CAIXABANK, S.A.

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

Perpetual Non-Cumulative Contingent Convertible Additional Tier 1 Preferred Securities

Issue Price: 100 per cent.

The €750,000,000 Perpetual Non-Cumulative Contingent Convertible Additional Tier 1 Preferred Securities of €200,000 liquidation preference each (the "**Preferred Securities**") are being issued by CaixaBank, S.A. (the "**Bank**", the "**Issuer**" or "**CaixaBank**") on 9 October 2020 (the "**Closing Date**"). The Bank and its consolidated subsidiaries are referred to herein as the "**CaixaBank Group**" or the "**Group**".

The Preferred Securities will accrue non-cumulative cash distributions ("**Distributions**") as follows: (i) in respect of the period from (and including) the Closing Date to (but excluding) 9 April 2028 (the "**First Reset Date**"), at the rate of 5.875 per cent. per annum, and (ii) in respect of each period from (and including) the First Reset Date and every fifth anniversary thereof (each a "**Reset Date**") to (but excluding) the next succeeding Reset Date (each such period, a "**Reset Period**"), at the rate per annum, calculated on an annual basis and then converted to a quarterly rate in accordance with market convention, equal to the aggregate of 6.346 per cent. per annum (the "**Initial Margin**") and the 5-year Mid-Swap Rate (as defined in the terms and conditions of the Preferred Securities (the "**Conditions**")) for the relevant Reset Period. Subject as provided in the Conditions, such Distributions will be payable quarterly in arrear on 9 January, 9 April, 9 July and 9 October, in each year (each a "**Distribution Payment Date**").

The Bank may elect, in its sole and absolute discretion, to cancel the payment of any Distribution in whole or in part at any time as further provided in Condition 4.3. Without prejudice to the right of the Bank to cancel the payments of any Distribution: (a) payments of Distributions in any financial year of the Bank shall be made only to the extent the Bank has sufficient Distributable Items (as defined in the Conditions). To the extent that the Bank has insufficient Distributable Items to make Distributions on the Preferred Securities, the Bank will only make partial or, as the case may be, no payment of the relevant Distribution on the Preferred Securities; (b) if the Competent Authority (as defined in the Conditions) requires the Bank to cancel the relevant Distribution in whole or in part, the Bank will only make partial or, as the case may be, no payment of the relevant Distribution on the Preferred Securities; (c) the Bank may make partial or, as the case may be, no payment of the relevant Distribution on the Preferred Securities if and to the extent that such payment would cause the Maximum Distributable Amount to be exceeded or otherwise would cause a breach of any regulatory restriction or prohibition on payments on Additional Tier 1 Capital (as defined in the Conditions) pursuant to Applicable Banking Regulations (as defined in the Conditions); and (d) if the Trigger Event (as defined in the Conditions) occurs at any time on or after the Closing Date (as defined in the Conditions), the Bank will not make any further Distribution on the Preferred Securities and any accrued and unpaid Distributions up to a Trigger Event shall be automatically cancelled.

The Preferred Securities are perpetual. All, and not some only, of the Preferred Securities may be redeemed at the option of the Bank at any time in the period commencing on (and including) 9 October 2027 and ending on (and including) the First Reset Date and on any Distribution Payment Date thereafter, at the liquidation preference of €200,000 per Preferred Security plus any accrued and unpaid Distributions for the then current Distribution Period (as defined in the Conditions) to (but excluding) the date fixed for redemption (the "**Redemption Price**"). The Preferred Securities are also redeemable on or after the Closing Date at the option of the Bank in whole but not in part, at any time, at the Redemption Price if there is a Capital Event or a Tax Event (each as defined in the Conditions). Subject, in each case, to the prior consent of the Competent Authority and otherwise in accordance with the Applicable Banking Regulations (as defined in the Conditions) then in force.

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

In the event of the occurrence of a Trigger Event (as defined in the Conditions) (i.e. if at any time the CET1 ratio (as defined in the Conditions) falls below 5.125 per cent.), the Preferred Securities are mandatorily and irrevocably convertible into newly issued ordinary shares in the capital of the Bank ("Ordinary Shares") at the Conversion Price (as defined in the Conditions).

In the event of any voluntary or involuntary liquidation or winding-up of the Bank, Holders will be entitled to receive (subject to the limitations described in the Conditions), in respect of each Preferred Security, their respective liquidation preference of €200,000 plus any accrued and unpaid Distributions for the then current Distribution Period to the date of payment of the Liquidation Distribution (as defined in the Conditions).

The Preferred Securities are rated BB by S&P Global Ratings Europe Limited ("**S&P Global**"). S&P Global is established in the European Union ("**EU**") and is registered under Regulation (EC) No 1060/2009 (as amended) on credit rating agencies (the "**CRA Regulation**"). S&P Global appears on the latest update of the list of registered credit rating agencies (as of 14 November 2019) on the European Securities and Markets Authority ("**ESMA**") website. **A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.**

This document (together with the information incorporated by reference) constitutes a listing prospectus (the "**Prospectus**") for the purposes of Article 3 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of the EU (as amended, the "**Prospectus Regulation**") and has been prepared in accordance with, and including the information required by annexes 2, 11 (sections 3.1 and 3.2), 15 and 18 of the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 (the "**Delegated Regulation**"). This Prospectus has been approved by the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (the "**CNMV**") as competent authority under the Prospectus Regulation. The CNMV only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CNMV should not be considered as an endorsement of the Bank or of the quality of the Preferred Securities. Investors should make their own assessment as to the suitability of investing in the Preferred Securities.

Application has been made for the Preferred Securities to be admitted to trading on the Spanish AIAF Fixed Income Securities Market ("**AIAF**"). AIAF is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (as amended, "**MiFID II**"). The Preferred Securities may also be admitted to trading on any other secondary market as may be agreed by the Issuer.

Amounts payable under the Preferred Securities from and including the First Reset Date are calculated by reference to the 5-year Mid-Swap Rate (as defined in the Conditions) which appears on the ICESWAP2 screen, which is provided by ICE Benchmark Administration Limited or by reference to EURIBOR 6-month (as defined in the Conditions) which appears on the EURIBOR01 screen, which is provided by the European Money Markets Institute. As at the date of this Prospectus, both ICE Benchmark Administration Limited and the European Money Markets Institute appear on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Regulation (EU) No 2016/1011 (the "**Benchmark Regulation**").

The date of this Prospectus is 9 October 2020

The Preferred Securities are complex financial instruments with high risk and are not a suitable or appropriate investment for all investors.

The Preferred Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA") or in the United Kingdom ("UK") as defined in the rules set out in MiFID II. Prospective investors are referred to the section headed "*Prohibition on marketing and sales to retail investors*" on pages 5 and 6 of this Prospectus for further information.

Investors in Hong Kong should not purchase the Preferred Securities in the primary or secondary markets unless they are professional investors (as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and its subsidiary legislation, "Professional Investors") only and understand the risks involved. The Preferred Securities are generally not suitable for retail investors.

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

An investment in the Preferred Securities involves certain risks. There are significant risks inherent in the holding of the Preferred Securities, including the risks in relation to their subordination, the circumstances in which the Preferred Securities may be written down or converted to ordinary shares and the implications on Holders (such as a substantial loss), the circumstances in which Holders may suffer loss as a result of holding the Preferred Securities are difficult to predict and the quantum of any loss incurred by investors in the Preferred Securities in such circumstances is also highly uncertain. For a discussion of these risks see "*Risk Factors*" beginning on page 18.

MiFID II professionals/ECPs-only/No PRIIPs KID/FCA PI RESTRICTION – Manufacturer target market (MiFID II product governance) is eligible counterparties and professional clients only (all distribution channels). The target market assessment indicates that the Preferred Securities are incompatible with the knowledge, experience, needs, characteristic and objectives of retail clients and accordingly the Preferred Securities shall not be offered or sold to any retail clients. No packaged retail and insurance-based investment products (PRIIPs) key information document (KID) has been prepared as the Preferred Securities are not available to retail investors in the EEA or in the UK.

The Preferred Securities and any Ordinary Shares to be issued and delivered in the event of the occurrence of the Trigger Event have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and are subject to United States tax law requirements. The Preferred Securities are being offered outside the United States in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

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

Sole Structuring Advisor and Lead Manager

Barclays

Joint Lead Managers

BofA Securities | **CaixaBank** | **Morgan Stanley** | **Société Générale Corporate & Investment Banking**

The date of this Prospectus is 9 October 2020

IMPORTANT NOTICES

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

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

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Preferred Securities other than as contained in this Prospectus or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or Barclays Bank Ireland PLC, BofA Securities Europe SA, CaixaBank, S.A., Morgan Stanley & Co. International plc and Société Générale (together, the "**Joint Lead Managers**").

None of the Joint Lead Managers has separately verified the information contained or incorporated by reference in this Prospectus. None of the Joint Lead Managers nor any of their respective affiliates has authorised the whole or any part of this Prospectus. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Preferred Security shall in any circumstances create any implication that there has been no change in the affairs of the Issuer, or any event reasonably likely to involve any adverse change in the condition (financial or otherwise) of the Issuer, since the date of this Prospectus or that any other information supplied in connection with the Preferred Securities is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

None of the Joint Lead Managers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information contained or incorporated by reference in this Prospectus or any other information supplied by the Issuer in connection with the Preferred Securities. Neither this Prospectus nor any such information or financial statements of the Issuer are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Joint Lead Managers that any recipient of this Prospectus or such information or financial statements should purchase the Preferred Securities. Each potential purchaser of Preferred Securities should determine for itself the relevance of the information contained or incorporated by reference in this Prospectus and its purchase of Preferred Securities should be based upon such investigation as it deems necessary. None of the Joint Lead Managers undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Preferred Securities of any information coming to the attention of the Joint Lead Managers.

