers (*Registro Especial de Bancos y Banqueros*) and, on 1 July 2011, it was listed on the Spanish stock exchanges as a bank.

Merger with Banca Cívica in 2012

On 26 March 2012, the boards of directors of la Caixa, CaixaBank, Caja de Ahorros y Monte de Piedad de Navarra (**Caja Navarra**), Caja General de Ahorros de Canarias (**Caja Canarias**), Caja de Ahorros Municipal de Burgos (**Caja de Burgos**), Monte de Piedad Caja de Ahorros San Fernando de Guadalajara, Huelva, Jerez y Sevilla (**Cajasol**, together with Caja Navarra, Caja Canarias and Caja de Burgos, the **Cajas**) and Banca Cívica, S.A. (**Banca Cívica)** entered into a merger agreement to establish the terms of the integration of Banca Cívica into CaixaBank.

At that date, Banca Cívica was the central company (*sociedad central*) of the Institutional Protection Scheme (*Sistema Institucional de Protección*, or "SIP") comprising the Cajas, and the entity through which the Cajas carried on their financial activity indirectly under Royal Decree-Law 11/2010. Prior to the integration of Banca Cívica into CaixaBank, the Cajas owned 55.32% of the share capital and voting rights of Banca Cívica.

On 18 April 2012, the boards of directors of the Issuer and Banca Cívica signed the merger plan, which was approved by their respective extraordinary general shareholders' meetings held on 26 June 2012. The merger was also approved at the ordinary general assembly of la Caixa held on 22 May 2012.

Further to completion of all applicable conditions precedent on 26 July 2012, the Issuer took control of Banca Cívica's assets and liabilities. On 3 August 2012, the public merger deed was registered at the Companies Register and the merger of Banca Cívica and CaixaBank was completed. From this date, Banca Cívica ceased to exist.

Pursuant to the merger, five CaixaBank shares were exchanged for eight Banca Cívica shares, the share capital of which at the date of approval of the merger consisted of 497,142,800 shares. CaixaBank completed the exchange of shares with a combination of 71,098,000 treasury shares and 233,000,000 newly issued shares, issued pursuant to a capital increase approved at the CaixaBank extraordinary general shareholders' meeting of 26 June 2012, registered with the Companies Register on 3 August 2012. The exchange did not take into account either the shares of Banca Cívica previously held by CaixaBank, or Banca Cívica's treasury shares which were cancelled.

Acquisition of Banco de Valencia in 2013

On 27 November 2012, the Issuer signed a share purchase agreement to acquire, for €1 per share, the shares of Banco de Valencia held by the FROB. Having obtained the required administrative approvals and authorisations, and under the terms and conditions agreed with the FROB and official approval and authorisation by Spanish and EU authorities, on 28 February 2013, the Issuer confirmed the purchase of these shares (98.9% of the outstanding share capital of Banco de Valencia).

In accordance with the share purchase agreement, prior to the acquisition, Banco de Valencia's distressed assets were transferred to the *Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A.* (**Sareb**).

The acquisition was subject to a series of financial support measures structured through an asset protection scheme (*esquema de protección de activos*). Pursuant to this scheme, during a 10-year period the FROB will assume 72.5% of losses incurred in Banco de Valencia's small and medium sized entities (**SMEs**), self-

employed professionals, and contingent risk portfolios (guarantees), following the application of any existing provisions recognised for these assets.

On 4 April 2013, the planned merger between CaixaBank and Banco de Valencia was approved by the boards of directors of each entity pursuant to which one CaixaBank share was to be exchanged for 479 shares of Banco de Valencia.

Following the approval of the Ministry of Economy and Competition (*Ministerio de Economía y Competitividad*), on 19 July 2013, CaixaBank registered its merger with Banco de Valencia on the Companies Register, rendering the merger fully effective as from that date.

Reorganisation of la Caixa Group in 2014

In accordance with Law 26/2013, of 27 December (the **Savings Banks and Banking Foundations Act**), la Caixa, as a savings bank that conducted its credit institution activities through an indirectly-owned subsidiary bank, was required to change its corporate form to a banking foundation prior to 29 December 2014. In order to comply with these new legal requirements, on 22 May 2014, a General Assembly of la Caixa resolved to transform la Caixa into a banking foundation. The public deed formalising this transformation was recorded in the Register of Foundations on 16 June 2014, completing the change of corporate form and thereby ending la Caixa's indirect conduct of its credit institution activities through CaixaBank.

The transformation of la Caixa into a banking foundation carried with it a dual-step reorganisation of the la Caixa group: firstly, the dissolution and liquidation of Fundación Caixa d'Estalvis i Pensions de Barcelona (**la Caixa Foundation**) by means of the transfer of 100% of the la Caixa Banking Foundation's assets and liabilities to Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona (**la Caixa Banking Foundation**), completed on 16 October 2014; and secondly, the segregation and transfer to Criteria Caixa, S.A.U. (**CriteriaCaixa**) (formerly known as Criteria CaixaHolding, S.A.U.) of any debt instruments issued by la Caixa and the shares held by la Caixa Banking Foundation in CaixaBank (58.91% of the total share capital of CaixaBank as of 14 October 2014), completed on 14 October 2014 with the registration of a public deed of spin-off (*segregación*) with the Commercial Registry of Barcelona.

As a result of this process of reorganisation, la Caixa Banking Foundation held its ownership interest in CaixaBank through CriteriaCaixa and la Caixa Banking Foundation is no longer classified as a credit institution (or savings bank).

Acquisition of Barclays Bank, S.A.U.

On 2 January 2015, CaixaBank acquired 100% of the share capital of Barclays Bank, S.A.U. and the entire retail banking, wealth management and corporate banking arms of Barclays Bank, S.A.U. in Spain, excluding the investment banking and card businesses. CaixaBank paid €820 million to Barclays Bank PLC as the final price for Barclays Bank, S.A.U. On 14 May 2015, the merger between CaixaBank and Barclays Bank, S.A.U. was registered with the Commercial Registry.

Sale of shareholding in Boursorama, S.A. and Self Trade Bank, S.A.

On 18 June 2015, CaixaBank announced the sale to Société Générale Group of its entire stake in Boursorama, S.A., which represented 20.5% of the share capital, as well as the voting rights, for a price of €218.5 million. Similarly, CaixaBank announced the signing of the sale to Boursorama of its stake in Self Trade Bank, S.A., the joint venture that it had with Boursorama in Spain, which represented 49% of the share capital. The agreed consideration was €33 million. With these transactions, the alliance that began in 2006 after the sale to Boursorama, S.A. of CaixaBank France ended.

Deconsolidation of CaixaBank from CriteriaCaixa Group

On 26 May 2016, CriteriaCaixa, which held 56.8% of CaixaBank's issued share capital at the time, disclosed its intention to deconsolidate CaixaBank from CriteriaCaixa and its subsidiaries (the **CriteriaCaixa Group**) as well as the response issued by the ECB to the enquiry made by CriteriaCaixa setting the following conditions precedent for the deconsolidation of CaixaBank from the CriteriaCaixa Group:

- The voting and dividend rights of CriteriaCaixa in CaixaBank must not exceed 40% of all voting and dividend rights. The reduction must allow new investors or new funds to enter the shareholding structure of CaixaBank, without factoring in the asset swap agreement involving BEA (as defined below) and GF Inbursa (as defined below) which was disclosed by way of disclosure notification to the market on 3 December 2015;

- The proprietary directors of CriteriaCaixa at CaixaBank must not exceed 40% of all directors. This limit must also apply to the relevant Board committees. Any Board member proposed by a shareholder that has an agreement with CriteriaCaixa will be considered a proprietary director of CriteriaCaixa for these purposes. Accordingly, Board members proposed by the savings banks (now foundations) formerly comprising Banca Cívica (which was absorbed by CaixaBank) will therefore be considered as proprietary directors of CriteriaCaixa;

- In relation to appointments of directors elected by the Board itself (co-opted), the proprietary directors of CriteriaCaixa shall only vote for the directors proposed by CriteriaCaixa and shall abstain in all other cases. With regard to appointments of directors by shareholders at the general shareholders' meeting, CriteriaCaixa shall not object to any appointments proposed by the Board of Directors of CaixaBank;

- A coordinating director must be appointed from among the independent directors of CaixaBank with extensive powers, including relations with shareholders in corporate governance matters; and

- CaixaBank may not grant CriteriaCaixa and/or la Caixa Banking Foundation financing that exceeds 5% of the eligible capital at the sub-consolidated level of the CaixaBank Group in the 12 months following the deconsolidation, and the financing must be zero as of that date. In addition, indirect financing may not be provided by distributing debt instruments among CaixaBank's customers.

Once the conditions set by the ECB had been complied with, the ECB would evaluate the deconsolidation of CaixaBank from the CriteriaCaixa Group. If the ECB confirmed that the conditions had been met and that CriteriaCaixa was no longer the controlling entity over CaixaBank, then provided that CriteriaCaixa did not hold a controlling stake in any other bank, it would cease to be a mixed financial holding company for the purposes of CRR. This would result in the CriteriaCaixa Group no longer being required to comply with the capital requirements set out in CRR.

On 26 September 2017, the ECB resolved that having confirmed the loss of control of CriteriaCaixa over CaixaBank, CriteriaCaixa had ceased to be considered a mixed financial holding company for the purposes of CRR under its supervision. The parent company of the new group for the purposes of complying with the capital requirements set out in CRR is CaixaBank, as published in CaixaBank's relevant event announcement (*hecho relevante*) dated 26 September 2017.

Key events in 2016, 2017, 2018 and 2019

Asset swap with CriteriaCaixa of the stakes held in The Bank of East Asia (BEA) and GF Inbursa in exchange for treasury shares and cash

On 30 May 2016, CaixaBank completed the asset swap which was announced on 3 December 2015, when it transferred its stake in BEA representing approximately 17.30% of its share capital and its stake in GF

Inbursa representing approximately 9.01% of its share capital, to CriteriaCaixa. In turn CriteriaCaixa transferred treasury shares representing 9.9% of its share capital and a cash amount of €678 million to CaixaBank.

As a result of the asset swap, the agreements related to BEA and GF Inbursa were amended so that CriteriaCaixa replaced CaixaBank as shareholder.

Stake held in Visa Europe Ltd.

As of 21 June 2016, Visa Inc. completed the acquisition of Visa Europe Ltd. from CaixaBank. The sale of the stake in Visa Europe Ltd., previously classified as a financial asset available for sale, generated a gross capital gain of €165 million (€115 million, net) in the Group's consolidated statement of profit or loss for 2016 and the addition of Visa Inc. securities to the portfolio.

Disposal of Repsol shares as a result of the early amortisation of CaixaBank's mandatory exchangeable bonds into Repsol shares.

In connection with the early redemption of all of CaixaBank's "Unsecured Mandatory Exchangeable Bonds due 2026", with ISIN code XS0994834587, announced on 28 January 2016 and made effective on 10 March 2016, CaixaBank delivered a total of 29,824,636 Repsol shares representing 2.069% of Repsol's share capital.

Banco BPI acquisition process

On 18 April 2016, CaixaBank announced to the market that the Board of Directors had decided to launch a voluntary tender offer for the shares of Banco BPI, S.A. (**Banco BPI**). The offered price was €1.113 per share payable in cash and was subject to the elimination of the voting cap in Banco BPI, obtaining a number of acceptance declarations so that CaixaBank would become the owner of more than 50% of Banco BPI's share capital and to the regulatory approvals. The price was equivalent to the volume weighted average price of Banco BPI shares for the six months prior to such preliminary announcement of the tender offer.

At the extraordinary general shareholders' meeting of Banco BPI held on 21 September 2016, the shareholders of Banco BPI approved a resolution to eliminate the voting cap that had been established in the articles of association of Banco BPI. Due to such elimination and to the fact that CaixaBank held a stake in Banco BPI above 33.3%, the Portuguese securities regulator (the **CMVM**) revoked the waiver to launch a mandatory tender offer over Banco BPI originally granted to CaixaBank in 2012 and, therefore, CaixaBank became bound by duty to launch a mandatory tender offer over Banco BPI. Consequently, the legal nature of the tender offer (initially voluntary) was converted into a mandatory tender offer (the **Banco BPI Tender Offer**). Furthermore, CaixaBank increased the price of the Banco BPI Tender Offer up to €1.134 per share payable in cash, equivalent to the volume weighted average price of Banco BPI shares for the six months prior to 21 September 2016.

On 22 September 2016, 585 million treasury shares, representing 9.9% of CaixaBank's share capital with a book value of €2,013 million, were sold with the objective of reinforcing the regulatory capital ratio in view of the Banco BPI Tender Offer and complying with the objective of CaixaBank's 2015-2018 strategic plan to maintain a CET 1 ratio fully loaded between 11% and 12%. The proceeds raised amounted to €1,322 million and the impact on the CET1 ratio was 0.98% on a fully loaded basis and 0.97% on a phase-in basis. Hence, this capital impact was included in the capital evolution of the second half of 2016 (from 30 June 2016 to 31 December 2016) in which period the fully loaded CET1 ratio changed a 0.2% due to capital generation, 0.98% due to this sale of treasury shares and -0.26% due to value adjustments and others.