The Joint Lead Managers are acting exclusively for the Issuer and no one else in connection with any offering of the Preferred Securities. The Joint Lead Managers will not regard any other person (whether a recipient of this Prospectus or otherwise) as their client in relation to any such offering and will not be responsible to anyone other than the Issuer for providing the protections afforded to their clients or for giving advice in relation to such offering or any transaction or arrangement referred to herein.

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

The distribution of this Prospectus and the offering, sale and delivery of Preferred Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions.

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

In this Prospectus, unless otherwise specified, references to a "**member state**" are references to a Member State of the European Economic Area, references to "**U.S. dollar**" are to United States dollars, references to "**€**", "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

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

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

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

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

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Preferred Securities, the merits and risks of investing in the Preferred Securities and the information contained or incorporated by reference in this Prospectus, taking into account that the Preferred Securities are a suitable investment for professional or institutional investors only;

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

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

(iv) understands thoroughly the terms of the Preferred Securities, including the provisions relating to redemption or substitution of the Preferred Securities and any variation of their terms, and is familiar with the behaviour of financial markets; and

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

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

Prohibition on marketing and sales to retail investors

The Preferred Securities are complex financial instruments with high risk and are not a suitable or appropriate investment for all investors (see also *"Risk Factors–Risks related to the Preferred Securities"*). In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Preferred Securities to retail investors. offers of the Preferred Securities in Spain shall only be directed specifically at or made to professional investors (*clientes profesionales*) as defined in Article 205 of the Royal Legislative Decree 4/2015, of 23 October, approving the consolidated text of the Spanish Securities Market Act (the "**Securities Market Act**") or eligible counterparties (*contrapartes elegibles*) as defined in Articles 203 and 207 of the Securities Market Act.

In particular, in June 2015, the UK Financial Conduct Authority (the "**FCA**") published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, which took effect from 1 October 2015 (the "**PI Instrument**"). In addition, (i) on 1 January 2018, the provisions of Regulation (EU) No 1286/2014 on key information documents for packaged and retail and insurance-based investment products (the "**PRIIPs Regulation**") became directly applicable in all EEA member states (which for these purposes, includes the UK) and (ii) MiFID II was required to be implemented in EEA member states (which for these purposes, includes the UK) by 3 January 2018, and was implemented in Spain through Royal Decree-Law 14/2018 of 28 September and Royal Decree 1464/2018 of 21 December. Together the PI Instrument, the PRIIPs Regulation and MiFID II are referred to as the "**Regulations**".

The Regulations set out various obligations in relation to (i) the manufacture and distribution of financial instruments and the (ii) offering, sale and distribution of packaged retail and insurance-based investment products and certain contingent write-down or convertible securities such as the Preferred Securities.

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

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

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

1. it is not a retail client (as defined in MiFID II);

2. whether or not it is subject to the Regulations or the HKMA Circular, it will not:

   (A) sell or offer the Preferred Securities (or any beneficial interest therein) to retail clients (as defined in MiFID II) or to retail investors in Hong Kong; or

   (B) communicate (including the distribution of the Prospectus) or approve an invitation or inducement to participate in, acquire or underwrite the Preferred Securities (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client (in each case within the meaning of the MiFID

II) or a client in Hong Kong who is not a Professional Investor. In selling or offering the Preferred Securities or making or approving communications relating to the Preferred Securities, it may not rely on the limited exemptions set out in the PI Instrument;

3. it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA or in the UK or Hong Kong) relating to the promotion, offering, distribution and/or sale of the Preferred Securities (or any beneficial interests therein), including (without limitation) MiFID II and the HKMA Circular and any other such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Preferred Securities (or any beneficial interests therein) by investors in any relevant jurisdiction; and

4. if it is in Hong Kong, it is a Professional Investor.

Each prospective investor further acknowledges that:

(i) the identified target market for the Preferred Securities (for the purposes of the product governance obligations in MiFID II) is eligible counterparties and professional clients; and

(ii) no key information document (KID) under the PRIIPs Regulation has been prepared and therefore offering or selling the Preferred Securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

Each potential investor should inform itself of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Preferred Securities (or any beneficial interests therein), including the Regulations and the HKMA Circular.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Preferred Securities (or any beneficial interests therein) from the Issuer and/or the Joint Lead Managers the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

PRIIPs Regulation / Prohibition of sales to EEA and UK retail investors – The Preferred Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the UK. For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(I) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(I) of MiFID II. Consequently, no key information document (KID) required by the PRIIPs Regulation for offering or selling the Preferred Securities or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Preferred Securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

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

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**") - In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined the classification of the Preferred Securities as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Certain of the documents incorporated by reference herein (including, without limitation, the communication of other relevant information (*comunicación de otra información relevante*) dated 18 September 2020 filed with the CNMV with register number 4,498 available at CaixaBank's website) contain forward-looking statements, projections, objectives, estimates and forecasts which have not been verified by an independent entity, and the accuracy, completeness or correctness thereof should not be relied upon. All forecasts and other statements that are not statements of historical fact, including, without limitation, those regarding the financial position, business strategy, management plans and objectives for future operations of CaixaBank (which term includes its subsidiaries and investees) and run-rate metrics, are mere forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements of CaixaBank, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements have been compiled and prepared on a basis which is comparable with CaixaBank's historical financial information and consistent with its accounting policies. These forward-looking statements are based on numerous assumptions regarding CaixaBank's present and future business strategies and the environment in which CaixaBank expects to operate in the future, which may not be fulfilled. Due to such uncertainties and risks, investors are cautioned not to place undue reliance on such forward looking statements.

Certain of the documents incorporated by reference herein also contain aggregated unadjusted combined information of the Issuer and Bankia, S.A. (and their respective groups) pursuant to the proposed merger. Such information does not constitute pro forma financial information for the purposes of, nor has such information been prepared in accordance with, Annex 20 of Commission Delegated Regulation (EU) 2019/980 and has not been reviewed, audited or verified by any third party.

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SUMMARY OF THE PREFERRED SECURITIES

CAIXABANK, S.A.

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

Perpetual Non-Cumulative Contingent Convertible Additional Tier 1 Preferred Securities

Issue Price: 100 per cent.

INTRODUCTION

This summary should be read as an introduction to the Prospectus. Any decision to invest in any Preferred Securities should be based on a consideration of this Prospectus as a whole, including any documents incorporated by reference. An investor in the Preferred Securities could lose all or part of the invested capital. Where a claim relating to information contained in the Prospectus is brought before a court, the plaintiff may, under national law where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to the Bank solely on the basis of this summary, including any translation of it, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Preferred Securities.

The Preferred Securities described in this Summary are the €750,000,000 Perpetual Non-Cumulative Contingent Convertible Additional Tier 1 Preferred Securities of €200,000 liquidation preference (the "**Liquidation Preference**") each (with International Securities Identification Number (ISIN): ES0840609020, Common Code: 224230885) issued by CaixaBank, S.A. (the "**Bank**", the "**Issuer**" or "**CaixaBank**"). The Bank has its registered office at calle Pintor Sorolla, 2-4, 46002 Valencia. The Legal Entity Identifier (L.E.I.) code of CaixaBank is 7CUNS533WID6K7DGFI87.

The Prospectus has been approved by the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (the "**CNMV**") on 13 October 2020 (Comisión Nacional del Mercado de Valores, Edison, 4, 28006 Madrid, Spain (telephone number: +34 900 535 015)).

KEY INFORMATION ON THE ISSUER

Who is the issuer of the Securities?

The Issuer is a Spanish company incorporated with legal status on 12 December 1980 as a public limited company (*sociedad anónima*) and is governed by the Spanish Companies Act, approved by Legislative Decree 1/2010, of 2 July, as amended. The Legal Entity Identifier (L.E.I.) code of CaixaBank is 7CUNS533WID6K7DGFI87.

CaixaBank is a diversified financial group comprising a banking and insurance business, focused mainly in the Spanish and Portuguese markets, with exposure to some equity investments in international banks and leading service sector. As of 31 December 2019, CaixaBank had over 13.7 million customers in Spain, including individuals, companies and institutions, served through a network of 4,118 branches in Spain (of which 3.918 retail). In Portugal through BPI had circa 1.9 million customers, served through a network of 477 branches.

Fundación Bancaria "la Caixa" holds 40.0% of voting rights in CaixaBank through its wholly owned subsidiary CriteriaCaixa, S.A.U. (its stake is of 3,493 shares directly and of 2,392,575,212 shares indirectly through CriteriaCaixa). Blackrock INC, in addition to the 2.991% voting rights in shares (178,925,887 shares indirectly), has reported on 9 March 2020 entitlement to 0.067% voting rights through financial instruments and 0.009% voting rights through CFDs, that represents a total position of 3.067% of voting rights of CaixaBank.. Invesco Limited holds its stake (117,711,815 shares equivalent to 1.968% of voting rights) in CaixaBank through Invesco Asset Management Limited (1.919%) and other entities (0.049%), as reported to the CNMV on 23 January 2020. Norges Bank, in addition to the 3.017% voting rights in shares (180,434,381 shares directly), has reported on 4 June 2020 entitlement to 0.002% voting rights through financial instruments that represents a total position of 3.019% of voting rights of CaixaBank.