On 5 January 2017, Banco BPI lost control over BFA as a result of the execution of the sale of a 2% BFA stake to Unitel, S.A (**Unitel**) and the execution of a new shareholders' agreement between Banco BPI and Unitel in relation to BFA. Unitel currently holds 51.9% of the share capital of BFA and Banco BPI has

reduced its stake in BFA down to 48.1%. This transaction was previously approved by an extraordinary general shareholders' meeting of Banco BPI held on 13 December 2016. This transaction allowed Banco BPI to solve the situation of non-compliance of the large exposure risks derived from its participation in BFA.

Finally, on 16 January 2017, after CaixaBank obtained all the applicable regulatory approvals, the CMVM registered Banco BPI Tender Offer prospectus. The acceptance period of the Banco BPI Tender Offer started on 17 January 2017 and ended on 7 February 2017, as result of which CaixaBank increased its stake in Banco BPI from 45.5% to 84.51% of the issued share capital. The payment for the 39.01% of share capital stood at €645 million.

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

In such announcement, CaixaBank also informed the market about its intention, on the one hand, to convene a general shareholders' meeting of Banco BPI to decide on the delisting of Banco BPI in accordance with Article 27.1.b) of the Portuguese Securities Code and offer all shareholders that did not vote in favour of the delisting the purchase of their shares at a price of €1.45 per share; and, on the other, its intention to exercise the squeeze-out right under Article 490 of the Portuguese Commercial Company Code once the CMVM approved the delisting – also at a price of €1.45 per share for all the remaining shares of Banco BPI which it did not yet hold at the time.

With a majority of 99.26% of the votes issued, on 29 June 2018 Banco BPI's general shareholders' meeting' approved the delisting and CaixaBank offered the purchase of BPI shares at a price of €1.45 per share to the shareholders that did not vote in favour. Subsequently, on 12 July 2018, Banco BPI requested its delisting from the stock exchange to the CMVM.

On 23 August 2018, the CMVM determined that an independent consultant must set the price per share of CaixaBank's purchase offer. The CMVM made this decision based on the fact that the price offered by CaixaBank arose from an *individual negotiation* given that it was the same as that which had been paid to the Allianz group (€1.45 per share), and therefore it was presumed *unfair* in accordance with Article 188.3 of the Portuguese Securities Code. The designated expert was RSM & Asociados, SROC, LDA.

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

On 11 December 2018, the CMVM publicly announced that the independent expert had set the minimum price of CaixaBank's purchase offer at €1.47 euros per share. Subsequently, on 14 December 2018, the CMVM approved the delisting of Banco BPI.

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

The squeeze-out right was settled at the beginning of January 2019. The disbursement in order to acquire 5.1% of the share capital after the delisting from the stock exchange and to reach 100% of the Banco BPI's share capital amounted to €108 million and has not affected the consolidated profit and loss account of the Group.

2017 early retirement schemes

On 10 January 2017, a paid early retirement scheme was launched for employees of the Group born between 1 March 1953 and 31 December 1959, which has been accepted by 350 people, with an impact in the profit and loss statement of costs of €152 million.

On 12 May 2017, a paid early retirement scheme was launched for employees of the Group born before 1 January 1962. On 19 May 2017, the sign-up period for the scheme ended, with the acceptance of 610 employees and a one-off expense of €303 million gross.

Agreement with Cecabank

On 28 June 2017, CaixaBank Asset Management SGICC, S.A.U. (**CaixaBank AM**) and VidaCaixa, two fully owned subsidiaries of CaixaBank, reached an agreement with Cecabank, S.A. (**Cecabank**) whereby the latter would continue to act, until 31 March 2027, as the exclusive depositary for 80% of the assets under management related to the mutual funds, SICAVs (*Sociedades de Inversión de Capital Variable*) and individual pension funds which are managed by CaixaBank AM and VidaCaixa.

Interim dividend 2017

On 23 October 2017, the Board of Directors of CaixaBank agreed to pay an interim dividend of €0.07 per share, with payment taking place on 2 November 2017.

Announcement of the payment of a final dividend for 2017

On 6 April 2018, CaixaBank announced that at the Ordinary Annual General Meeting, shareholders had approved the distribution of a final cash dividend of €0.08 per share (gross) against 2017 profits.

After payment of this dividend, the total shareholder remuneration for 2017 amounted to €0.15 per share (gross), bringing the total cash amount paid to 53% of consolidated net profit, in line with the 2015-2018 strategic plan targets.

Early redemption of subordinated bonds

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

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

Acquisition of 51% of the share capital of Servihabitat

On 8 June 2018, CaixaBank announced that it had reached an agreement with the company SH Findel, SARL (controlled by TPG Sixth Street Partners) to acquire 51% of the share capital of Servihabitat Servicios Inmobiliarios, S.L. at a price of €176.5 million. The deal was cleared by the relevant authorities and completed on 13 July 2018.

The repurchase of 51% of Servihabitat has had a negative impact of minus 15 basis points on the fully-loaded CET1 ratio and of minus €204 million on the 2018 income statement.

Sale of 80% of the real estate business

On 28 June 2018, CaixaBank arranged to sell 80% of its real estate business to a company owned by Lone Star Fund X and Lone Star Real Estate Fund V.

The real estate business to be sold to Lone Star comprises mainly the portfolio of real estate assets available for sale at 31 October 2017, as well as 100% of the share capital of Servihabitat Servicios Inmobiliarios, S.L. (**Servihabitat**). The gross value of the real estate assets at 31 October 2017 was approximately €12,800 million (with a net book value of approximately €6,700 million).

CaixaBank intends to convey its real estate business to a newco, 80% of which it will then sell to Lone Star, while retaining the remaining 20% stake.

On 20 December 2018 CaixaBank closed the transaction announced on 28 June 2018.The real estate business was contributed to a new company called Coral Homes, S.L. The transaction results in the deconsolidation of said real estate business.

The initial price for 80% of the share capital of Coral Homes S.L. was €3,974 million, which equated to a valuation of €4,967.5 million for 100% of the company, as of 20 December 2018. The initial price is to be adjusted in accordance with a series of variables that are customary in these types of transactions.

CaixaBank and other group companies signed on 20 December 2018 a five year servicing agreement with Servihabitat for existing and future real estate assets.

The final overall impact of the Transaction (including all related expenses, taxes and other costs) on the profit and loss account turned out to be €-48 million net of tax, while adding 14 basis points to the fully loaded CET1 ratio.

Agreement to sell the stake in Repsol

On 20 September 2018, the Group agreed to dispose of the current shareholding in Repsol, in line with the guidelines set out in the current strategic plan. The process was undertaken in the following way:

- The two equity-swap contracts in place over 4.61% of the Repsol shares were settled early on 20 September 2018, through the delivery of shares.

- The proprietary directors of CaixaBank on the Board of Directors of Repsol stood down from their corresponding positions.

- The remaining position in Repsol of approximately 4.75% of the share capital was reclassified as "Financial assets at fair value with changes in other comprehensive income".

- The sales programme for the shares classified under "Financial assets at fair value with changes in other comprehensive income" will be subject to a daily cap of 15% of the trading volume during the day. The number of shares sold will depend on the market conditions and a listing price that ensures the income obtained represents a fair value for the CaixaBank shareholders, among other conditions. The completion of the sales programme will be disclosed through a regulatory announcement.

The impact derived from the significant loss of influence in the shareholding in Repsol, after the execution of the equity-swap contracts and the reclassification of the residual shareholding under the financial heading "Financial assets at fair value with changes in other comprehensive income" of the consolidated balance

sheet stands at a gross loss of €453 million, registered under the heading "Gains/(losses) on derecognition of non-financial assets, net".

Interim dividend 2018

On 25 October 2018, the Board of Directors of CaixaBank agreed to pay an interim dividend of €0.07 per share, with payment taking place on 5 November 2018.

Amendments to the shareholders agreements

On 29 October 2018, CaixaBank published a relevant event announcement (*hecho relevante*) reporting the amendments to the agreements subscribed by la Caixa Banking Foundation and Caja Navarra Banking Foundation, Cajasol Foundation, Caja Canarias Foundation and Caja de Burgos, Banking Foundation following the merger by absorption of Banca Cívica by CaixaBank, on 1 August 2012.

The main purpose of the amendment of the abovementioned agreements was to clarify their content regarding certain commitments assumed by la Caixa Banking Foundation to meet the conditions approved in March 2016 by the Supervisory Board of the ECB for the deconsolidation from CriteriaCaixa of CaixaBank for prudential purposes, which meant a reduction in the participation of la Caixa Banking Foundation and the consequent loss of control of CaixaBank.

The amendments implied: (i) clarifying its content regarding the collaboration relationship between the parties with the aim of strengthening the full autonomy of the parties in relation to the management of their participations in CaixaBank's share capital, (ii) clarifying its content with respect to the regulation of the Territorial Advisory Boards which were created within the framework of the integration into CaixaBank of the savings banks that founded Banca Cívica, describing their functions in more detail, (iii) eliminating the preferential right to acquire shares in CaixaBank initially agreed between the savings banks that founded Banca Cívica and Caja de Ahorros y Pensiones de Barcelona, "la Caixa", and (iv) that the Fundación Privada Monte de Piedad and Caja de Ahorros San Fernando de Huelva, Jerez y Sevilla (Fundación Cajasol), previously, Monte de Piedad and Caja de Ahorros San Fernando de Guadalajara, Huelva, Jerez y Sevilla (Cajasol), one of the savings banks that founded Banca Cívica, upon its request, no longer forms part of the Integration Agreement between CaixaBank and Banca Cívica and of the CaixaBank Shareholders' Agreement.

Results of the 2018 EU-wide stress test

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

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

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

Early redemption of self-retained covered bonds

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

S.A., with ISIN code ES0440609065, amounting to €500,000,000; and (iii) the *"7ª Emisión de Cédulas Territoriales de CaixaBank, S.A.*, with ISIN code ES0440609289, amounting to €1,500,000,000.

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

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

Information on dividends

On 31 January 2019, the Board of Directors of CaixaBank agreed to submit for approval at the upcoming annual general meeting the distribution of a €0.10 gross final cash dividend per share against 2018 fiscal year profits, payable during the month of April 2019. The approval of this dividend at the annual general meeting, if applicable, and the specific payment conditions will be disclosed in due course.

Once this dividend has been settled, total remuneration corresponding to the 2018 fiscal year will have amounted to €0.17 gross per share, equivalent to a pay-out of 51% of consolidated net income, which is in line with the 2015-18 strategic plan.

Furthermore, the Board of Directors approved a change in dividend policy whereby shareholder remuneration will take place through a single cash payment, which will be paid once the fiscal year has been closed, around the month of April 2019. In line with the 2019-21 strategic plan, CaixaBank reiterates its intention to remunerate shareholders by distributing an amount in cash greater than 50% of consolidated net attributable income, with a cap for 2019 fiscal year of 60% of consolidated net income.

Senior non-preferred notes issue – January 2019

On 18 January 2019, CaixaBank issued €1,000,000,000 2.375% senior non-preferred notes due 1 February 2024 under its €15,000,000,000 Euro Medium Term Note Programme. The interest on this bond will accrue from (and including) the issue date until (but not including) 1 February 2024 at an annual rate of 2.375%.

Ordinary Senior Notes issue – March 2019

On 27 March 2019, CaixaBank issued €1,000,000,000 1.125% ordinary senior notes due 27 March 2026 under its €15,000,000,000 Euro Medium Term Note Programme. The interest on this bond will accrue from (and including) the issue date until (but not including) 27 March 2026 at an annual rate of 1.125%.

Minimum prudential capital requirements for the CaixaBank Group for 2019

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

Both decisions on SREP and O-SII remain unchanged with respect to the year 2018 at 1.50% and 0.25% on a fully loaded[4] basis, and require that CaixaBank Group maintains in 2019 a CET1 ratio of 8.75%[5], which includes the minimum Pillar 1 requirement (4.50%), the ECB Pillar 2 requirement[6] (1.50%), the Capital Conservation buffer (2.5%) and the O-SII buffer (0.25%). Similarly, based on the minimum requirements of

[4] From 1 January 2019 the phase-in and fully loaded requirements coincide after the end of the transitional period
[5] All percentages refer to the total amount of risk-weighted assets
[6] Applies only at a consolidated level

Pillar 1 applicable to Tier 1 (6%) and Total Capital (8%), the requirements would reach 10.25% fully loaded for Tier 1 and 12.25% for Total Capital.