To the extent known to the Bank, the Bank is not controlled, directly or indirectly, by any corporation, government or any other natural or legal person.

The 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 financial statements for each of the two financial years ended on 31 December 2019 and 31 December 2018 (which have been prepared in accordance with the International Financial Reporting Standards adopted by the EU ("**IFRS-EU**) and other provisions of the financial reporting framework applicable in Spain). Deloitte, S.L. (registered as auditors on the *Registro Oficial de Auditores de Cuentas*) audited the Issuer's financial statements for the financial year ended on 31 December 2017 (which have been prepared in accordance with IFRS-EU and other provisions of the financial reporting framework applicable in Spain).

The Board of Directors of CaixaBank currently comprises 15 members, including the Chairman Mr. Jordi Gual (proprietary director), the CEO Mr. Gonzalo Gortázar (the only executive director of the Board) and the Lead Independent Director, Mr. John Reed (independent director).

What is the key financial information regarding the issuer?

The following tables comprise a selection of the key financial information regarding the Bank from its consolidated income statements and balance sheets as at and for six months ended 30 June 2020 and each of the years ended 31 December 2019, 2018 and 2017.

Income statement – Key financial information

	For the six months ended 30 June		For the year ended 31 December		
	2020	**2019**	**2019**	**2018**	**2017**
			(*€ millions*)		
Net interest income	2,425	2,478	4,951	4,907	4,746
Net fees and commission income[(1)]	1,266	1,248	2,598	2,583	2,499
Gross income	4,117	4,445	8,605	8,767	8,222
Recurring administrative expenses, depreciation and amortization[(2)]	(2,345)	(2,408)	(4,771)	(4,634)	(4,467)
Net impairment loss on financial assets[(3)]	(1,518)	(295)	(611)	(567)	(1,711)
Net trading income[(4)]	142	261	298	278	282
Operating income/loss[(5)]	1,772	1,059	2,855	4,109	3,645
Pre-impairment income stripping out extraordinary expenses[(6)]	1,772	2,037	3,834	4,133	3,755

	For the six months ended 30 June		For the year ended 31 December		
	2020	2019	2019	2018	2017
			(*€ millions*)		
Profit/loss attributable to the owners of the Parent	205	622	1,705	1,985	1,684
Net attributable Earnings per share[7]	0.19	0.20	0.26	0.32	0.28

Notes:—

(1) Net fees and commissions income calculated as "fee and commission income" less "fee and commission expenses".

(2) Recurring administrative expenses, depreciation and amortization calculated as the sum of administrative expenses, depreciation and amortization excluding extraordinary items.

(3) Net impairment loss on financial assets includes Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss or net profit or loss due to a change and Provisions/(reversal) of provisions

(4) Net trading income calculated as the sum of: (i) Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss (net); (ii) Gains/(losses) on financial assets not designated for trading compulsorily measured fair value through profit or loss (net); (iii) Gains/(losses) on financial assets and liabilities held for trading, net; (iv) Gains/(losses) from hedge accounting, net; and (v) Exchange differences (net).

(5) Operating income/loss calculated as sum of Gross income and administrative expenses, depreciation and amortization .

(6) Pre-impairment income stripping out extraordinary expenses calculated as sum of Gross income and recurring administrative expenses, depreciation and amortization.

(7) Earnings per share calculated as profit attributable to the Group for the last 12 months divided by the average number of shares outstanding. The average number of shares outstanding is calculated as average shares issued less the average number of treasury shares.

Balance sheet – Key financial information

	As of 30 June 2020	As of 31 December		
		2019	2018	2017
		(*€ millions, except %*)		
Balance sheet and operations				
Total assets	445,572	391,414	386,546	383,136
Debt securities issued[1]	34,291	33,648	29,244	29,919
Subordinated debt	3,201	3,211	3,206	5,054
Preferred securities	2,250	2,250	2,250	1,000
Equity[2]	24,393	25,151	24,364	24,866
Customer funds[2][3]	400,675	384,286	359,549	350,706
Deposits from customers	234,922	218,532	204,980	196,584
Loans and advances to customers, gross[4]	242,956	227,406	224,693	223,951
Risk management				
Non-performing	9,220	8,794	11,195	14,305
Non-performing loan ratio[5]	3.5%	3.6%	4.7%	6.0%
Cost of risk (last 12 months)[6]	0.61%	0.15%	0.04%	0.34%
Insolvency risk provisions[7]	5,786	4,863	6,014	7,135
NPL coverage ratio[8]	63%	55%	54%	50%
Net foreclosed available for sale real estate assets[9]	973	958	740	5,878
Foreclosed real estate assets held for sale coverage ratio[10]	40%	39%	39%	58%

	As of 30 June 2020	As of 31 December		
		2019	2018	2017
		(*€ millions, except %*)		
Liquidity				
Total liquidity assets[(11)]	106,609	89,427	79,530	72,775
Liquidity coverage ratio (last 12 months) (LCR)	198%	186%	196%	185%
Net stable funding ratio (NSFR)	140%	129%	117%	-
Loan-to-deposit[(12)]	99%	100%	105%	108%
Solvency				
Common equity tier 1 (CET1)	12.3%	12.0%	11.5%	11.7%
Tier 1 ratio	13.8%	13.5%	13.0%	12.3%
Total capital	16.0%	15.7%	15.3%	15.7%
MREL	22.6%	21.8%	18.9%	-
Risk weighted assets (RWAs)	147,334	147,880	145,942	148,626
Leverage ratio	5.1%	5.9%	5.5%	5.3%

Notes:—

(1) Includes plain vanilla bonds, as well as covered and securitised bonds; structured and promissory notes; subordinated debt and preferred securities. See Note 22 of the 2019 Consolidated Annual Financial Statements for further details.

(2) The balance sheet data for 2018 and 2017 has been restated in accordance with the change in accounting criteria described in CaixaBank's audited consolidated financial statements for the financial year ended 31 December 2019, as have the profitability and stock market ratios.

(3) Customer funds calculated as sum of demand deposits, time deposits, insurance contracts liabilities, reserve repurchase agreements, assets under management and other accounts using management criteria.

(4) Loans and advances to customers, gross calculated as sum of loans to individuals, loans to business and public sector, using management criteria.

(5) Non-performing loan ratio calculated as the quotient between the non-performing loans and advances to customers and contingent liabilities, using management criteria, and the total gross loans and advances to customers and contingent liabilities, using management criteria.

(6) Cost of risk calculated as the quotient between the total allowances for insolvency risk (12 months) divided by average of gross loans to customers, plus contingent liabilities, using management criteria.

(7) Insolvency risk provisions calculated as provisions for loans and advances to customers and contingent liabilities, using management criteria.

(8) NPL coverage ratio calculated as the quotient between the total credit loss provisions for loans to customers and contingent liabilities, using management criteria, and non-performing loans and advances to customers and contingent liabilities, using management criteria.

(9) Net foreclosed available for sale real estate assets in Spain.

(10) Foreclosed real estate assets held for sale coverage ratio calculated as quotient between charges to provisions of foreclosed assets, and sum of net carrying amount and the accounting provision.

(11) Total liquid assets calculated as the sum of HQLAs (High Quality Liquid Assets within the meaning of Commission Delegated Regulation of 10 October 2014) plus the available balance under the facility with the European Central Bank (non-HQLA).

(12) Loan-to-deposit calculated as the quotient between net loans and advances to customers using management criteria excluding brokered loans (funded by public institutions), and on- balance sheet customer funds.

What are the key risks that are specific to the issuer?

In purchasing the Preferred Securities, investors assume the risk that the Bank may become insolvent or otherwise be unable to make all payments due in respect of the Preferred Securities including that the Bank may elect, in its sole and absolute discretion, to cancel the payment of any Distribution (as defined below) in whole or in part at any time and for any (or no) reason. There is a wide range of factors which individually or together could result in the Bank electing to cancel the payment of any Distribution or otherwise becoming unable to make all payments due in respect of the Preferred Securities. It is not possible to identify all such

factors or to determine which factors are most likely to occur, as the Bank 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 Bank's control. The Bank has identified in this Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the Preferred Securities. These factors include, among others:

- Risk factors corresponding to Strategic Events which might affect the materiality of the risks contained in CaixaBank Group's Corporate Risk Taxonomy, particularly focused on the recent pandemic caused by the SARS-CoV-2 coronavirus (COVID-19)
- Credit risk mainly arising from changes in credit quality and recoverability of loans and amounts due from counterparties as well as other assets
- Actuarial risk (i.e. risk relating to the Insurance Business)
- Structural interest rate risk
- Market risks
- Reputational risk
- Operational risk, specially conduct risk and legal and regulatory risks
- Solvency risk due to increasingly onerous capital requirements
- Liquidity and funding risk due to market-wide or firm-specific liquidity constrains
- Risk factor of a potential downgrade of Issuer's credit ratings

KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

The Preferred Securities described in this Summary are the €750,000,000 Perpetual Non-Cumulative Contingent Convertible Additional Tier 1 Preferred Securities of €200,000 Liquidation Preference each (with International Securities Identification Number (ISIN): ES0840609020, Common Code: 224230885), The currency of the Preferred Securities is Euro (€).

The Preferred Securities have been issued in uncertificated, dematerialised book-entry form (*anotaciones en cuenta*) in euro in an aggregate nominal amount of €750,000,000 and a Liquidation Preference of €200,000 each.