The following table shows these solvency requirements compared to the capital position of CaixaBank Group as of 31 December 2018:

	Capital position Dec'18		Minimum requirements			
	Phase-in	Fully loaded	Phase-in and fully loaded[1]	*of which Pillar 1*	*of which Pillar 2R*	*of which Buffers*
CET1	11.8%	11.5%	8.75%	*4.5%*	*1.5%*	*2.75%*
Tier 1	13.3%	13.0%	10.25%	*6.0%*	*1.5%*	*2.75%*
Total Capital	15.6%	15.3%	12.25%	*8.0%*	*1.5%*	*2.75%*

As a result of these decisions, the CET1 threshold below which CaixaBank Group[7] would be forced to limit 2019 distributions in the form of dividend payments, variable remuneration and interest to holders of Additional Tier 1 instruments, commonly referred to as the activation level of the maximum distributable amount (or MDA trigger), is set at 8.75%, to which the potential capital shortfalls of Additional Tier 1 or Tier 2 should be added with respect to the minimum implicit Pillar 1 levels of 1.5% and 2%, respectively[8].

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

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

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

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

According to the current eligibility criteria of the SRB, CaixaBank's best estimate of its MREL ratio stood at 20.2% on a consolidated basis as of 31 March 2019.

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

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

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7 At an individual level, as of 31 December 2018, CaixaBank's phase-in CET1 ratio reached 13.3%, compared to a minimum requirement of 7.25% as of 1 January 2019. Thus, capital requirements are more restrictive at a consolidated level than at individual level.

8 As of 31 December 2018, there was no shortfall at Additional Tier 1 and Tier 2 levels.

Strategic Plan 2019-21. Financial targets

The CaixaBank Group unveiled its 2019-21 strategic plan (the **Plan**) on 27 November 2018. The Plan takes into account that the economy is moving towards a more mature phase of the business cycle, with Spain and Portugal expected to achieve annual real GDP growth rates of approximately 2% in 2019E-2021E (*Source: CaixaBank Research*).

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

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

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

The plan has the following five strategic lines:

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

For the three-year plan period CaixaBank aims to achieve, among other financial and operating targets: (i) a ROTE[9] higher than 12% by 2021; (ii) a core cost-to-income ratio of less than 55% by 2021[10]; (iii) a compound annual growth rate for core revenues[11] of 5%; (iv) reducing the non-performing loan ratio[12] to below 3% by 2021; (v) a cost of risk[13] of less than 30 bps (2019E-2021E); (vi) a fully loaded CET1 ratio of approximately 12% (plus an additional 1% prudential buffer throughout 2019-2021 as a temporary buffer to absorb potential future regulatory impacts in the coming years, including the end of the Basel III framework on 1 January 2022) (vii) distributing to shareholders a cash dividend payout ratio above 50% of its consolidated net profit; and (viii) maintaining the LCR ratio above 130% by 2021.

These are targets only and not forecasts. There can be no assurance that these targets can or will be met and they should not be seen as an indication of the Group's expected or actual results or returns. Accordingly, prospective investors should not place any reliance on these targets in deciding whether to invest in the Notes. In addition, as noted previously, prior to making any investment decision, prospective investors should carefully consider the risk factors described in this Base Prospectus.

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9 ROTE: profit attributable to the Group, trailing 12 months (adjusted by the amount of the Additional Tier 1 coupon after tax reported in equity), divided by 12 months average tangible equity, defined as own funds (including valuation adjustments registered in Other Comprehensive Income) minus intangible assets using management criteria (calculated as the value of intangible assets in the public balance sheet, plus the intangible assets and goodwill associated with investees, net of provisions, recognised in Investments in joint ventures and associates in the public balance sheet).

10 Core cost-to-income ratio: administrative expenses, depreciation and amortisation divided by core revenues (last 12 months).

11 Core revenues: there is a definition of this financial target in the APM section, as well as a discussion of its relevance and a reconciliation to figures in the financial statements.

12 Non-performing loan ratio, quotient between: non-performing loans and advances to customers and contingent liabilities, using management criteria; total gross loans to customers and contingent liabilities, using management criteria.

13 Cost of risk: total allowances for insolvency risk divided by average of gross loans plus contingent liabilities, using management criteria (trailing twelve months).

Business overview

This section shows financial information on the different business segments of the CaixaBank Group, which are structured as follows:

- **Banking and insurance:** includes all revenues from banking, insurance and asset management within the Group, mainly in Spain, as well as liquidity management, ALCO, income from financing the other businesses and the Group-wide corporate centre. It also includes the businesses that CaixaBank acquired from BPI starting from December 2017 (insurance, asset management and cards).

- **Non-core real estate:** shows the results, net of financing costs, of real estate assets in Spain defined as non-core, which include:

  – Loans to real estate developers classified as non-core.

  – All foreclosed real estate assets (available for sale and rental), most of which are owned by real estate subsidiary BuildingCenter.

  – Other real estate assets and interests.

- **Equity investments:** essentially shows income from dividends and/or profit accounted for using the equity method, net of financing costs, from the Group's interests, as well as gains/(losses) on the financial assets and liabilities held at Erste Group Bank, Repsol, Telefónica, BFA, BCI and Viacer. It also includes the significant impacts on income of other relevant stakes across sectors, incorporated to the Group through recent acquisitions in Spain, as well as the stakes consolidated through BPI.

  The results contributed by BPI to the consolidated income statement under the equity method are included through to the effective takeover in February 2017, whereupon a new business segment was created. Meanwhile, the stake in Repsol, following the agreement to sell, and the stake in BFA, after re-estimating the significant influence at 2018 year-end, are classified as financial assets designated at fair value through other comprehensive income.

- **BPI:** this business shows the results following the takeover of BPI in February 2017, from which time the Portuguese bank's assets and liabilities have been reported using the full consolidation method (considering the adjustments made to the business combination). The income statement shows the reversal of the fair value adjustments of the assets and liabilities resulting from the business combination and excludes the results and balance sheet figures associated with the assets of BPI assigned to the equity investments business (essentially BFA, BCI and Viacer), as discussed previously.

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

Capital is assigned to the non-core real estate and equity investments businesses to pursue the corporate target of maintaining a fully loaded regulatory CET1 ratio of between 11% and 12%. The capital assigned to these businesses takes into account both the consumption of capital for risk-weighted assets at 11% and all applicable deductions.

Capital is assigned to BPI on a sub-consolidated basis, meaning in view of the subsidiary's own funds. The capital consumed at BPI by the investees assigned to the equity investments business is allocated consistently to this business.

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

While the Group has kept the same structure of business segments in 2018, it has made certain changes to its presentation criteria, with 2017 restated for comparison purposes as follows:

- Allocation to the equity investments business of BFA, BCI and Viacer mainly, which were previously shown in the BPI business segment.

- Analytical income at the banking and insurance business is no longer charged to the non-core real estate business, in connection with the marketing and sale of assets.

The capital gains generated by BPI on selling its asset management and card businesses to CaixaBank have had no impact on the results of the different business segments since they qualify as intragroup operations and are eliminated from consolidated earnings.

Banking and Insurance business

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

The gross balance of customer loans amounted to €200,397 million as at 31 December 2018, as compared to €199,990 million as at 31 December 2017 and €201,970 million as at 31 December 2016. Total customer funds, using management criteria, amounted to €329,308 million as at 31 December 2018, compared to €320,501 million as at 31 December 2017 and €303,781 million as at 31 December 2016.

Banking Business

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

As of 31 December 2018, CaixaBank had over 13.7 million customers, including individuals, companies and institutions.

As of 31 December 2018, the Banking Business services were offered through a network of 4,608 branches in Spain, of which 4,409 are retail branches.

The Banking business has different divisions based on the type of customers its services are directed at:

Retail Banking

Retail Banking is directed at individuals with less than €60,000 in net worth, as well as businesses, including retail establishments, self-employed and freelance professionals, micro-companies and agribusiness, with a turnover of less than €2 million annually. This division represents the Group's most traditional business, and provides the basis for the development of other, more specialised, lines of business. As a result of CaixaBank's high-quality multi-channel approach it has strengthened customer loyalty through the launch of a wide range of new products and services. CaixaBank has expanded and consolidated itself as a benchmark entity with a penetration amongst retail clients aged 18 or above in Spain of 29.3% as of 31 December 2018 (26.3% of whom cite CaixaBank as their main bank) (Source: *FRS Insmark*).

The market share for direct-deposit payrolls, which is a key indicator of customer engagement, increased from 26.3% as of 31 December 2017 to 26.8% as of 31 December 2018 (data prepared in-house based on Social Security data).

Premier Banking

This division is directed towards individual customers with a net worth of between €60,000 and €500,000, with advisory services provided by specialised managers that are focused on tailored solutions to customer needs.

Private Banking

The Private Banking division is aimed at customers with assets under management in excess of €500,000, with services offered by professionals through exclusive Private Banking Centres.

Business Banking

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

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

Corporate and Institutional Banking

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

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

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

International Business

The Group provides international banking services to its clients through operating branches, representative offices and correspondent banks, as described below (as of 31 December 2018):

- *Operating branches*: The Group has branches in Poland (Warsaw), the United Kingdom (London), Morocco (Casablanca, Tangier and Agadir), Germany (Frankfurt) and France (Paris).

- *Representative offices*: Within the EU, the Group maintains representative offices located in Italy (Milan). Outside the EU, the Group maintains representative offices in China (Beijing, Shanghai and Hong Kong), Turkey (Istanbul), Singapore, the United Arab Emirates (Dubai), India (New Delhi), Egypt (Cairo), Chile (Santiago de Chile), Colombia (Bogotá), Perú (Lima), the United States (New York), South Africa (Johannesburg), Algeria (Algiers), Brazil (São Paulo), Canada (Toronto) and Australia (Sydney).

Insurance

CaixaBank complements its banking services with a variety of life insurance, pension and general insurance products and services.

The Group offers these insurance and pension products and services through the following entities:

- VidaCaixa, a wholly-owned subsidiary through which the Group provides life insurance products and pension plans. At 2017 year-end, VidaCaixa completed its acquisition of BPI Vida e Pensoes.

- SegurCaixa Adeslas, S.A., a joint venture 49.9% of which is owned by VidaCaixa, 50% of which is owned by Mutua Madrileña and the remaining 0.1% of which is owned by minority shareholders, through which the Group provides non-life insurance products.

As of 31 December 2018 and 31 December 2017, VidaCaixa was the largest provider in the Spanish market, with a 24.1% and 23.5% share of the pension market, respectively, according to INVERCO (*Asociación de Instituciones de Inversión Colectiva y Fondos de Pensiones*) and a 28.9% and 26.3% share of the life insurance market, respectively, regarding technical provisions, according to ICEA (*Investigación Cooperativa entre Entidades Aseguradoras y Fondos de Pensiones*).

As of 31 December 2018 and 31 December 2017, SegurCaixa Adeslas was the market leader in health insurance in Spain, with a market share of 29.6% and 29.1%, respectively, and had a number two market position in the Spanish home insurance market (Source: *ICEA* (*Investigación Cooperativa entre Entidades Aseguradoras y Fondos de Pensiones*)).

The net profit of VidaCaixa for the year ended 31 December 2018 was €663 million (€634 million for the year ended 31 December 2017 and €492 million for the year ended 31 December 2016).

Non-Core Real Estate

Until 1 January 2016, the Group differentiated between two different lines of business: Banking and Insurance and Equity Investments. Under this model, the Non-Core Real Estate business was part of the Banking and Insurance business line.

Through this business line, the Group manages its current non-core real estate assets, which mainly include, amongst other real estate assets and interests, non-core developer loans and foreclosed real estate assets. The stock of foreclosed real estate assets, all of which are available for sale and rental, is mainly owned by CaixaBank's real estate subsidiary, BuildingCenter, S.A.U. BuildingCenter, S.A.U. acquires the real estate assets deriving from CaixaBank's lending activity and manages them through Servihabitat, in which CaixaBank held a stake of 49% of the share capital as of 31 December 2017.

In June 2018, CaixaBank announced its plan to repurchase 51% of the real estate servicer Servihabitat (materialised in July) and sell 80% of its real estate business (including 100% of the share capital of Servihabitat) to a company owned by Lone Star Group (see *"Acquisition of 51% of the share capital of Servihabitat "*and *"Sale of 80% of the real estate business"*in the *"Key events in 2016, 2017, 2018 and 2019"* section).

As of 31 December 2018, the total assets in the balance sheet of the Non-Core Real Estate business line amounted to €5,737 million (€11,530 million as of 31 December 2017).

Equity Investments

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

Telefónica. It also includes equity stakes in other sectors incorporated as a result of CaixaBank's recent acquisitions and main BPI stakes.

In 2016 and until January 2017, upon completion of the Banco BPI Tender Offer in February 2017, this business line also included the equity stake in Banco BPI (see "*Key events in 2016, 2017, 2018 and 2019 – Banco BPI acquisition process*"), and, until May 2016, the equity stake in BEA and GF Inbursa (see "*Key events in 2016, 2017, 2018 and 2019 – Asset swap with CriteriaCaixa of the stakes held in The Bank of East Asia (BEA) and GF Inbursa in exchange for treasury shares and cash*").

Erste Group Bank, A.G.

Erste Group Bank is one of the leading banking groups in Austria and the Central and Eastern Europe region in terms of total assets. Erste Group Bank is present in Austria, the Czech Republic, Romania, Slovakia, Hungary, Croatia and Serbia. The bank serves a total of about 16 million customers through a network of 2,507 branches. As of 31 December 2018, Erste Group Bank had total assets amounting to €236,792 million (€234,827 million as of 30 September 2018) (Source: *Erste Group: 2018 preliminary results*).

As of 31 December 2018, CaixaBank held 9.92% of the issued outstanding share capital of Erste Group Bank (9.92% as of 31 December 2017).

Telefónica

Telefónica is a digital telecommunications operator, present in 17 countries across Europe and Latin America. It generated 74% of its business outside Spain (source: Telefónica's Annual Results 2018 January – December) and has established itself as the leading operator in the Spanish-Portuguese speaking market. In 2018, Telefónica achieved consolidated revenues of €48.7 billion and, at the end of the year, its total accesses amounted to more than 356.2 million, of which, 270.8 million were mobile phones, 34.9 million fixed telephony, 22.1 million Internet and data, 8.9 million pay TV and 19.5 million wholesale accesses. As of 31 December 2018, total assets managed by Telefónica amounted to c. €114 billion (€115 billion as of 31 December 2017) (Source: *Telefónica's financial statements and company website*).

As of 31 December 2018, CaixaBank held 5.00% of the issued outstanding share capital of Telefónica (5.00% as of 31 December 2017).

Banco BPI Business Segment

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

As of 31 December 2018, Banco BPI boasts solid market shares in Portugal, with over 1.9 million customers: 10.1% in lending activity and 11.0% in customer funds (data prepared in-house; includes deposits, mutual funds, capitalisation insurance and insured pensions plans) (Source: *Banco de Portugal, APS, APFIPP*). It was named by Euromoney as Best Bank in Portugal in 2018 due to its strategy, innovation and social commitment.

As of 31 December 2018, CaixaBank's stake in BPI stood at 100% (84.5% as of 31 December 2017) (See *"Key events in 2016, 2017, 2018 and 2019 – Banco BPI acquisition process"* for additional information).

In accordance with applicable accounting law, 7 February 2017 was set as the effective assumption of control date and the total stake in BPI (84.5%) has been reported under the full consolidation method since 1 February, having been previously reported under the equity method.

Relevant figures by business segment

The table below shows the consolidated statement of profit or loss of the Group by business segments for the years ended 31 December 2018 (audited) and 31 December 2017 (not audited)[14]:

	Banking and Insurance[(1)]		Non-Core Real Estate		Equity Investments		BPI		Total CaixaBank Group	
	For the Year Ended 31 December		For the Year Ended 31 December		For the Year Ended 31 December		For the Year Ended 31 December		For the Year Ended 31 December	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
					(€ million)					
Net interest income	**4,682**	**4,603**	**(23)**	**(71)**	**(149)**	**(168)**	**397**	**382**	**4,907**	**4,746**
Dividend income and share of profit/(loss) of entities accounted for using the equity method	217	191	3	32	746	416	6	14	972	653
Net fee and commission income	2,310	2,222	(7)	1	—	—	280	276	2,583	2,499
Gain/(losses) on financial assets and liabilities and others	225	303	(6)	—	11	(44)	48	23	278	282
Income and expenses under insurance or reinsurance contracts	551	472	—	—	—	—	—	—	551	472
Other operating income and expenses	(351)	(212)	(147)	(200)	—	—	(26)	(18)	(524)	(430)
Gross income/(loss)	**7,634**	**7,579**	**(180)**	**(238)**	**608**	**204**	**705**	**677**	**8,767**	**8,222**
Administrative expenses	(3,762)	(3,602)	(51)	(42)	(4)	(4)	(436)	(502)	(4,253)	(4,150)
Depreciation and amortisation	(301)	(328)	(67)	(63)	—	—	(37)	(36)	(405)	(427)
Pre-impairment income	**3,571**	**3,649**	**(298)**	**(343)**	**604**	**200**	**232**	**139**	**4,109**	**3,645**
Impairment losses on financial assets and other provisions	(498)	(1,606)	(175)	(138)	—	4	106	29	(567)	(1,711)
Net operating income/ (loss)	**3,073**	**2,043**	**(473)**	**(481)**	**604**	**204**	**338**	**168**	**3,542**	**1,934**
Gains/(losses) on disposal of assets and other	(62)	154	(117)	6	(607)	5	51	(1)	(735)	164
Profit/(loss) before tax from continuing operations	**3,011**	**2,197**	**(590)**	**(4757)**	**(3)**	**209**	**389**	**167**	**2,807**	**2,098**
Income tax	(810)	(536)	115	155	90	49	(107)	(46)	(712)	(378)
Profit/(loss) after tax from continuing operations	**2,201**	**1,661**	**(475)**	**(320)**	**87**	**258**	**282**	**121**	**2,095**	**1,720**
Profit/(loss) attributable to minority interests	2	6	55	—	33	13	20	17	110	36
Profit/(loss) attributable to the Group	**2,199**	**1,655**	**(530)**	**(320)**	**54**	**245**	**262**	**104**	**1,985**	**1,684**
Total assets	*345,122*	*335,945*	*5,737*	*11,530*	*4,685*	*6,894*	*31,078*	*28,817*	*386,622*	*383,186*

Notes:—

(1) This segment includes in 2017 the impact of the business combination resulting from the acquisition of Banco BPI as it derived from a corporate operation.

The following table shows amounts invested as at 31 December 2018 and 31 December 2017. The investments are accounted for using the equity method on the basis of the best available estimate of underlying carrying amount at the date of preparation of the consolidated financial statements. The latest public figures are shown:

[14] While the Group has kept the same structure of business segments in 2018, it has made certain changes to its presentation criteria, with 2017 restated for comparison purposes as follows: i) Impact of the allocation to the equity investments business of BFA, BPI and Viacer, which were previously shown in the BPI business; and ii) removal of analytical income in the banking business and insurance charged to the non-core real estate business, associated with the process of marketing assets.

(Thousands of euros)	As at 31 December 2018 Carrying amount	*Of which: Goodwill*	*Of which: Impairment allowances*	As at 31 December 2017 Carrying amount	*Of which: Goodwill*	*Of which: Impairment allowances*
Investments in associates and in joint ventures	3,878,906	*362,327*	*(19,016)*	6,224,425	*362,499*	*(12,769)*

The following table presents the main listed companies classified as associates (ASSOC) or financial assets at fair value with changes in other comprehensive income (FVOCI) as at 31 December 2018 and 31 December 2017, detailing the percentage of ownership held by CaixaBank:

Company		As at 31 December 2018 % holding	As at 31 December 2017 % holding
Telefónica	(AVOCI)	5.00	5.00
Repsol	(FVOCI)	3.66	9.64
Erste Group Bank	(ASSOC)	9.92	9.92

Business by Geographical Area

The Group's ordinary income for the years ended 31 December 2018 and 31 December 2017 by geographical area is as follows:

Distribution of ordinary income[(1)]	Ordinary income from customers		Ordinary income between segments		Total ordinary income	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Banking and Insurance	**10,854,312**	**10,704,888**	**229,277**	**319,917**	**11,083,589**	**11,024,805**
Spain	10,764,062	10,681,560	229,277	319,917	10,993,339	11,001,477
Other countries	90,250	23,328	—	—	90,250	23,328
Non-Core Real Estate	**215,929**	**259,333**	**—**	**—**	**215,929**	**259,333**
Spain	215,929	259,333	—	—	215,929	259,333
Other countries	—	—	—	—	—	—
Equity Investments	**758,372**	**372,015**	**—**	**—**	**758,372**	**372,015**
Spain	347,709	239,446	—	—	347,709	239,446
Other countries	410,663	132,569	—	—	410,663	132,569
BPI	**821,777**	**775,680**	**47,108**	**6,955**	**868,885**	**782,635**
Portugal/Spain	813,315	734,287	47,108	6,955	860,423	741,242
Other countries	8,462	41,393	—	—	8,462	41,393
Adjustments and eliminations of ordinary income between segments			**(276,385)**	**(326,872)**	**(276,385)**	**(326,872)**
Total	**12,650,390**	**12,111,916**	**—**	**—**	**12,650,390**	**12,111,916**

Notes:—

(1) Corresponds to the following line items of the CaixaBank Group's public statement of profit and loss: (1) Interest income; (2) Dividend income; (3) Share of profit/(loss) of entities accounted for using the equity method; (4) Fee and commission income; (5) Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net; (6) Gains/(losses) on financial assets and liabilities held for trading, net; (7) Gains/(losses) on assets not designated for trading compulsorily measured at fair value through profit or loss, net; (8) Gains/(losses)

on financial assets and liabilities designated at fair value through profit or loss, net; (9) Gains/(losses) from hedge accounting, net; (10) Other operating income and (11) Income from assets under insurance and reinsurance contracts.

Organisational Structure

As of 31 December 2018, the Group comprised 56 fully consolidated subsidiaries (entities over which CaixaBank 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 it is party to agreements with other shareholders of the relevant entity that gives CaixaBank the majority of voting power); 8 joint ventures; and 34 associates (entities over which it exercises significant influence but which are neither subsidiaries nor jointly controlled entities).

The following table sets out the main subsidiaries of CaixaBank as at 31 December 2018 (the main investment portfolio). The companies which form part of the Group are principally domiciled in Spain.

The main investment portfolio as at 31 December 2018

Company	% holding
Banco BPI[1]	100.00
BFA	48.10
Banco Comercial e de Investimentos (BCI)	35.67
Erste Group Bank	9.92
Repsol[1]	3.66
Telefónica	5.00
BuildingCenter	100.00
Coral Homes[1]	20.00
Sareb	12.24
VidaCaixa	100.00
SegurCaixa Adeslas	49.92
Comercia Global Payments	49.00
CaixaBank Consumer Finance	100.00
CaixaBank Asset Management	100.00
Nuevo MicroBank	100.00
CaixaBank Payments	100.00
CaixaBank Titulización	100.00
SILK Aplicaciones	100.00
CaixaBank Digital Business	100.00
GDS-Cusa	100.00

Notes:—
(1) Please see "*Key events in 2016, 2017, 2018 and 2019*" for additional information.

Capital structure

As at the date of this Base Prospectus, CaixaBank's share capital is €5,981,438,031 divided into 5,981,438,031 fully subscribed and paid ordinary shares with a par value of €1 each. All shares are of the same class with the same rights attached.

CaixaBank's shares are admitted to trading on the Spanish stock exchanges and on the continuous market, and have been included in the IBEX 35 since 4 February 2008. CaixaBank is subject to the oversight of the CNMV, the ECB and the Bank of Spain.

Capital position of CaixaBank Group

Capital position of CaixaBank Group as of 31 December 2018 and 31 December 2017 is as follows:

	Capital Position 31 December 2018	
	Phase-in	**Fully loaded**
CET1	11.8%	11.5%
Tier 1	13.3%	13.0%
Total Capital	**15.6%**	**15.3%**

	Capital Position 31 December 2017	
	Phase-in	**Fully loaded**
CET1	12.7%	11.7%
Tier 1	12.8%	12.3%
Total Capital	**16.1%**	**15.7%**

Major Shareholders

The following table sets forth information as of 8 April 2019 concerning the significant ownership interests of CaixaBank's shares (as defined by Spanish regulations, those who hold a stake in the Issuer's share capital representing 3% or more of the total voting rights, or 1% or more if the relevant significant shareholder is established in a tax haven), based on filings with the CNMV, excluding the members of the Board of Directors:

Name of Shareholder	**Ownership (voting rights)**		
	Direct	**Indirect**	**% Total**
la Caixa Banking Foundation	3,493	2,392,575,212	40
CriteriaCaixa[(1)]	2,392,575,212	—	40
Invesco Limited[(2)]	—	121,096,341	2,025

Notes:—
(1) CriteriaCaixa is controlled by la Caixa Banking Foundation.
(2) Invesco Limited holds its stake through Invesco Asset Management Limited (1.955%) and other entities individually listed (0.070%), as reported to the CNMV on 6 February 2019.

La Caixa Banking Foundation is the most significant shareholder of CaixaBank and its stake in CaixaBank is held through CriteriaCaixa, which is wholly-owned by la Caixa Banking Foundation.

As of the date of this Base Prospectus, la Caixa Banking Foundation holds 40% of CaixaBank's share capital (see "*Description of the Issuer - Deconsolidation of CaixaBank from CriteriaCaixa Group*").