The Preferred Securities are rated BB by S&P Global Ratings Europe Limited ("**S&P Global**"). S&P Global is established in the European Union ("**EU**") and is registered under Regulation (EC) No 1060/2009 (as amended). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Distributions

The Preferred Securities accrue non-cumulative cash distributions ("**Distributions**") as follows: (i) in respect of the period from (and including) the 9 October 2020 (the "**Closing Date**") to (but excluding) 9 April 2028 (the "**First Reset Date**") at the rate of 5.875 per cent. per annum; and (ii) in respect of each period from (and including) the First Reset Date and every fifth anniversary thereof (each a "**Reset Date**") (each such period, a "**Reset Period**"), at the rate per annum, calculated on an annual basis and then converted to a quarterly rate in accordance with market convention, equal to the aggregate of 6.346 per cent. per annum (the "**Initial Margin**") and the 5-year mid-swap rate for the relevant Reset Period. Subject as provided in the conditions of the Preferred Securities (the "**Conditions**"), such Distributions will be payable quarterly in arrears on 9 January, 9 April, 9 July and 9 October, in each year (each a "**Distribution Payment Date**").

Redemption

All, and not only some, of the Preferred Securities may be redeemed at the option of the Bank, subject to the prior consent of the Competent Authority and otherwise in accordance with applicable banking regulations then in force, at any time in the period commencing on (and including) 9 October 2027 and ending on (and including) the First Reset Date and on any Distribution Payment Date falling thereafter, at the Liquidation Preference of €200,000 per Preferred Security plus any accrued and unpaid Distributions for the then current Distribution Period to (but excluding) the date fixed for redemption (the "**Redemption Price**").

The Preferred Securities are also redeemable on or after the Closing Date at the option of the Bank in whole but not in part, at any time, at the Redemption Price if there is a Capital Event or a Tax Event

A "**Capital Event**" means a change (or any pending change which the competent authority considers sufficiently certain) in the regulatory classification of the Preferred Securities that results (or would be likely to result) in: (a) the exclusion of any of the outstanding aggregate Liquidation Preference of the Preferred Securities from the Bank's or the Group's additional tier 1 capital; or (b) the reclassification of any of the outstanding aggregate Liquidation Preference of the Preferred Securities as a lower quality form of own funds of the Bank or the Group in accordance with the applicable banking regulations then in force.

A "**Tax Event**" means a change in, or amendment to, the laws or regulations of the Kingdom of Spain, or any change in the application of such laws or regulations that results in (a) the Bank not being entitled to claim a deduction in computing taxation liabilities in Spain in respect of any Distribution to be made on the next Distribution Payment Date or the value of such deduction to the Bank being materially reduced; or (b) the Bank being obliged to pay additional amounts; or (c) the applicable tax treatment of the Preferred Securities being materially affected, and, in each case, cannot be avoided by the Bank taking reasonable measures available to it.

Limitations on Distributions

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

(a) payments of Distributions in any financial year of the Bank shall be made only to the extent the Bank has sufficient profits and reserves (if any) available in accordance with applicable banking regulations then in force for the payment of that Distribution at such time ("**Distributable Items**"). To the extent that the Bank has insufficient Distributable Items to make Distributions on the Preferred Securities, the Bank will only make partial or, as the case may be, no payment of the relevant Distribution on the Preferred Securities;

(b) if the competent authority requires the Bank to cancel the relevant Distribution in whole or in part, the Bank will only make partial or, as the case may be, no payment of the relevant Distribution on the Preferred Securities;

(c) the Bank may make partial or, as the case may be, no payment of the relevant Distribution on the Preferred Securities if and to the extent that such payment would cause the lower of any maximum distributable amount relating to the Bank or the Group required to be calculated in accordance with applicable banking regulations to be exceeded or otherwise would cause a breach of any regulatory restriction or prohibition on payments on additional tier 1 capital pursuant to applicable banking regulations ; and

(d) if the Trigger Event (as defined below) occurs at any time on or after the Closing Date, the Bank will not make any further Distribution on the Preferred Securities and any accrued and unpaid Distributions up to a Trigger Event shall be automatically cancelled.

Trigger event conversion

If at any time, as determined by the Bank or the competent authority (or any other agent appointed for such purpose by the competent authority), the CET1 ratio of the Bank or the Group is less than 5.125 per cent (the "**Trigger Event**"), the Preferred Securities are mandatorily and irrevocably convertible into newly issued ordinary shares of the Bank at the applicable conversion price (being the higher of (i) the arithmetic mean of the closing price per ordinary share for the five consecutive dealing days immediately preceding the date on which the notice of the Trigger Event is given, (ii) the floor price of €1.209, subject to adjustment for certain anti-dilution events and (iii) the nominal value of an ordinary share of the Bank (being €1.00 on the Closing Date).

Liquidation

Subject as provided in the Conditions, in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Bank, the Preferred Securities (unless previously converted into ordinary shares of the Bank pursuant to the Conditions) will confer an entitlement in respect of each Preferred Security to receive out of the assets of the Bank available for distribution to holders of the Preferred Securities ("**Holders**"), the Liquidation Preference per Preferred Security plus, if applicable, an amount equal to accrued and unpaid Distributions for the then current Distribution Period to (but excluding) the date of payment. Such entitlement will arise before any distribution of assets is made to holders of ordinary shares of the Bank or any other instrument of the Bank ranking junior to the Preferred Securities.

Status

The Preferred Securities will constitute direct, unconditional, unsecured and subordinated obligations of the Bank in accordance with Article 281.1.2º of Royal Legislative Decree 1/2020, of 5 May, approving the consolidated text of the Insolvency Law (*Real Decreto Legislativo 1/2020, de 5 de mayo, por el que se aprueba el texto refundido de la Ley Concursal*), as amended or replaced from time to time (the "**Insolvency Law**") and, in accordance with Additional Provision 14.3º of Law 11/2015, of 18 June, on the recovery and resolution of credit institutions and investment firms (*Ley 11/2015 de 18 de junio de recuperación y resolución de entidades de crédito y empresas de servicios de inversión*), as amended from time to time ("**Law 11/2015**") or any other Spanish law provisions which replace them from time to time, but subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), upon the insolvency (*concurso*) of the Bank, for so long as the obligations of the Bank under the Preferred Securities qualify as additional Tier 1 instruments of the Bank, rank:

(a) *pari passu* among themselves and with: (i) any claims for principal in respect of other contractually subordinated obligations (*créditos subordinados*) of the Bank in accordance with Article 281.1.2º of the Insolvency Law or any other Spanish law provisions which replace them from time to time, qualifying as additional Tier 1 instruments; and (ii) any other subordinated obligations (*créditos subordinado*s) of the Bank which by law and/or by their terms, to the extent permitted by Spanish law, rank *pari passu* with the Bank's obligations under the Preferred Securities;

(b) junior to: (i) any claims for principal in respect of unsubordinated obligations of the Bank; (ii) any subordinated obligations (*créditos subordinados*) of the Bank under Article 281.1.1º of the Insolvency Law or any other Spanish law provisions which replace them from time to time; (iii) any claims for principal in respect of other contractually subordinated obligations (*créditos subordinados*) of the Bank in accordance with Article 281.1.2º of the Insolvency Law or any other Spanish law provisions which replace them from time to time, not qualifying as additional Tier 1 instruments; and (iv) any other subordinated obligations (*créditos subordinados*) of the Bank which by law and/or by their terms, to the

extent permitted by Spanish law, rank senior to the Bank's obligations under the Preferred Securities; and

(c) senior to: (i) any claims for the liquidation amount of the ordinary shares of the Bank; and (ii) any other subordinated obligations (*créditos subordinados*) of the Bank which by law and/or by their terms, to the extent permitted by Spanish law, rank junior to the Bank´s obligations under the Preferred Securities.

Negative pledge

The Preferred Securities do not have the benefit of a negative pledge.

Events of default

The terms of the Preferred Securities do not provide for any events of default.

Substitution and Variation

Subject to the prior consent of the competent authority (and/or in compliance with applicable banking regulations then in force), if a Capital Event or a Tax Event has occurred and is continuing, the Bank may substitute all (but not some only) of the Preferred Securities or vary the terms of all (but not some only) of the Preferred Securities, without the consent or approval of the Holders, so that they are substituted for, or varied to, become, or remain Qualifying Preferred Securities (which, among other things, are securities or other instruments of the Bank that comply with the current requirements for additional Tier 1 capital of the Group or the Bank, have at least the same ranking as the Preferred Securities on the Closing Date, have the same currency, denomination and aggregate outstanding Liquidation Preference, the same terms for distributions, the same redemption rights and the same dates for payment of Distributions as the Preferred Securities, preserve any existing rights under Preferred Securities to accrued and unpaid Distributions and are listed or admitted to trading on a stock exchange as selected by the Bank if listed or admitted to trading immediately prior to the substitution and variation), provided that such substitution or variation shall not result in terms that are materially less favourable to the Holders.

Meetings

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

Governing law

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

Where will the securities be traded?

Application has been made by the Bank (or on its behalf) for the Preferred Securities to be admitted to listing and trading on Spanish AIAF Fixed Income Securities Market (*AIAF Mercado de Renta Fija*) ("**AIAF**").

What are the key risks that are specific to the securities?

There are also risks associated with the Preferred Securities as follows:

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

- The Preferred Securities are irrevocably and mandatorily convertible into newly issued ordinary shares of the Bank in certain prescribed circumstances;
- Payments of Distributions on the Preferred Securities are discretionary and subject to the fulfilment of certain conditions and may be restricted as a result of a failure of the Group to comply with its capital requirements;
- The obligations of the Bank under the Preferred Securities are subordinated and will be further subordinated upon conversion into ordinary shares of the Bank.

KEY INFORMATION ON THE OFFER OF NOTES AND ADMISSION TO TRADING ON A REGULATED MARKET

The estimated net amount of the proceeds of the issue of the Preferred Securities is €744,272,093. CaixaBank intends to use the net proceeds from the issue of the Preferred Securities for its general corporate purposes.

The expenses related to the admission of the Preferred Securities are estimated to be the following: (i) €31,500 with respect to charges and fees of AIAF and Iberclear; (ii) €71,407 with respect to fees of CNMV; and (iii) €5,625,000 with respect to other fees and expenses. No expenses will be charged to investors by the Bank.

The Bank paid to Barclays Bank Ireland PLC, BofA Securities Europe SA, CaixaBank, S.A., Morgan Stanley & Co. International plc and Société Générale (the "**Joint Lead Managers**") a customary combined management and underwriting commission. Certain Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business.

Save as discussed above, so far as the Bank is aware, no person involved in the offer of the Preferred Securities has an interest material to the offer.

As the Preferred Securities are only convertible in limited circumstances, there is no immediate dilution resulting from the offering.

RISK FACTORS

The Bank believes that the following factors may affect its ability to fulfil its obligations under the Preferred Securities. Most of these factors are contingencies which may or may not occur and the Bank is not in a position to express a view on the likelihood of any such contingency occurring.

In purchasing the Preferred Securities, investors assume the risk that the Bank may become insolvent or otherwise be unable to make all payments due in respect of the Preferred Securities. There is a wide range of factors which individually or together could result in the Bank becoming unable to make all payments due in respect of the Preferred Securities. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Bank 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 Bank's control. The Bank has identified in this Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the Preferred Securities. However, additional risks that are currently deemed immaterial or that apply generally to negotiable securities, such as those related to the secondary market in general (for instance, illiquidity or price fluctuations) have not been included in this section of the Prospectus in accordance with the provisions of the Prospectus Regulation.

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

Factors that may affect the Bank's ability to fulfil its obligations under the Preferred Securities

Listed below are the risk factors which could be considered specific to the CaixaBank Group and relevant when adopting an informed investment decision.

The identification of such risk factors is based on the Group's corporate risk taxonomy (the "**Corporate Risk Taxonomy**"), a description of the material risks identified in the risk self-assessment process or Risk Assessment, which is at least reviewed on an annual basis.

The materialisation of any of the risks included in the Corporate Risk Taxonomy could have a negative effect on the business, economic results, financial position, the Bank's credit rating or even the image and reputation of the Group. Moreover, risks currently not considered relevant by the Issuer, or risks currently unknown to the Issuer, might also have such negative effects on the Group.

The Corporate Risk Taxonomy is organised into categories (risks specific to the financial activity, risks stemming from its business model and operational and reputational risks).

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

Lastly, as a consequence of the announced merger with Bankia, a specific risk factor has been included in this regard.

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

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

2. Risk factors linked to the main quantitative and qualitative risk indicators of the Corporate Risk Taxonomy, ordered by materiality within each one of their respective categories; and

3. Risk factor of the Issuer's credit rating.

4. Risk factor regarding the announced merger with Bankia.

1. Risk factors corresponding to Strategic Events which might affect the materiality of the risks contained in CaixaBank Group's Corporate Risk Taxonomy, particularly focused on the recent pandemic caused by COVID-19

The most relevant Strategic Events identified by the Group are as follows: (1) the uncertainties of the geopolitical and macroeconomic environment; (2) the persistence of an environment of low interest rates; (3) the arrival of new competitors with the possibility to disrupt; (4) cybersecurity events; (5) risks related to climate change; and (6) changes to the legal, regulatory or supervisory framework. In particular, the COVID-19 pandemic has materialised mainly in the Strategic Event associated with uncertainties of the geopolitical and macroeconomic environment.

The COVID-19 pandemic is having a significant effect on the economic activity of Spain and Portugal, among other countries, therefore it could have a damaging effect on the Group's financial position and risk profile.

The final impact of COVID-19 on each of the risks of the Corporate Risk Taxonomy is still unknown, as it will depend on future events and developments that are uncertain, including actions to contain or treat the disease and mitigate its impact on the economies of the affected countries, among them Spain and Portugal. As a result, the volatility of the financial markets has greatly increased and significant falls have been experienced. Likewise, the macroeconomic outlook has worsened considerably (see "*Description of the Issuer–Key recent events–COVID-19*"), these are however forward-looking scenarios that are still volatile at this point in time.

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

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

In relation to the above described measures, on 30 June 2020 the moratorium requests approved by the Group amounted to €15,498 million, which include both the legal moratoria and the moratoria derived from sectorial agreements complementing the legal moratoria[1]. Moreover, as of 30 June 2020 the moratorium requests under analysis by the Group amounted to €1,251 million. It is worth to highlight that the possibility to request the

[1] In particular, CaixaBank, S.A. has adhered to the sectorial agreement of the Spanish Confederation of Saving Banks (*Confederación Española de Cajas de Ahorro (CECA)*) dated 16 April 2020 in relation to the deferral of financing transactions involving clients affected by the coronavirus crisis.

granting of the legal and the sectorial moratoria will expire by 29 September 2020. Furthermore, the total amount of government backed financing as of 30 June 2020 amounted to €10,895 million.

In addition to the above measures, the Spanish Government passed the Royal Decree-Law 25/2020, which established legislative moratoria for loans secured through a mortgage over real estate assets devoted to tourist activities owned by self-employed workers or legal entities and the Royal Decree-Law 26/2020, which established legislative moratoria for loans, leasing and renting transactions entered into with self-employed workers or legal entities for the acquisition, leasing or renting of buses and vehicles for public transport of persons and goods (as applicable). Both instruments entered into force on the day after their respective publication, i.e. on 3 July 2020 and 7 July 2020 respectively, and the moratoria set out therein expire on the same date that the other approved legislative moratoria.

The "quick fix" to CRR (as defined below), which entered into force on 28 June 2020, backs the European Commission's intention to provide a temporary and targeted relief in prudential rules for EU banks. This will support credit flows to companies and households and absorb losses, mitigating the economic consequences of the COVID-19 lock-down.

Notwithstanding the implementation of such measures, the Group 's current assessment points to a significant increase in terms of credit risk. This might imply the need to materially increase the stock of provisions in order to address deterioration in credit portfolio quality, taking into account expected losses according to the IFRS9 standard, which has certain procyclical tendencies. In this sense, the main indicators and impacts observed by the Group during the first half of 2020 are described below:

On one hand, the Group recognised the changes in the macroeconomic scenarios and changed the weighting established for each scenario employed in the estimate of expected loss due to credit risk under IFRS9 accounting standard. For this purpose, internal economic projection scenarios based on the impact of the COVID-19 health crisis on the economy and different levels of severity have been used. The change in the macroeconomic scenario as a result of the impact of COVID-19 has led to the recognition of a provision for credit risk of 1,155 million as of 30 June 2020. Combining scenarios enables to make the best estimate in the current context of uncertainty, although these provisions will be updated in the future based on new available information. For further details on COVID-19 impact, refer to section 3 "Risk management" of the Interim Consolidated Financial Statements.

After the reinforcement of the credit risk hedging during the first half of 2020, including the recognition of the provisions related to the COVID-19, the impairment losses on financial assets during the first half of 2020 amounted to €1,334 million, compared to the €204 million losses recognized during the first half of 2019.

On the other hand, the non-performing loan ratio of the Group as of 30 June 2020 was reduced to 3.5%, 10 basis points below as of 31 December 2019 given that, although the balance of non-performing loans increased due to the reduction of recovery activity during the state of alarm (from €8,794 million as of 31 December 2019 to €9,220 million as of 30 June 2020), the loans to customers and other contingent liabilities increased during the first half of 2020 (from €244,262 million as of 31 December 2019 to €260,261 million as of 30 June 2020).

While the gross loans and advances to customers increased by 6.8% during the first half of 2020 and by 5.0% during the second quarter of 2020, amounting to €242,956 million as of 30 June 2020, it is worth highlighting the reduction in the granting of mortgage loans as a result of the situation of these recent months has accentuated the trend of household deleveraging (-1.9% during the first half of 2020 and -0.9% in the second quarter of 2020). Likewise, the reduction of private consumption during the state of alarm has led to a decline in consumer credit (-2.8% during the first half of 2020 and -3.7% during the second quarter of 2020).

Regarding the risk of impairment of other assets, and specifically in relation to equity investments, as of 30 June 2020 there are no indications that call into question the recoverable amount of the investments that exceed

the accounting value, nor there is any recognized impairment over the investment portfolio which may affect the results of the Group. In relation to the standalone statement of profit and loss of CaixaBank, as of 30 June 2020 an impairment of €91 million of the value of the investment in CaixaBank's subsidiaries, joint ventures and associates has been recognized (€55 million as of 30 June 2019). With regard to deferred tax assets, the analysis of the impairment tests and the sensitivity scenarios has not led to the need to recognize any impairment. For further details, refer to section 13 "Intangible Assets" and 19 "Tax Position" of the Condensed interim consolidated financial statements of the Group for the six months ending on 30 June 2020.

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

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

In relation to own funds, as detailed in section "*Description of the Issuer–Key recent events–COVID-19*", CaixaBank has also taken decisions to reinforce its solvency for as long as it has the capacity and flexibility to support the economy as a response to COVID-19; mainly the reduction of the dividend charged to the 2019 financial year, the amendment to the dividend policy and a reduction of the common equity tier 1 ("**CET1**") solvency ratio targets. Furthermore, the CEO and the rest of the Senior Management of CaixaBank took the decision to renounce to their bonus for the 2020 financial year.