The Savings Banks and Banking Foundations Act requires banking foundations to enter into a protocol for managing their stakes in financial institutions. This protocol must establish, at least, the strategic criteria for managing the interest, the relations between the board of trustees and the governing bodies of the bank, specifying the criteria for proposing appointments of directors and the general criteria for carrying out transactions between the banking foundation and the investee credit institution, and the mechanisms to avoid potential conflicts of interest. Accordingly, la Caixa Banking Foundation signed the relevant protocol for managing its ownership interest in CaixaBank on 24 July 2014 (the **Management Protocol**). The Management Protocol regulates, among others, the following aspects:

- The basic strategic lines governing the management by la Caixa Banking Foundation of its ownership interest in CaixaBank;

- The relationships between the board of trustees of la Caixa Banking Foundation and CaixaBank's governing bodies;

- The general criteria governing transactions between la Caixa Banking Foundation and CaixaBank and the mechanisms to avoid conflicts of interest;

- The basic criteria relating to the assignment and use of distinctive signs and domain names owned by la Caixa Banking Foundation by CaixaBank and its Group;

- The granting to la Caixa Banking Foundation of a right of first refusal in respect of the interest of CaixaBank in Monte de Piedad;

- The basic principles for a possible collaboration so that (a) CaixaBank may implement corporate social responsibility policies through la Caixa Banking Foundation, and, at the same time (b) la Caixa Banking Foundation may disseminate its welfare projects through the CaixaBank branch network, and where appropriate, through other material means; and

- The flow of adequate information to allow la Caixa Banking Foundation and CaixaBank to prepare their financial statements and to comply with periodic reporting and supervisory duties with the Bank of Spain and other regulatory bodies.

In accordance with Article 43 of the Savings Banks and Banking Foundations Act, Article 3 of Circular 6/2015, of 17 November, of the Bank of Spain (**Circular 6/2015**) and the bylaws of la Caixa Banking Foundation, on 18 February 2016, the members of the board of trustees of la Caixa Banking Foundation signed a new adapted Management Protocol in order to align it to the content of Circular 6/2015. In May 2017, the board of trustees approved a new protocol to regulate the internal relationship between la Caixa Banking Foundation and CaixaBank that would replace the previous one executed on 1 July 2011, as subsequently amended to reflect the changes in the Group's structure (the **Internal Relations Protocol**) in order to adapt its content to the commitments undertaken by la Caixa Banking Foundation in order to comply with the conditions approved and notified by the ECB for the prudential deconsolidation of CaixaBank. In September 2017 the ECB issued the decision of considering that la Caixa Banking Foundation no longer exercised control or had a dominant influence on CaixaBank. In February 2018, la Caixa Banking Foundation as parent company of the "la Caixa" group, CriteriaCaixa, as direct shareholder of CaixaBank, and CaixaBank, as a listed company, signed a new Internal Relations Protocol which replaced the previous protocol and whose main objectives are:

- To manage the related-party transactions deriving from transactions or services rendered;

- To establish mechanisms that attempt to avoid the emergence of conflicts of interest;

- To make provision for la Caixa Banking Foundation to have a pre-emptive right in the event of a transfer by CaixaBank of Monte de Piedad;

- To establish the basic principles for a possible collaboration between CaixaBank and la Caixa Banking Foundation; and

- Regulate the proper flow of information so that la Caixa Banking Foundation, CriteriaCaixa and CaixaBank can elaborate their financial statements and comply with periodical information and supervision obligations.

Another essential objective of the protocol is the acceptance and firm commitment of the parties to comply with the condicions established by the ECB for the prudential deconsolidation of Criteria in CaixaBank.

CaixaBank is not aware of the existence of any agreement which could lead to a change of control at a subsequent date.

Agreement Among Shareholders

In accordance with Article 531 of the Spanish Companies Law, we are required to be notified of shareholders' agreements affecting our shares. On the basis of information provided to the Issuer by shareholders, the Issuer has knowledge of the agreement described below.

Following the merger by absorption of Banca Cívica by CaixaBank, on 1 August 2012, la Caixa Banking Foundation and Caja Navarra Banking Foundation, Cajasol Foundation, Caja Canarias Foundation and Caja de Burgos, Banking Foundation (the **Foundations**) entered into an agreement which regulates the relationships between the Foundations and la Caixa Banking Foundation as shareholders of CaixaBank, and their cooperation, with the aim of strengthening their respective positions at CaixaBank and supporting the control of la Caixa Banking Foundation.

The shareholders agreement foresees that la Caixa Banking Foundation would vote in favour of the appointment of two members of the Board of Directors of CaixaBank proposed by the Foundations and, in order to give stability to their shareholding in CaixaBank, the Foundations agreed to a four-year lock-up period, and to grant a pre-emptive acquisition right in favour of the other Foundations in the first place and then to la Caixa Banking Foundation, in the case any of the Foundations intended to transfer all or part of their stake, during two years once the lock-up period expires.

On 17 October 2016, CaixaBank published a relevant event announcement (*hecho relevante*) reporting the amendments to the mentioned agreement that determine: (i) the savings banks that constituted Banca Cívica will appoint one director at CaixaBank and one director at VidaCaixa, a subsidiary of CaixaBank, instead of two directors at CaixaBank and (ii) the extension of the agreements, which in August 2016 was set automatically for three years, will now last for four years instead of the afore-mentioned three (i.e., until 2020).

Finally, on 29 October 2018, CaixaBank published a significant event (*hecho relevante*) informing of the amendments to the mentioned agreement. For information on these amendments, please refer to "*Description of the Issuer—Key events in 2016, 2017, 2018 and 2019—Amendments to the shareholders agreements* ".

Management of the Issuer

Board of Directors

The table below sets out the names of the members of the Board of Directors of CaixaBank, the respective dates of their first appointment, their positions within CaixaBank and the nature of their membership:

Name / Title	Nature	Date of first appointment	Report / Proposal of the Appointments Committee	Shareholder represented
Jordi Gual *Chairman*	Proprietary	30/06/2016[(1)(7)]	√	"la Caixa" Banking Foundation
Tomás Muniesa *Deputy Chairman*	Proprietary	01/01/2018[(8)(9)]	√	"la Caixa" Banking Foundation
Gonzalo Gortázar *CEO*	Executive	30/06/2014[(1)(3)(5)]	√	-
Xavier Vives *Lead Independent Director*	Independent	05/06/2008[(4)]	√	-

Fundación CajaCanarias represented by: Natalia Aznárez *Director*	Proprietary	23/02/2017(7)	√	Fundación Bancaria Caja Navarra, Fundación CajaCanarias and Fundación Caja de Burgos, Fundación Bancaria(12)
Maria Teresa Bassons *Director*	Proprietary	26/06/2012(1)	√	"la Caixa" Banking Foundation
María Verónica Fisa *Director*	Independent	25/02/2016(6)	√	-
Alejandro García-Bragado *Director*	Proprietary	01/01/2017(7)	√	"la Caixa" Banking Foundation
Ignacio Garralda *Director*	Proprietary	06/04/2017	√	Mutua Madrileña Automovilista, Sociedad de Seguros a Prima Fija
María Amparo Moraleda *Director*	Independent	24/04/2014(1)	√	-
John S. Reed *Director*	Independent	03/11/2011(1)	√	-
Eduardo Javier Sanchiz *Director*	Independent	21/09/2017(8)	√	-
José Serna *Director*	Proprietary	30/06/2016(7)	√	Fundación Bancaria "la Caixa"
Koro Usarraga *Director*	Independent	30/06/2016(7)	√	-

Notes:—
(1) Reelected on 5 April 2019.
(2) Appointed Secretary to the Board of Directors on 1 January 2017. Appointed General Secretary on 29 May 2014.
(3) Ratified and appointed Director on 23 April 2015.
(4) Re-elected Director on 23 April 2015. Appointed as Lead Independent Director by the Board on 22 June 2017, with effect since 18 July 2017, after authorization by the ECB.
(5) Reelected C.E.O. on 23 April 2015 and 5 April 2019.
(6) Ratified and appointed as Director on 28 April 2016.
(7) Ratified and appointed Board of Director member on 6 April 2017.
(8) Ratified and appointed Board of Director member on 6 April 2018.
(9) Qualified as Proprietary Director on 22 November 2018.
(10) In October 2018, Fundación Cajasol ceased its participation in the Shareholders' Agreement.

The Shareholders' Ordinary General Meeting held the last 5 April 2019 agreed to set the number of members of the Board of Directors at sixteen (16), within the established limits in the bylaws. Furthermore, the Meeting approved the re-election as members of the Board of Directors of Mr. Gonzalo Gortázar Rotaeche (executive director), Ms. María Amparo Moraleda Martínez (independent director), Mr. John S. Reed (independent director) and Ms. María Teresa Bassons Boncompte (proprietary director) as well as the appointment of Mr Marcelino Armenter Vidal (proprietary director) and Ms Cristina Garmendia Mendizábal (independent director) as new members of the Board of Directors. The appointment of Mr Marcelino Armenter Vidal is subject to verification of his suitability by the European Central Bank.

In view of the agreement to re-elect and appoint the aforementioned directors, the composition of the Board of Directors will be the following, once the acceptances of the appointments have taken place:

Name	**Title**
Mr. Jordi Gual Solé	Chairman (proprietary)
Mr. Tomás Muniesa Arantegui	Deputy chairman (proprietary)
Mr. Gonzalo Gortázar Rotaeche	CEO (executive)
Mr. Xavier Vives Torrents	Lead Independent Director (independent)
Mr. Marcelino Armenter Vidal	Director (proprietary)
Fundación CajaCanarias represented by Natalia	Director (proprietary)

Aznárez Gómez	
Ms. María Teresa Bassons Boncompte	Director (proprietary)
Ms. María Verónica Fisas Vergés	Director (independent)
Mr. Alejandro García-Bragado Dalmau	Director (proprietary)
Ms. Cristina Garmendia Mendizábal	Director (independent)
Mr. Ignacio Garralda Ruiz de Velasco	Director (proprietary)
Ms. María Amparo Moraleda Martínez	Director (independent)
Mr. John S. Reed	Director (independent)
Mr. Eduardo Javier Sanchiz Irazu	Director (independent)
Mr. José Serna Masiá	Director (proprietary)
Ms. Koro Usarraga Unsain	Director (independent)

The table below sets out all entities in which the members of the Board of Directors are members of administrative, management or supervisory bodies or in which they hold partnership positions as of the date of this Base Prospectus, notified to the Register of Senior Officers at the Bank of Spain, except (i) purely familiar or patrimonial companies, (ii) subsidiaries of an issuer in which they are also a member of the administrative, management or supervisory bodies and (iii) CaixaBank Group companies.

Name	**Company**	**Title**
Jordi Gual Solé	Erste Bank	Member of the Supervisory Board
	Telefonica, S.A.	Member of the Board
Tomás Muniesa Arantegui	SegurCaixa Adeslas, S.A. de Seguros y Reaseguras (multigrupo)	Deputy Chairman
	Seguros Allianz Portugal, S.A	Director
María Teresa Bassons Boncompte	Laboratorios Ordesa, S.A.	Director
Ignacio Garralda Ruiz de Velasco	Mutua Madrileña Automovilista, Sociedad de Seguros a prima fija	Executive Chairman
	Endesa, S.A.	Director
	BME Holding, S.A.	1st Deputy Chairman
Koro Usarraga Unsain	2005 KP Inversiones, S.L.	Director
María Amparo Moraleda Martínez	Vodafone Group, PLC	Director
	Solvay, S.A.	Director
	Airbus Group, N.V.	Director
María Verónica Fisas Vergés	Natura Bissé Int. S.A. (España)	CEO
John .S. Reed	American Cash Exchange	Chairman
Alejandro García-Bragado Dalmau	Criteria Caixa, S.A.	1st Deputy Chairman and Board Member
	Saba Infraestructuras	Board Member

Since 1 January 2019, we believe there are no conflicts of interest between any duties toward CaixaBank of any members our Board of Directors, in light of their respective private interests and/or any other duties to which they are subject in accordance with Spanish Companies Law, except from the following circumstances which have been communicated to CaixaBank by the members of our Board of Directors in accordance with Article 229.3 of the Spanish Companies Law:

Director	Conflict of Interest
Gonzalo Gortázar Rotaeche	Abstention to vote on the terms of his remuneration corresponding to 2019.

Article 26 of the Regulations of the Board of Directors regulates the duty of diligence of the Board members, which mainly requires the directors to have adequate dedication to adopt the necessary measures for the good management and control of CaixaBank, to demand adequate and necessary information to prepare the Board meetings and internal Committees and to take an active part in the deliberations and decision-making process. Article 27 regulates the duty of loyalty, mainly stating that directors must abstain from attending and intervening in deliberations and voting which affect matters in which they are personally interested. Article 29 of the Regulations of the Board of Directors regulates the duty to not compete of CaixaBank's directors. Article 30 of the Board Regulations regulates the duty to avoid situations of conflict of interest applicable to all directors, referring to (among other duties) not using CaixaBank's assets or availing themselves of their position in CaixaBank to obtain an economic advantage or for private aims, and to avoid developing activities on their own account or for third parties that position them in permanent conflict of interests with the CaixaBank.

It should be noted that the statutory amendments adopted in the general shareholders' meeting of CaixaBank held on 6 April 2017 (see *"Description of the Issuer - Deconsolidation of CaixaBank from CriteriaCaixa Group "*), notwithstanding their connection with the deconsolidation conditions established by the ECB, are within the framework of the recommendations and best practices of good corporate governance, considering that, in essence, they are measures designed to favour the role of independent directors in the Board of Directors and prevent any significant shareholder from exerting a decisive influence on the performance and decisions of the Board of Directors. Regarding the good governance measures introduced in connection with the deconsolidation conditions, the Issuer complemented those measures developing the duties attributed by the Spanish Companies Law and the good governance recommendations to the Chairman of the Board of Directors ("responsible for the effective functioning of the Board"), expressly contemplating the impetus for the Board to develop its powers and coordination with its committees for a better performance of the Board's duties. Additionally, the regime in which the Board appoints the members of the internal committees at the proposal of the Appointments Committee was maintained, but introducing the specialty that, when it comes to appointing the members of the Appointments Committee itself, the proposal shall be made by the Audit and Control Committee in order to give greater autonomy and independence to the process of selection and preparation of proposals, also in accordance with the powers granted to the Audit and Control Committee by the current Regulations of the Board of Directors in relation to corporate governance rules.

Finally, it must be mentioned that the Issuer amended the internal regulations of the Board of Directors in order to develop the rules regarding the composition, powers and functioning of the Audit and Control Committee as set forth in the Bank's By-laws, including the criteria and basic principles of the CNMV Technical Guide published on 27 June 2017 – and, in this regard, to expressly include certain Recommendations of the Code of Good Governance (**CGG**) which the Bank declared to be complying with in its 2017 Annual Corporate Governance Report - and also to implement the regulations in the Bank's By-laws concerning the powers of the Appointments Committee, attributing it with the function of ensuring compliance with the diversity policy applied to the Board of Directors, as established in Royal Decree-Law 18/2017. In this regard, the Bank's Board of Directors approved on 22 February 2018 the amendment of Articles 14 (*The Audit and Control Committee and the Risk Committee*), 15 (*The Appointments Committee and the Remuneration Committee*) and 37 (*Auditor relationships*) of the internal regulations of the Board of Directors. Such amendments will be described in the sections related to the relevant committee. Additionally, the Bank's Board of Directors approved on 21 February 2019 the amendment to Article 15 of the Regulations of the Board of Directors. The sole purpose of this amendment is to expressly establish that the minutes of the Appointment Committee and the Remuneration Committee are to be forwarded or delivered to all the members of the Board of Directors rather than being made available at the Company's

Secretary Office, using the same system as for minutes of the Audit and Control Committee and the Risk Committee.

The business address of each member of the Board of Directors is Calle Pintor Sorolla, 2-4, 46002 Valencia, Spain.

Executive Committee

The Board of Directors has delegated all of its powers in favour of the Executive Committee, except for those which cannot be delegated pursuant to the provisions of the Spanish Companies Law, the Board Regulations and CaixaBank's bylaws.

The Chairman and Secretary of the Board of Directors will also be the Chairman and Secretary of the Executive Committee.

The Committee will meet when it deems appropriate and when called by its Chairman, and its meetings are considered to be validly constituted when the majority of its members are present or represented. Its resolutions are adopted by the majority of the directors present or represented at the relevant meeting.

The resolutions adopted by the Committee are valid and binding without any need for subsequent ratification by the Board of Directors, although the Board must be informed of the matters discussed and the resolutions adopted at its meetings. Without prejudice to the terms of Article 4.5 of the Regulations of the Board of Directors.

As of the date of this Base Prospectus, the Executive Committee is composed of the following members:

Name	Title	Category	Date of first appointment
Jordi Gual	Chairman	Proprietary	30 June 2016[(1)]
Tomás Muniesa	Member	Proprietary	1 January 2018[(2)]
Gonzalo Gortázar	Member	Executive	30 June 2014[(3)]
María Verónica Fisas	Member	Independent	27 July 2017
María Amparo Moraleda	Member	Independent	24 April 2014
Xavier Vives	Member	Independent	27 October 2016
Óscar Calderón	Non-director Secretary	-	1 January 2017
Óscar Figueres Fortuna	First Deputy Secretary (non-director)	-	23 October 2017

Notes:—
(1) Reelected on 6 April 2017.
(2) Reelected on 6 April 2018.
(3) Reelected on 23 April 2015.

Audit and Control Committee

The Audit and Control Committee must comprise a minimum of three and a maximum of seven members, with the number to be set by the Board of Directors. The Committee must be comprised of non-executive directors and the majority of which must be independent directors. At least one of the independent directors must be appointed based on their background in accounting and/or audit. The Board of Directors will endeavour to ensure that the Committee members, and particularly its Chairman, have the necessary accounting, auditing or risk management knowledge as well as knowledge in any other fields that may be relevant for the Committee's performance. As a whole, without prejudice to endeavouring to encourage diversity, the Committee members must have the relevant technical knowledge in relation to the Issuer's business.

The Audit and Control Committee typically meets on a quarterly basis, to review the regular financial information to be submitted to the authorities as well as the information which the Board of Directors must

approve and include within its annual public documentation, with the presence of the internal auditor and, as the case may be, the financial auditor. At least some of these meetings must be held without the presence of the management team, so that the specific matters can be discussed. The Audit and Control Committee will meet whenever convened by its Chairman at his own initiative or at the request of the Chairman of the Board of Directors or two or more members of the Committee.

CaixaBank's management team or personnel are obliged to attend the meetings of the Audit and Control Committee and to collaborate and provide with any information, if so requested by the Committee.

Among others, the functions of the Audit and Control Committee are:

- Reporting to the Annual General Meeting on matters raised by shareholders that fall within the committee's remit and, in particular, on the result of the audit, explaining how this has contributed to the integrity of the financial information and the committee's role in this process.

- Monitoring the process of preparing and ensuring the integrity of the financial information on the Bank and, as the case may be, the Group, by reviewing the Bank's accounts, checking for compliance with legal provisions and ensuring an accurate demarcation of the consolidation perimeter and the correct application of generally accepted accounting principles.

- Striving to ensure that the Board of Directors is able to present the Bank's annual financial statements at the Annual General Meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of their scope and content.

- Reporting in advance to the Board of Directors on the financial and related non-financial information that the Bank must periodically release to the markets and its supervisory bodies.

- Supervising the effectiveness of the internal control systems and discussing with the auditor any significant weaknesses in the internal control system that may have been detected during the audit, all this without compromising the auditor's independence. For such purposes, and if appropriate, it may submit recommendations or proposals to the Board of Directors and the corresponding deadline for their follow-up.

- Supervising the effectiveness of the internal audit function and establishing and overseeing a mechanism whereby Bank or Group employees may confidentially and, if deemed appropriate, anonymously report any irregularities of potential significance – especially financial and accounting irregularities – they may observe within the Bank. It shall likewise receive periodic information on how the system is operating and may propose suitable courses of action to improve and reduce the risk of any such irregularities arising in future.

As of the date of this Base Prospectus, the Audit and Control Committee is composed of the following members:

Name	Title	Category	Date of appointment
Koro Usarraga	Chairwoman	Independent	27 October 2016(1)
Eduardo Javier Sanchiz	Member	Independent	1 February 2018(2)
José Serna	Member	Proprietary	23 March 2017
Óscar Calderón	Non-director Secretary	-	1 January 2017
Óscar Figueres	First Deputy Secretary (non-director)	-	23 October 2017

Notes:—
(1) Appointed Chairwoman on 5 April 2019.
(2) Reelected on 6 April 2018.

Appointments Committee

The **Appointments Committee** will comprise a number of non-executive directors determined by the Board of Directors, subject to a minimum of three (3) and a maximum of five (5) members. A majority of its members must be independent. Members of the Appointments Committee will be appointed by the Board of Directors on a proposal received from the Audit and Control Committee. Meanwhile, the committee's Chairman will be appointed from among the independent directors sitting on the committee.

The committee shall meet as often as needed to ensure the full and timely performance of its duties and meetings will be called by its Chairman, either on their own initiative or when requested by two (2) committee members. The Chairman must call a meeting whenever the Board or its Chairman requests that a report be issued or a resolution carried.

Its duties include the following:

- Evaluating and proposing to the Board of Directors the assessment of skills, knowledge and experience required of Board members and key personnel at the Bank.

- Submitting to the Board of Directors suggested candidates for the position of independent directors to be appointed by co-option or for submission to the decision of the Annual General Meeting, as well as proposals relating to the reappointment or removal of such directors at the Annual General Meeting.

- Reporting on the appointment and, as the case may be, dismissal of the Lead Director, the Secretary and the Deputy Secretaries for approval by the Board of Directors.

- Examining and organising, in collaboration with the Chairman of the Board of Directors and with the support of the Lead Director, the succession of the Chairman and of the Bank's chief executive and, as the case may be, sending proposals to the Board of Directors so as to ensure that the succession process is suitably planned and takes place in orderly fashion.

- Reporting to the Board on matters relating to gender diversity, ensuring that the procedures for selecting its members favour a diversity of experience and knowledge and facilitate the selection of women directors, and establishing a representation target for the less represented sex on the Board of Directors as well as preparing guidelines on how this should be achieved. It shall likewise ensure that the diversity policy applied at the Board of Directors is duly observed and will report on the matter in the Annual Corporate Governance Report.

- Periodically evaluating, at least once a year, the structure, size, composition and actions of the Board of Directors and of its committees, its Chairman, CEO and Secretary, while making recommendations regarding possible changes to these. Here, the committee shall act under the direction of the Lead Director when assessing the performance of the Chairman. The committee shall also evaluate the composition of the Management Committee as well as its replacement lists to ensure proper coverage as members come and go.

- Supervise the activities of the organisation in relation to corporate social responsibility issues and submit to the Board those proposals it deems appropriate in this matter.

As of the date of this Base Prospectus, the Appointments Committee is composed of the following members:

Name	Post	Nature	Date of appointment
John S. Reed	Chairman	Independent	1 February 2018[(1)]
María Teresa Bassons	Member	Proprietary	12 December 2013
Xavier Vives	Member	Independent	5 April 2019

Óscar Calderón	Non-director Secretary	-	1 January 2017
Óscar Figueres Fortuna	First Deputy Secretary (non-director)	-	23 October 2017

Notes:—
(1) Appointed Chairman on 1 February 2018

Remuneration Committee

The **Remuneration Committee** will comprise a number of non-executive directors determined by the Board of Directors, subject to a minimum of three (3) and a maximum of five (5) members. A majority of its members must be independent. The Chairman of the committee will be appointed from among the independent directors sitting on the committee.

The committee shall meet as often as needed to ensure the full and timely performance of its duties and meetings will be called by its Chairman, either on their own initiative or when requested by two (2) members of the committee. The Chairman must call a meeting whenever the Board or its Chairman requests that a report be issued or a resolution carried.

Its duties include the following:

- Drafting resolutions relating to remuneration and, in particular, reporting and proposing to the Board of Directors the remuneration policy, the system and amount of annual remuneration payable to directors and senior managers, as well as the individual remuneration payable to executive directors and senior managers and the other terms and conditions of their contracts, particularly the financial conditions, and without prejudice to the competences of the Appointments Committee in relation to any conditions it may have proposed that are unconnected with the remuneration side.

- Ensuring compliance with the remuneration policy for directors and senior managers and reporting on the basic conditions set out in their contracts and on compliance with those contracts.

- Reporting and preparing the Bank's general remuneration policy and in particular the policies relating to categories of staff whose professional activities have a significant impact on the Bank's risk profile and those policies that are intended to prevent or manage conflicts of interest with the Bank's customers.

- Analysing, formulating and periodically reviewing the remuneration programmes, weighing their adequacy and performance and ensuring compliance.

As of the date of this Base Prospectus, the Remuneration Committee is composed of the following members:

Name	**Title**	**Category**	**Date of appointment**
María Amparo Moraleda	Chairwoman	Independent	25 September 2014
María Verónica Fisas Vergés	Vocal	Independent	5 April 2019
Alejandro García Bragado	Member	Proprietary	1 February 2018
Óscar Calderón	Non-director Secretary	-	1 January 2017
Óscar Figueres Fortuna	First Deputy Secretary (non-director)	-	23 October 2017

Risks Committee

The **Risks Committee** shall comprise exclusively non-executive directors who possess the appropriate knowledge, skills and experience to fully understand and manage the Bank's risk strategy and risk

propensity, in the number determined by the Board of Directors, subject to a minimum of three (3) and a maximum of six (6), with a majority of members to be independent directors.

The committee will meet as often as necessary to fulfil its duties and will be convened by its Chairman, either on their own initiative or at the request of the Chairman of the Board of Directors or of two (2) members of the committee itself.