Lastly, on 27 March 2020 the rating agency Fitch Ratings España, S.A.U. ("**Fitch**") revised to negative from stable its outlook for the operating environment of the Spanish banking sector as a result of COVID-19 and, as a consequence, also revised the outlook on CaixaBank's long-term issuer rating (BBB+) from stable to negative. In September 2020, Fitch has confirmed CaixaBank's ratings and maintained the negative outlook. On 26 March 2020, Moody's Investors Service España, S.A. ("**Moody's**") also changed the outlook on the Spanish banking sector from stable to negative, although in September it has maintained the stable outlook on CaixaBank's long-term issuer rating (Baa1). In a similar move, on 29 April 2020, S&P Global revised its economic risk trend for Spanish banks from stable to negative, although in September it has maintained the stable outlook on CaixaBank's long-term issuer rating (BBB+) as potential economic pressures would be balanced by the bank's buffer of bail-inable debt instruments. The rating confirmations from Fitch, Moody's and S&P Global in September take into account their assessment of the impacts on CaixaBank's credit profile as a result of the recently announced potential merger by absorption of Bankia.

2. Risks factors linked to the main quantitative and qualitative risk indicators of the Corporate Risk Taxonomy, ordered by materiality within each one of their respective categories

2.1 Risks affecting the Bank's financial activity

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

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

Credit risk is the most significant on the Group's balance sheet as it is exposed to the credit solvency of its clients and counterparties. It may therefore experience losses in the event of total or partial non-compliance with their credit obligations as a result of a decrease in their creditworthiness and the recoverability of the assets.

In aggregate terms, regulatory capital requirements allocated to credit risk reached €10,580 million as at 31 December 2019 (€10,490 million as at 31 December 2018), including the loan portfolio, counterparty risk, fixed income and other assets (such as the equity portfolio in the banking book, the real estate assets and deferred tax assets).

Gross loans to customers were €227,406 million as at 31 December 2019, 1.2% higher than at the end of 2018. This increase was 2.4% when focusing on performing loans. The Group's amount of non-performing loans ("**NPLs**") was €8,794 million as at 31 December 2019 (€11,195 million as at 31 December 2018). This implies an overall NPL ratio of 3.6% as at 31 December 2019, 108 basis points less than by year-end 2018.

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

Loan-loss provisions as at 31 December 2019 stood at €4,863 million (€6,014 million at the close of 2018). The change in provisions in the period is largely down to the adjustments made to the recoverable value on credit exposures, the cancellation of debt incurred from the acquisition and foreclosure of real estate assets and the derecognition of assets. The level of coverage of the NPLs balance that this volume of funds represents is 55% (54% at the close of 2018).

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

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

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

The rental portfolio (investment properties) stood at €2,094 million, net of provisions, as at 31 December 2019 representing a fall of €385 million compared to the previous year (€2,479 million, net, at the close of 2018).

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

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

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

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

With regards to the concentration in sovereign risk, the total exposure in Spanish and Portuguese sovereign debt securities and loans totalled €35,024 million and €38,739 million as at 31 December 2019 and 2018, respectively. The exposure to Italian investment securities as at 31 December 2019 was €3,065 million (€1,845 million as at 31 December 2018).

The risk related to the equity portfolio in the banking book is the risk associated with the possibility of incurring losses as the result of fluctuations in market prices, disputes among shareholders and/or default on the positions making up the equity portfolio with a medium to long time horizon (for example the Group 's stakes in Telefónica, S.A., Erste Group Bank A.G., Coral Homes, S.L. ("**Coral Homes**") and Banco de Fomento de Angola ("**BFA**")). Thus, the Group faces risks derived from any potential acquisitions and divestments as well as the inherent risks to which the investees are exposed, for instance, in their management, business sector, geography and regulatory framework. The exposure and the capital requirements of the equity portfolio totalled €8,050 million and €1,465 million respectively. This represents 3% of total credit risk exposure and 14% of total credit capital requirements, which implies an increase of €934 million and €83 million respectively compared to 2018. Both exposure and capital requirements of the equity portfolio include those of the Group's insurance subsidiary VidaCaixa, S.A. de Seguros y Reaseguros ("**VidaCaixa**"), given that the insurance business is consolidated by the equity method in the prudential balance sheet according to capital regulation.

2.1.2 Actuarial Risk or Risk relating to the Insurance Business

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

Actuarial risk management stems from the regulatory framework set out at European level (Solvency II and the European Insurance and Occupational Pensions Authority (EIOPA)) and by the Spanish Directorate General of Insurance and Pension Funds ("**DGSFP**"). Therefore, policies and monitoring procedures are settled to oversee the technical evolution of marketed insurance products which are affected by the following risk factors: mortality, longevity, disability, expense and lapse risk in underwriting life contracts and lapse, expense and claims ratio in the lines of business for non-life and health insurance obligations[2].

[2] In terms of the proportional part of the capital requirements applicable to the participation in SegurCaixa Adeslas.

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

The CaixaBank insurance group, headed by VidaCaixa Group, is integrated for the regulatory capital requirements purposes of the Group under the optics of prudential banking supervision within credit risk as an investee portfolio. Likewise, the insurance business is also subject to sectorial supervision by the DGSFP. In this area, as at 31 December 2019 VidaCaixa Group had a Solvency Capital Requirement (SCR) coverage ratio of 169%, up 19% compared to the end of the previous financial year.

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

2.1.3 Structural interest rate risk

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

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

Possible sources of interest rate risk in the banking book are: gap risk[3], basis risk[4] and optionality risk[5]. The assets and liabilities subject to structural interest rate risk are all those positions that are sensitive to interest rates in the balance sheet (such as variable interest rate loans and deposits), excluding the calculation of positions of the trading book.

No regulatory capital requirements are defined for this risk. At the end of 2019, the net interest income sensitivity for the interest rates-sensitive balance sheet under a 100 basis points up/down shock was 7.2%/-3.4%[6]. The economic value sensitivity for the interest rate-sensitive balance sheet items as a percentage of the Tier 1 capital was 6.1%/-5.3%.

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

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

The equivalent euro value of all foreign currency assets and liabilities in the CaixaBank Group's balance sheet as at 31 December 2019 was €16,459 million and €11,367 million, respectively, and €14,113 million and €9,818 million, respectively, as at 31 December 2018. The regulatory capital requirements associated with this net

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

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

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

[6] Net interest income sensitivity refers to the prudential scope of consolidation. Under the accounting scope of consolidation, as included in the 2019 Consolidated Financial Statements, sensitivity of the net interest income to a 100 basis points up/down shock is 6.8%/-3.0%.

position in foreign currency stood at €64.1 million, which represent 36% of the requirements for market risk and are concentrated in the shareholding of BPI in BFA, in kwanza, and Banco Comercial de Investimento, in metical. At 31 December 2018, the capital requirements stood at €73.8 million and represented 48% of the total requirements for market risk.

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

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

With regard to the quantification of market risk, in order to standardise risk measurement across the entire trading portfolio, and to produce certain assumptions regarding the extent of changes in market risk factors, the Value-at-Risk methodology is used (VaR: statistical estimate of potential losses from historical data on price fluctuations) with a one-day time horizon and a statistical confidence interval of 99% (i.e. under normal market conditions 99 times out of 100 the actual daily losses will be less than the losses estimated using the VaR model).

The consumption of the average one-day VaR at 99% attributable to the various risk factors stood for €1.23 million in 2019 (€1.02 million in 2018). The main of those risk factors are corporate debt spread, interest rates (including sovereign debt credit spread) and share price volatility. Compared to the previous year, the exposure to corporate credit spread decreased and the share price volatility increased.

The regulatory capital requirements as at 31 December 2019 for market risk of the trading portfolio and the exchange rate risk in the banking book stood at €178 million, €24 million more than the previous year (€154 million by year-end 2018).

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

2.2 Operational and reputational risk

This second risk category includes reputational risk and operational risk. At an internal level, the categories of the Corporate Risk Taxonomy identified as operational risk are, according to materiality: (i) conduct; (ii) legal/regulatory; (iii) technological; (iv) other operational risks, and (v) reliability of financial information.

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

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

Throughout the 2019 financial year, the measures related to the management of Environmental, Social & Governance (ESG) risks, defined as the risk of a possible reputational or economic loss resulting from a mistake when identifying or managing an existing or emerging sustainability risk, have become increasingly relevant.

From the point of view of the Group's business, ESG risks could materialise in aspects such as: potential exposure to financing/investment operations in sectors with high carbon emissions; possible mistakes in the assessment and coverage of operations or customers that are highly exposed to climate change risks; potential exposure to social risk financing operations (e.g. violations of human rights), among others.

The Group actively manages reputational risk using its external and internal reputational risk management policies and committees and developing in-house training to mitigate the appearance and effects of reputational risks, establishing protocols to deal with those affected by the Group's actions, or defining crisis and/or contingency plans to be activated if the various risks materialise. However, should reputational risks arise, this could have a material adverse effect on the Group's business, financial condition and results of operations.

2.2.2 Operational risk is inherent in the Group's business (Aggregated operational risk)

In terms of capital regulations, operational risk is defined as the possibility of incurring losses due to the failure or unsuitability of processes, people, internal systems and external events.

The regulatory capital requirements for operational risk stood at €1,072 million as at 31 December 2019, €23 million more than at the close of 2018.