Its duties include the following:

- Advising the Board of Directors on the overall susceptibility to risk, current and future, of the Bank and its strategy in this regard, reporting on the risk appetite framework, helping to monitor implementation of this strategy, ensuring that the Group's actions are consistent with the level of risk tolerance previously decided and monitoring the appropriateness of the risks assumed and the profile put in place.

- Proposing to the Board the Group's risk policy.

- Determining with the Board of Directors the nature, quantity, format and frequency of the information concerning risks that the Board of Directors should receive and establishing what the committee should receive.

- Regularly reviewing exposures with main customers, business sectors and by geographic region and type of risk.

- Examining the information and control processes of the Group's risk as well as the information systems and indicators.

- Evaluating regulatory compliance risk within its scope of its remit and decision-making authority, this being understood as the risk management of legal or regulatory sanctions, financial or material loss or any reputational damage the Bank may suffer as a result of non-compliance with laws, rules, regulations, standards and codes of conduct, while also detecting any risk of non-compliance and carrying out monitoring and examining possible deficiencies in the principles of professional conduct.

- Reporting on new products and services or significant changes to existing ones.

As of the date of this Base Prospectus, the Risks Committee is composed of the following members:

Name	Title	Category	Date of appointment
Eduardo Javier Sanchiz	Chairman	Independent	1 February 2018[(1)]
Koro Usarraga	Member	Independent	1 February 2018
Fundación CajaCanarias, represented by Natalia Aznárez Gómez	Member	Proprietary	1 February 2018
Óscar Calderón	Non-director Secretary	-	1 January 2017
Óscar Figueres	First Deputy Secretary (non-director)	-	23 October 2017

Notes:—
(1) Reelected on 6 April 2018. Appointed Chairman on 5 April 2019.

Head of Risk Management:

Name	Title	Date of appointment
Jordi Mondéjar López	Chief Risks Officer	22 November 2016[1]

Notes:—
(1) Member of the Management Committee since 10 July 2014.

Management Committee

The following table identifies the members of the senior management (*Comité de Dirección*) of CaixaBank, which is composed of CaixaBank's CEO and the persons responsible for the different areas as of the date of this Base Prospectus:

First Appointment	Name	Title
30 June 2011	Gonzalo Gartázar Rotaeche	CEO
30 June 2011	Juan Antonio Alcaraz García	Chief Business Officer
30 June 2011	Francesc Xavier Coll Escursell	Chief Human Resources and Organisation Officer
10 July 2014[1]	Jordi Mondéjar López	Chief Risks Officer
22 November 2018[2]	Ignacio Badiola Gómez	Head of CIB and International Banking
28 November 2016	Matthias Bulach	Head of Financial Accounting, Control and Capital
10 July 2014	Jorge Fontanals Curiel	Head of Resources
27 May 2016	María Luisa Martínez Gistau	Head of Communication, Institutional Relations, Brand and CSR
22 November 2018[2]	María Luisa Retamosa Fernández	Head of Internal Audit
22 November 2018[2]	Javier Valle T-Figueras	Head of Insurance
24 October 2013	Javier Pano Riera	Head of Finance
29 May 2014	Oscar Calderón de Oya	General Secretary and Secretary to the Board

Notes:—
(1) Date of first appointment as a member of the Management Committee. He has been the Chief Risk Officer since November 2016.
(2) With effect from 1 January 2019.

The table below sets out all entities in which the members of senior management are members of administrative, management or supervisory bodies or in which they hold partnership positions as of the date of this Base Prospectus, except (i) purely familiar or patrimonial companies, (ii) subsidiaries of an issuer in which they are also a member of the administrative, management or supervisory bodies and (iii) CaixaBank Group companies.

Director	Company	Title
Juan Antonio Alcaraz García	SegurCaixa Adeslas, S.A. de Seguros y Reaseguras	Member of the Board
Matthias Bulach	ESADE Creapolis, S.A.	Member of the Board's Representative
Jordi Mondéjar López	SAREB	Director
Javier Pano Riera	CecaBank	Director
Javier Valle T-Figueras	Consorcio de Compensación de Seguros	Director

Litigation

The Group is subject to claims. Therefore, it is party to certain legal proceedings arising from the normal course of its business, including claims in connection with lending activities, relationships with employees and other commercial or tax matters. For further information, please refer to "*Risk Factors—The Group is exposed to risk of loss from legal and regulatory claims*".

Credit ratings

As at the date of this Base Prospectus, the Issuer has been assigned the following debt ratings by the following credit rating agencies:

Agency	Review date	Short-term rating	Long-term rating[(1)]	Outlook
Fitch	8 October 2018	F2	BBB+	Stable
S&P	6 April 2018	A-2	BBB+	Stable
DBRS	29 March 2019	R-1 (low)	A	Stable
Moody's	1 August 2018	P-2	Baa1	Stable

Notes:

(1) Relates to the rating assigned to the preferred senior debt of CaixaBank.

Tranches of Notes may be rated or unrated and, if rated, such ratings will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be issued by a credit rating agency established in the EU and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the **CRA Regulation**) will be disclosed in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Additional Alternative Performance Measures

This Base Prospectus (and the documents incorporated by reference in this Base Prospectus) contains certain management measures of performance or alternative performance measures (**APMs**), which are used by management to evaluate the Group's overall performance or liquidity. These APMs are not audited, reviewed or subject to review by CaixaBank's auditors and are not measures required by, or presented in accordance with, International Financial Reporting Standards as adopted by the EU (**IFRS-EU**). Accordingly, these APMs should not be considered as alternatives to any performance or liquidity measures prepared in accordance with IFRS-EU. Many of these APMs are based on CaixaBank's internal estimates, assumptions, calculations and expectations of future results and there can be no guarantee that these results will actually be achieved. Accordingly, investors are cautioned not to place undue reliance on these APMs.

Furthermore, these APMs, as used by CaixaBank, may not be comparable to other similarly titled measures used by other companies. Investors should not consider such APMs in isolation, as alternatives to the information calculated in accordance with IFRS-EU, as indications of operating performance or as measures of the Group's profitability or liquidity. Such APMs must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS-EU and investors are advised to review these APMs in conjunction with the audited Consolidated Financial Statements incorporated by reference in this Base Prospectus.

CaixaBank believes that the description of these APMs in this Base Prospectus follows and complies with the "ESMA Guidelines on Alternative Performance Measures" dated 5 October 2015.

These measures are used in the Issuer's planning, operational and financial decision-making. These measures are commonly used in the finance sector as indicators to monitor institutions' assets, liabilities and economic/financial positions.

In addition to the APMs contained in CaixaBank's management report in respect of the 2018 Audited Consolidated Financial Statements, which is included by reference to this Base Prospectus, the following APMs are used in this Base Prospectus.

Definitions

Core revenues: the addition of net interest income; net fee and commission income; income and expense arising from insurance or reinsurance contracts; and equity accounted income from SegurCaixa Adeslas.

Relevance

This metric is used in the banking sector to monitor the evolution of the revenues generated by the main or principal business.

Reconciliation

Core revenues (CaixaBank Group)

(€ million)	2018	2017	Var.
Net interest income	4,907	4,746	3.4%
Net fee and commission income	2,583	2,499	3.4%
Income and expense arising from insurance or reinsurance companies	551	472	16.7%
Equity accounted income from SegurCaixa Adeslas and income from BPI insurance investees	176	170	9.4%
Core revenues	**8,217**	**7,887**	**4.2%**

TAXATION

Spain

The following summary refers solely to certain Spanish tax consequences of the acquisition, ownership and disposition of the Notes. It does not purport to be a complete analysis of all tax consequences relating to the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which might be subject to special rules. Prospective investors should consult their own tax advisors as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Spain of acquiring, holding and disposing of Notes and receiving any payments under the Notes. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date. References in this section to Noteholders include the beneficial owners of the Notes.

Introduction

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

(a) of general application, Additional Provision One of Law 10/2014, of 26 June on the organisation, supervision and solvency of credit institutions, as well as Royal Decree 1065/2007 of 27 July, as amended by Royal Decree 1145/2011, of 29 July (**Royal Decree 1065/2007**);

(b) for individuals resident for tax purposes in Spain which are subject to the Individual Income Tax (**IIT**), Law 35/2006 of 28 November, on the IIT, as amended, and Royal Decree 439/2007 of 30 March promulgating the IIT Regulations, as amended, along with Law 19/1991, of 6 June on Wealth Tax, as amended, and Law 29/1987, of 18 December on the Inheritance and Gift Tax, as amended;

(c) for legal entities resident for tax purposes in Spain which are subject to the Corporate Income Tax (**CIT**), Law 27/2014, of 27 November, on the CIT, as amended, and Royal Decree 634/2015, of 10 July, approving the CIT Regulations, as amended; and

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

This analysis is a general description of the tax treatment under the currently in force Spanish legislation, without prejudice of regional tax regimes in the Historical Territories of the Basque Country and the Community of Navarre, or provisions passed by Autonomous Communities which may apply to investors for certain taxes.

Indirect taxation

Whatever the nature and residence of the Noteholder, the acquisition and transfer of Notes will be exempt from indirect taxes in Spain, i.e., exempt from Transfer Tax and Stamp Duty, in accordance with the Consolidated Text of such tax promulgated by Royal Legislative Decree 1/1993, of 24 September and exempt from Value Added Tax, in accordance with Law 37/1992, of 28 December, regulating such tax as amended.

Individuals with Tax Residency in Spain

Individual Income Tax (Impuesto sobre la Renta de las Personas Físicas)

Both interest payments periodically received and income derived from the transfer, redemption or repayments of the Notes obtained by individuals who are resident in Spain constitute a return on investment obtained from the transfer of a person's own capital to third parties in accordance with the provisions of Section 25 of the IIT Law, and therefore must be included in the investor's IIT savings taxable base pursuant to the provisions of the aforementioned law.

The IIT savings taxable base is taxed at the following rates: (i) 19% for taxable income up to €6,000; (ii) 21% for taxable income from €6,001 to €50,000; and (iii) 23% for any amount in excess of €50,000. Income from the transfer of the Notes is computed as the difference between their transfer value and their acquisition or subscription value. Also, ancillary acquisition and disposal charges are taken into account, insofar as adequately evidenced, in calculating the income.

Negative income derived from the transfer of the Notes, in the event that the Noteholder had acquired other homogeneous securities within the two months prior or subsequent to such transfer or exchange, shall be included in his or her IIT base as and when the remaining homogeneous securities are transferred.

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

Article 44 of the Royal Decree 1065/2007 has established information procedures for debt instruments issued under the Law 10/2014 (which do not require identification of the Noteholders) and has provided that the interest will be paid by the Issuer to the Issuing and Principal Paying Agent for the gross amount, provided that such information procedures are complied with, so that any payment under the Notes will not be subject to withholding tax to the extent that the new simplified information procedures (which do not require identification of the Noteholders) are complied with by the Issuing and Principal Paying Agent as it is described under "*Simplified information procedures*". If these information procedures are not complied within the manner indicated, the Issuer will withhold at the general rate applicable from time to time, and the Issuer will pay the relevant additional amounts as will result in receipt by the Noteholder of such amounts as would have been received by them had no such withholding or deduction been required.

However, in the case of Notes held by Spanish resident individuals and deposited with a Spanish resident entity acting as depositary or custodian, payments of interest under the Notes may be subject to withholding tax at the general rate of 19% which will be made by the depositary or custodian.

Amounts withheld may be credited against the final IIT liability.

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

Wealth Tax (Impuesto sobre el Patrimonio)

Individuals with tax residency in Spain are subject to Wealth Tax to the extent that their net worth exceeds €700,000. Therefore, they should take into account the value of the Notes which they hold as at 31 December of each year, the applicable rates ranging between 0.2% and 2.5%. The Autonomous Communities may have different provisions in this respect.

In accordance with Article 3 of Royal Decree-Law 27/2018, of 28 December, a full exemption on Wealth Tax (*bonificación del 100%*) will apply as from 2020. Therefore, from year 2020 and onwards, individuals resident in Spain will be released from formal and filing obligations in relation to Wealth Tax, unless the application of this full exemption is revoked or postponed, as in previous years.

Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)

Individuals resident in Spain for tax purposes who acquire ownership or other rights over the Notes by inheritance, gift or legacy will be subject to the Spanish Inheritance and Gift Tax in accordance with the applicable Spanish regional and State rules. The applicable tax rates currently range between 7.65% and 81.6% depending on relevant factors, although the final tax rate may vary depending on any applicable regional tax laws.

Legal Entities with Tax Residency in Spain

Corporate Income Tax (Impuesto sobre Sociedades)

Both interest received periodically and income derived from the transfer, redemption or repayment of the Notes are subject to CIT (at the current general tax rate of 25%) in accordance with the rules for this tax. This general rate will not be applicable to all CIT taxpayers and, for instance, it will not apply to banking institutions (which will be taxed at the rate of 30%). Special rates apply in respect of certain types of entities (such as qualifying collective investment institutions).