The regulatory operational risk includes following risks of the Corporate Risk Taxonomy: conduct, legal/regulatory, technological, reliability of financial information and other operational risks. Below we emphasise the internal category of conduct and legal and regulatory risks:

2.2.2.1 The Group is exposed to conduct risk

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

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

2.2.2.2 The Group is (i) subject to substantial regulation, as well as regulatory and governmental oversight. Adverse regulatory developments or changes in government policy could have a material adverse effect on its business, results of operations and financial condition (regulatory risk) and (ii) exposed to risk of loss from legal and regulatory claims

The legal and regulatory risk details the potential loss or decrease in the profitability of the CaixaBank Group as a result of changes in the prevailing legislation, of the incorrect implementation of this legislation in the Group's processes, of the inappropriate interpretation of the same in various operations, of the incorrect management of court or administrative injunctions, or of the claims or complaints received.

CaixaBank has recognised provisions covering obligations that may arise from various ongoing legal proceedings, totalling €394 million as at 31 December 2019 (€35 million less than the previous year). These provisions relate to several legal claims for amounts that are not material by themselves. Similarly, CaixaBank has recognised provisions under "Other Provisions" that totalled €497 million as at 31 December 2019 (€17 million more than the previous year) mainly to cover any non-formalised agreements and other risks such as those deriving from collective proceedings filed by ADICAE (*Asociación de Usuarios de Bancos, Cajas y*

Seguros) (interest rate floor clauses). Given the nature of these obligations, the expected timing of outflows of funds embodying economic benefits, should they arise, is uncertain.

For greater details on the main legal/regulatory risk events of the Group, see "*Description of the Issuer– Litigation*".

Furthermore, the Group is subject to a wide range of regulations and regulatory and governmental supervision. Adverse regulatory developments or the governmental change in policies would have a material adverse effect on its business, results of its operations and financial position.

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 CaixaBank Group and the financial industry in general.

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

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

2.3 Risks relating to the Business Model

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

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

Business profitability risk means the risk of obtaining results either lower than market expectations or below the Group's internal targets, preventing the Group from reaching a profitability level higher than the cost of equity.

In 2019 the return on tangible equity (ROTE) exceeded the cost of capital when excluding the impact of the labour agreement, for the ratio to stand at 10.8% excluding the impact of the labour agreement (7.7% considering the extraordinary costs thereof), 80 basis points more than in 2018.

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

Solvency risk is defined as the potential impairment of the Group's ability to adapt its amount of regulatory own funds to capital requirements or to a change to its risk profile.

The management of the Bank's own funds is largely determined by the prevailing legislative framework, the development of which is uncertain and may affect the effective management capacity and the generation of resources for CaixaBank (see "*Capital Requirements and Loss Absorbing Powers*").

In the fourth quarter of 2019, CaixaBank received the updated decision of the Bank of Spain in relation to its required capital buffer due to its status as Other Systemically Important Institution ("**O-SII**"), according to which this buffer remains unchanged at 0.25% of the risk weighted assets ("**RWAs**").

Also during the fourth quarter of 2019, CaixaBank received the decision of the European Central Bank ("**ECB**") regarding the regulatory minimum capital requirements. After the analysis of the results of the Supervisory Review and Evaluation Process ("**SREP**"), CaixaBank Group was required to maintain a fully-loaded CET1 ratio of 8.78% of RWAs during 2020, which includes: the "Pillar 1" capital requirements (4.5%) the ECB's "Pillar 2" capital requirement ("**P2R**") (1.5%); the capital conservation buffer (2.5%), the countercyclical buffer (0.03%)[7] and the O-SII buffer (0.25%). Similarly, using the "Pillar 1" capital requirements for Tier 1 capital (6%) and for total capital (8%) as a basis, the minimum capital requirements would be 10.28% for Tier 1 capital and 12.28% for total capital. CaixaBank is subject to minimum eligible own funds and disclosure requirements at individual and consolidated level. Individually, CaixaBank is subject to neither the P2R nor the Pillar 2 guidance ("**P2G**"), but only to "Pillar 1" capital requirements and the prudential buffers, for the same levels as at consolidated level.

In response to the healthcare crisis caused by the outbreak of COVID-19, on 12 March 2020 the ECB announced measures that it hopes will provide banks with capital relief to support the economy. These measures include authorisation to (i) temporarily operate under the capital level defined by P2G, the capital conservation buffer and the LCR, and (ii) use capital instruments not rated as CET1 (e.g. additional Tier 1 ("**AT1**") and Tier 2 instruments) to comply with P2R, the latter in line with article 104a of CRD V. By applying this measure, the minimum capital requirement for CaixaBank would reach 8.10% of RWAs for CET1, 9.89% of RWAs for Tier 1 and 12.26% of RWAs for total capital. See "*Description of the Issuer–Key recent events–COVID-19*" and "*Capital Requirements and Loss Absorbing Powers*".

The ECB's decision means that the regulatory CET1 level (commonly referred to as the maximum distributable amount trigger, the "**MDA trigger**") under which the CaixaBank Group would be required to limit (i) distributions in connection with CET1 capital (including dividends), (ii) pay variable remuneration or discretionary pension benefits and (iii) make payments on AT1 instruments (together, "**discretionary payments**") is 8.10%, to which any potential AT1 or Tier 2 capital deficits would need to be added in respect of the minimum implied levels of "Pillar 1" and P2R of 1.78% and 2.38%, respectively. As of the date of this Prospectus, CaixaBank complies with its capital requirements and there is no deficit with respect to "Pillar 1" requirements. However, there is the potential to meet P2R with AT1 and Tier 2 capital due to the changes introduced by CRD V and to the ECB's decisions on 12 March 2020 related to the COVID-19 pandemic, which allow to meet P2R partially with AT1 and Tier 2 capital. See "*Capital Requirements and Loss Absorbing Powers—Capital Requirements—Overview of applicable capital requirements*".

At 31 December 2019 CaixaBank reached a CET1 of 12.0% of RWAs, which totalled €147,880 million, €1,937 million more than the previous year.

The capital objective established by the Group in the 2019-2021 Strategic Plan is set at around 12%, plus a further buffer of 1% in the horizon of the Plan, to cover possible future regulatory changes. In reaction to the health crisis arising from the outbreak of COVID-19, and after considering new regulatory and supervisory aspects, this target has been reduced to 11.5% (see "*Description of the Issuer–Key recent events–COVID-19*".

[7] As of 31 December 2019. It applies to both individual and consolidated basis. Updated quarterly. It may differ between individual and consolidated level. As of 31 December 2019 both levels coincide. Following the COVID-19 outbreak, some national authorities have reduced the countercyclical buffer requirement. Therefore, the capital requirement to CaixaBank is also lower. In CaixaBank it is currently 1bp.

The Tier 1 capital ratio at 31 December 2019 stood at 13.5%. The Group maintains 1.5% of AT1 instruments over RWAs, in accordance with the provisions of "Pillar 1" of the capital regulations. The total capital ratio stands at 15.7%.

The leverage ratio stands at 5.9% of the regulatory exposure as at 31 December 2019.

On 5 June 2020, the Bank of Spain formally announced the Minimum Requirement for own funds and Eligible Liabilities ("**MREL**") as determined by the Single Resolution Board ("**SRB**"). As of 1 January 2021, CaixaBank must achieve a level of consolidated own funds and eligible liabilities of 10.56% of the consolidated total liabilities and own funds calculated at 31 December 2018 (7.80% of which should be comprised of subordinated instruments[8]), or 22.7% of its RWAs calculated at 31 December 2018 (16.77% of which should be comprised of subordinated instruments).

As at 31 December 2019, CaixaBank reached a MREL ratio of 21.8% of RWAs at consolidated level. The MREL ratio of subordinated instruments, primarily including senior non-preferred debt, reached 19.6% of RWAs. In January 2020 there was a new issue of senior preferred debt that increased the MREL pro-forma ratio to 22.5% complying with the requirements established by the SRB for January 2021.

In addition to the recent statements on using flexibility within accounting and prudential rules, such as those made by the Basel Committee of Banking Supervision, the European Banking Authority ("**EBA**") and the ECB, amongst others, the European Commission proposed a few targeted "quick fix" amendments to the EU's banking prudential rules in order to maximise the ability of banks to lend and absorb losses related to COVID-19. On 28 June 2020, Regulation 2020/873 of the European Parliament and of the Council of 24 June amending CRR and CRR II as regards certain adjustments in response to the COVID-19 entered into force setting out exceptional temporary measures to alleviate the immediate impact of COVID-19-related developments, by adapting the timeline of the application of international accounting standards on banks' capital, by treating more favourably public guarantees granted during this crisis, by postponing the date of application of the leverage ratio buffer[9], by modifying the way of excluding certain exposures from the calculation of the leverage ratio, by setting a temporary prudential filter to mitigate the considerable negative impact of the volatility in central government debt markets during the COVID-19 pandemic on institutions, by advancing the date of application of several agreed measures that incentivise banks to finance employees, SMEs and infrastructure projects and by aligning the minimum coverage requirements for NPLs that benefit from public guarantees with those that benefit from guarantees granted by official export credit agencies.

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

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

The financing obtained from the ECB through various monetary policy instruments was €12,934 million as at 31 December 2019 compared to €28,183 million as at 31 December 2018. The amount as at 31 December 2019 relates to the extraordinary liquidity auctions, known as TLTRO II (Targeted Longer-Term Refinancing Operations II) with €3,409 million maturing in 2020 and €500 million in 2021 and TLTRO III with €9,025 million maturing in 2022. The differences with respect to 2018 are basically due to the repayment of €24,274 million under TLTRO II and the withdrawal of €9,025 million under TLTRO III. Similarly, the Group maintains

[8] The SRB considers that the subordinated MREL can be met with non-subordinated instruments of up to 2.20% of RWA, equivalent to 1.02% of total liabilities and own funds. If this allowance is taken into account, the subordinated MREL would be 6.78% in terms of total liabilities and own funds and 14.57% in terms of RWA, both calculated as of 31 December 2018.