In accordance with Section 44.5 of Royal Decree 1065/2007 and in the opinion of the Issuer, there is no obligation to withhold on income payable to Spanish CIT taxpayers (which for the sake of clarity, include Spanish tax resident investment funds and Spanish tax resident pension funds). Consequently, the Issuer will not withhold tax on interest payments to Spanish CIT taxpayers to the extent that the new simplified information procedures (which do not require identification of the Noteholders) are complied with by the Issuing and Principal Paying Agent as it is described under "*Simplified information procedures*". If these information procedures are not complied within the manner indicated, the Issuer will withhold at the general rate applicable from time to time, and the Issuer will pay the relevant additional amounts as will result in receipt by the Noteholder of such amounts as would have been received by them had no such withholding or deduction been required.

However, in the case of Notes held by Spanish resident entity and deposited with a Spanish resident entity acting as depositary or custodian, payments of interest under the Notes may be subject to withholding tax at the generally applicable rate of 19%, if the Notes do not comply with applicable exemption requirements including those specified in the Reply to the Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 in which case the required withholding will be made by the depositary or custodian.

Notwithstanding the above, amounts withheld, if any, may be credited by the relevant investors against its final CIT liability.

The Issuer will comply with the reporting obligations set forth in the Spanish tax laws with respect to beneficial owners of the Notes that are legal persons or entities resident in Spain for tax purposes.

Wealth Tax (Impuesto sobre el Patrimonio)

Legal entities resident in Spain for tax purposes are not subject to Wealth Tax.

Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)

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

Individuals and Legal Entities with no Tax Residency in Spain

Non-Resident Income Tax (Impuesto sobre la Renta de No Residentes)

With permanent establishment in Spain

If the Notes form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes are, generally, the same as those previously set out for Spanish CIT taxpayers. See "*—Spain – Legal Entities with Tax Residency in Spain – Corporate Income Tax (Impuesto sobre Sociedades)*". Ownership of the Notes by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

The Issuer will comply with the reporting obligations set out in the Spanish tax laws with respect to holders of the Notes who are individuals or legal entities not resident in Spain for tax purposes who act with respect to the Notes through a permanent establishment in Spain.

With no permanent establishment in Spain

Both interest payments received periodically and income derived from the transfer, redemption or repayment of the Notes, obtained by individuals or entities who are not resident in Spain for tax purposes and who do not act, with respect to the Notes, through a permanent establishment in Spain, are exempt from NRIT.

In order for the exemption to apply, it is necessary to comply with certain information obligations relating to the Notes, in the manner described under "*Simplified information procedures*" as laid down in section 44 of Royal Decree 1065/2007. If these information obligations are not complied within the manner indicated, the Issuer will withhold at the general rate applicable from time to time, and the Issuer will pay the relevant additional amounts as will result in receipt by the Noteholder of such amounts as would have been received by them had no such withholding or deduction been required.

Wealth Tax (Impuesto sobre el Patrimonio)

Non-Spanish resident individuals whose properties and rights located in Spain, or that can be exercised within the Spanish territory exceed €700,000 would be subject to Wealth Tax, the applicable rates ranging between 0.2% and 2.5%. However, non-Spanish resident individuals will be exempt from Wealth Tax in respect of the Notes which income is exempt from NRIT as described above.

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to Wealth Tax would generally not be subject to such tax.

If the exemptions outlined do not apply, individuals who are not resident in Spain for tax purposes and who are residents in an EU or European Economic Member State may apply the rules approved by the Spanish region where the assets and rights with more value: (i) are located; (ii) can be exercised; or (iii) must be fulfilled.

In accordance with Article 3 of Royal Decree-Law 27/2018, of 28 December, a full exemption on Wealth Tax (*bonificación del 100%*) will apply as from 2020. Therefore, from year 2020 and onwards, non-Spanish resident individuals will be released from formal and filing obligations in relation to Wealth Tax, unless the application of this full exemption is revoked or postponed, as in previous years.

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

Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)

Individuals not resident in Spain for tax purposes who acquire ownership or other rights over the Notes by inheritance, gift or legacy, will be subject to the Spanish Inheritance and Gift Tax in accordance with the applicable Spanish regional and state rules (individuals who are resident for tax purposes in an EU or European Economic Member State (other than Spain) may apply the regional rules), unless they reside in a country for tax purposes with which Spain has entered into a double tax treaty in relation to Inheritance and Gift Tax. In such case, the provisions of the relevant double tax treaty will apply.

Non-Spanish resident legal entities which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift Tax. Such acquisitions will be subject to NRIT (as described above), except as provided in any applicable double tax treaty entered into by Spain. In general, double tax treaties provide for the taxation of this type of income in the country of tax residence of the Holder.

Tax Rules for Notes not Listed

Withholding on Account of IIT, CIT and NRIT

If the Notes are not listed on any Payment Date, payments to Noteholders will be subject to withholding tax at the general rate of 19%, except in the case of Noteholders which are: (a) resident in a Member State of the European Union other than Spain and obtain the interest income either directly or through a permanent establishment located in another Member State of the European Union, provided that such Holders (i) do not obtain the interest income on the Notes through a permanent establishment in Spain and (ii) are not resident of, or are not located in, nor obtain income through, a tax haven (as defined by Royal Decree 1080/1991, of 5 July, as amended) or (b) resident for tax purposes of a country which has entered into a double tax treaty with Spain which provides for an exemption from Spanish tax or a reduced withholding tax rate with respect to interest payable to any Holder.

Wealth Tax (Impuesto sobre el Patrimonio)

See *"—Spain – Individuals with Tax Residency in Spain – Wealth Tax (Impuesto sobre el Patrimonio)"* and *"—Spain – Individuals and Legal Entities with no Tax Residency in Spain – Wealth Tax (Impuesto sobre el Patrimonio)*".

Simplified information procedures

According to Law 10/2014 the information to be reported by issuers to the Spanish Tax Authorities will be developed in relevant regulations. Royal Decree 1065/2007 sets out the procedures to be followed in order to make payments under the Notes without withholdings or deductions for or on account of Spanish taxes.

The procedures set out in the Agency Agreement provide that the Issuer will pay on each Interest Payment Date the full amount of the payment due and payable to the Issuing and Principal Paying Agent. The Issuing and Principal Paying Agent, on behalf of the Issuer, will deliver a statement in the required form to the Issuer the business day immediately before the relevant Interest Payment Date. The statement shall contain the following information:

(a) identification of the Notes;

(b) income payment date (or refund if the Notes are issued at a discount or segregated);

(c) total amount of income (or total amount to be refunded if the Notes are issued at a discount or segregated); and

(d) total amount payable under the Notes to each of the Clearing Systems.

If the procedures set out above are complied with, the Issuing and Principal Paying Agent, on behalf of the Issuer, will pay the relevant amount to (or for the account of) the clearing systems without withholdings or deductions for or on account of Spanish taxes. If the statement is not delivered to the Issuer as described above, the Issuer shall pay such additional amounts as required under terms of the Notes and pay an appropriate amount to the Spanish tax authorities to the extent required to comply with its obligations with respect thereto. The Issuing and Principal Paying Agent will pay the relevant amount to (or for the account of) the clearing systems.

If, following clarifications by the Spanish Tax Authorities, procedures in relation to Royal Decree 1065/2007 are subsequently amended, the Issuer and the Issuing and Principal Paying Agent will implement such procedures as may be required to enable the Issuer to comply with its obligations under applicable legislation as clarified by the Spanish Tax Authorities. The Issuer undertakes to ensure that the Noteholders are informed of such new procedures and their implications.

Regarding the interpretation of Royal Decree 1065/2007 and the new simplified information procedures please refer to *"Risk Factors – Risks related to Notes generally – Risks relating to the Spanish withholding tax regime"*.

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 since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the 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 the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

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

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Spain) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA

jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional Notes (as described under *"Terms and Conditions—Further Issues"*) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 26 April 2019, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and the Terms and Conditions of the Notes. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold or delivered within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act (**Regulation S**)) except in certain transactions exempt from the registration requirements of the Securities Act. The Notes are being offered for sale outside the US in accordance with Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period (as defined in Regulation S under the Securities Act) a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not apply to the Issuer if it was not an authorised person; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU; or

(ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Directive; and

(b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Spain

The Notes may not be sold or distributed, nor may any subsequent resale of Notes be carried out in Spain, except in compliance with the provisions of the consolidated text of the Spanish Securities Market Law approved by Royal Legislative Decree 4/2015 of 23 October (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*). No publicity or marketing of any kind shall be made in Spain in relation to the Notes.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not and will not direct or make any offer of the Notes to investors located in Spain.

Neither the Notes nor the Base Prospectus have been or will be registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) and therefore the Base Prospectus is not intended for any public offer of the Notes in Spain.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(a) to qualified investors (*investitori qualificati*), as defined in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-*ter* of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and

(ii) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of the securities in the Republic of Italy; and

(iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

France

Each of the Dealers has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

Belgium

Other than in respect of Notes for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

Singapore

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA pursuant to Section 275(1) of the SFA), or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The establishment of the Programme was duly authorised by a resolution of the shareholders of the Issuer dated 25 April 2013, and a resolution of the Board of Directors of the Issuer dated 26 September 2013 and the update of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer dated 21 March 2019.

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

Listing of Notes

This Base Prospectus has been approved by the CBI as competent authority under the Prospectus Directive. The CBI only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of MiFID II and/or which are to be offered to the public in any member state of the European Economic Area.

Application has been made to Euronext Dublin for Notes issued under the Programme to be admitted to trading on its regulated market and to be listed on the Official List. The regulated market of Euronext Dublin is a regulated market for the purposes of MiFID II. It is expected that each Tranche of Notes to be listed on the Official List and admitted to trading on the regulated market of Euronext Dublin will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche.

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

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available in hard copies for inspection from the registered office of the Issuer and from the specified offices of the Paying Agent(s) for the time being in Luxembourg:

(a) the bylaws (with an accurately reproduced English translation thereof) of the Issuer;

(b) the 2017 Consolidated Financial Statements together with the CaixaBank Group Management Report for 2017 and the 2018 Consolidated Financial Statements together with the CaixaBank Group Management Report for 2018, in each case together with the audit reports prepared in connection therewith (in each case, together with an accurately reproduced English translation thereof). The Issuer currently prepares audited consolidated accounts on an annual basis;

(c) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited quarterly business activity and results report prepared under the management criteria of the Issuer (in each case with an accurately reproduced English translation thereof), in each case together with any audit or limited review report prepared in connection therewith. The Issuer currently prepares unaudited consolidated condensed interim accounts on a half yearly basis;

(d) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;

(e) a copy of this Base Prospectus; and

(f) any future offering circulars, prospectuses, information memoranda, supplements and Final Terms to this Base Prospectus and any other documents incorporated herein or therein by reference.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code, ISIN and CUSIP number for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2018.

There has been no significant change in the financial position of the Group since 31 December 2018 and there has been no significant change in the financial or trading position of the Issuer since 31 December 2018.

Litigation

Other than as described in the section entitled "Litigation" on page 220 and under the heading "*The Group is exposed to risk of loss from legal and regulatory claims*" in the Risk Factors section, neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Independent Auditors

The auditors of the Issuer for the financial year ended on 31 December 2017 were Deloitte, S.L. (registered as auditors on the *Registro Oficial de Auditores de Cuentas*) who audited the Issuer's accounts for such financial year, without qualification, in accordance with generally accepted auditing standards in Spain.

The current auditors of the Issuer are PricewaterhouseCoopers Auditores, S.L. (registered as auditors on the *Registro Oficial de Auditores de Cuentas*) who audited the Issuer's accounts for the financial year ended on 31 December 2018 and will audit the Issuer's accounts for the financial year ended on 31 December 2019 and 2020.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealer or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

ISSUER

CaixaBank, S.A.
Pintor Sorolla, 2-4
46002 Valencia
Spain

ISSUING AND PRINCIPAL PAYING AGENT

BNP Paribas Securities Services, Luxembourg Branch
60, avenue J.F. Kennedy
L-1855 Luxembourg
Postal Address: L - 2085 Luxembourg

LEGAL ADVISERS

To the Issuer as to English law and Spanish law

Clifford Chance, S.L.P.U.
Paseo de la Castellana 110
28046 Madrid
Spain

To the Dealers as to English law and Spanish law

Allen & Overy
Serrano 73
28006 Madrid
Spain

AUDITORS

To the Issuer for 2017

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
Spain

To the Issuer for 2018 and 2019

PricewaterhouseCoopers Auditores, S.L.
Torre PwC
Paseo de la Castellana, 259 B
28046 Madrid
Spain

ARRANGER

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United Kingdom

DEALERS

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Spain

Banco Santander, S.A.
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28027, Madrid
Spain

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United Kingdom

Barclays Bank PLC
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Canary Wharf
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United Kingdom

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HSBC Bank plc
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United Kingdom

HSBC France
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Canary Wharf
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Société Générale
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Germany

LISTING AGENT

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