[9] As the date of this Prospectus CaixaBank is an O-SII bank. Therefore, the leverage ratio buffer is not applicable to the CaixaBank Group.

issuance programmes to facilitate the issuance of short-term and medium-term securities to the market, as well as access to interbank and repo funding as well as to Central Counterparty Clearing Houses.

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

The CaixaBank's average[10] Liquidity Coverage Ratio ("**LCR**")[11] as at 31 December 2019 was 186% (196% as at 31 December 2018), above the 100% minimum regulatory threshold. The Net Stable Funding Ratio ("**NSFR**")[12] was 129% as at 31 December de 2019, with a regulatory minimum level of 100% from June 2021.

3. Risk factor of the Issuer's credit ratings

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

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

Agency	Review date	Short-term rating	Long-term rating	Outlook
Fitch	29 September 2020	F2	BBB+	Negative
S&P Global	23 September 2020	A-2	BBB+	Stable
DBRS(1)	30 March 2020	R-1 (low)	A	Stable
Moody's	22 September 2020	P-2	Baa1	Stable

Notes:

(1) DBRS Ratings GmbH

It should be emphasised that in the case of Fitch, the outlook on CaixaBank's long-term issuer rating was revised from stable to negative to reflect that the economic fallout from the coronavirus crisis represents a medium-term risk to the operating environment of Spanish banks as well as to their stand-alone credit profiles.

4. Risk factor regarding the announced merger with Bankia

On 18 September 2020, CaixaBank announced that its Board of Directors had approved the joint merger plan for the merger of Bankia, S.A. ("**Bankia**") (absorbed company) into CaixaBank (absorbing company).

The completion of the merger is not guaranteed as it still requires the approval of the shareholders' meetings of CaixaBank and Bankia and of different regulatory authorities. CaixaBank can give no assurances that the

[10] Average of the last 12 months.

[11] The LCR is a regulatory quantitative liquidity standard to ensure that those banking organisations have sufficient high-quality liquid assets to cover expected net cash outflows over a 30-day liquidity stress period (combining both a financial system and a name crisis).

[12] The NSFR is a regulatory balance-sheet structure ratio which measures the relationship between the amount of stable funding available (defined as the amount of own and third-party funding expected to be reliable for a one-year period) and the amount of stable funding required (given the liquidity characteristics and residual maturities of its assets and balance sheet exposures). Calculated under the criteria set forth CRR II, which enters into force in June 2021.

potential benefits identified when formulating the joint merger plan and made public and incorporated by reference in this Prospectus will materialise or that the Group will not be exposed to operational difficulties, additional expenditure and risks associated with the integration. See "*Description of the Issuer—Key recent events—Merger with Bankia*".

Risks related to the Preferred Securities

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

As further explained in "*Capital Requirements and Loss Absorbing Powers—Loss absorbing powers*", the Preferred Securities may be subject to the bail-in tool (the Spanish Bail-in Power as defined therein) and to the write down and conversion powers (the Non-Viability Loss Absorption as defined therein) contemplated in article 59 of Directive 2014/59/EU of 15 May 2014 establishing the framework for the recovery and resolution of credit institutions and investment firms (as amended and replaced from time to time, including by BRRD II) (the "**BRRD**") and in general to the powers that may be exercised by the Relevant Resolution Authority (as defined in the Conditions) under Law 11/2015, of 18 June, on the recovery and resolution of credit institutions and investment firms (as amended) ("**Law 11/2015**") and Regulation (EU) No 806/2014, of 15 July, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010, as amended by the SRM Regulation II (the "**SRM Regulation**").

The powers set out in the BRRD as implemented through Law 11/2015, Royal Decree 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 in the event that the Relevant Resolution Authority considers that the Bank or the Group is in a situation of early action or resolution, Holders may be subject to, among other things, on any application of the Spanish Bail-in-Power a write-down (including to zero), in which case there may be no conversion of the Preferred Securities into Ordinary Shares, or conversion into equity or other securities or obligations of amounts due under the Preferred Securities and additionally may be subject to any Non-Viability Loss Absorption in the event that the Relevant Resolution Authority determines that the Bank or the Group meets the conditions for its resolution or that it will no longer be viable unless such mechanism is applied. The exercise of any such powers (or any other resolution powers and tools) may result in such Holders losing some or all of their investment or otherwise having their rights under the Preferred Securities adversely affected, including by becoming holders of further subordinated instruments such as the Ordinary Shares. Such exercise could also involve modifications to, or the disapplication of, provisions in the Conditions including alteration of the Liquidation Preference or any Distributions payable on the Preferred Securities or the dates on which payments may be due, as well as the suspension of payments for a certain period (but without limiting the right of the Bank under Condition 4 to cancel payment of any Distributions at any time and for any reason).

To the extent that any resulting treatment of a Holder pursuant to the exercise of the Spanish Bail-in Power or Non-Viability Loss Absorption is less favourable than would have been the case in normal insolvency proceedings, a Holder of such affected Preferred Securities may have a right to compensation under the BRRD and the SRM Regulation based on an independent valuation of the institution, in accordance with Article 10 of Royal Decree 1012/2015 and the SRM Regulation. Any such compensation, together with any other compensation provided by any Applicable Banking Regulations (as defined in the Conditions) (including, among other such compensation, in accordance with Article 36.5 of Law 11/2015) is unlikely to compensate that Holder for the losses it has actually incurred and there is likely to be a considerable delay in the recovery of such compensation. Compensation payments (if any) are also likely to be made considerably later than when

amounts may otherwise have been due under the affected Preferred Securities. In addition, in the case of a Non-Viability Loss Absorption, it is unclear that a Holder would have a right to compensation under the BRRD and the SRM Regulation if any resulting treatment of such Holder pursuant to the exercise of the Non-Viability Loss Absorption was less favourable than would have been the case in normal insolvency proceedings.

Furthermore, the exercise of the Spanish Bail-in Power or, where applicable, the Non-Viability Loss Absorption, with respect to the Preferred Securities or the taking by the Relevant Resolution 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 Holders, the market price or value or trading behaviour of any Preferred Securities and/or the ability of the Bank to satisfy its obligations under any Preferred Securities. There may be limited protections, if any, that will be available to holders of securities subject to the bail-in power (including the Preferred Securities) and to the broader resolution powers of the Relevant Resolution Authority. Accordingly, Holders of the Preferred Securities may have limited or circumscribed rights to challenge any decision of the Relevant Resolution Authority to exercise its bail-in power and other resolution powers.

The exercise of the Spanish Bail-in Power and/or the Non-Viability Loss Absorption by the Relevant Resolution Authority with respect to the Preferred Securities is likely to be inherently unpredictable and may depend on a number of factors which may also be outside of the Bank's control. In addition, as the Relevant Resolution Authority will retain an element of discretion, Holders may not be able to refer to publicly available criteria in order to anticipate any potential exercise of any such Spanish Bail-in Power and/or any Non-Viability Loss Absorption. Because of this inherent uncertainty, it will be difficult to predict when, if at all, the exercise of any such powers by the Relevant Resolution Authority may occur.

This uncertainty may adversely affect the value of the Preferred Securities. The price and trading behaviour of the Preferred Securities 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 powers without providing any advance notice to the Holders.

The Preferred Securities are perpetual

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

The Preferred Securities are irrevocably and mandatorily convertible into newly issued Ordinary Shares in certain prescribed circumstances

Upon the occurrence of the Trigger Event (if at any time the CET1 ratio (as defined in the Conditions) is less than 5.125%), the Bank will not make any further Distribution, including any accrued and unpaid Distributions which shall be cancelled by the Bank and the Preferred Securities will be irrevocably and mandatorily (and without any requirement for the consent or approval of the Holders) converted into newly issued Ordinary Shares. Because the Trigger Event will occur when the Bank's or the Group's CET1 ratio will have deteriorated significantly, the resulting Trigger Event will likely be accompanied by a prior deterioration in the market price of the Ordinary Shares, which may be expected to continue after announcement of such Trigger Event.

Therefore, in the event of the occurrence of the Trigger Event, the Current Market Price (as defined in the Conditions) of an Ordinary Share may be below the Floor Price (as defined in the Conditions), and the Holders could receive Ordinary Shares at a time when the market price of the Ordinary Shares is considerably less than the Conversion Price (as defined in the Conditions). In such circumstances, Holders will receive a smaller

number of Ordinary Shares that would have been the case had the Current Market Price been the Conversion Price at that time. In addition, there may be a delay in a Holder of Preferred Securities receiving its Ordinary Shares following the Trigger Event, during which time the market price of the Ordinary Shares may fall further. As a result, the value of the Ordinary Shares received on conversion following the Trigger Event could be substantially lower than the price paid for the Preferred Securities at the time of their purchase.

Accordingly, an investor in the Preferred Securities faces almost the same risk of loss as an investor in the Ordinary Shares in the event of a Trigger Event occurring. See also *"Holders of the Preferred Securities will bear the risk of fluctuations in the price of the Ordinary Shares and/or movements in the CET1 ratio that could give rise to the occurrence of the Trigger Event"*.

The circumstances that may give rise to the Trigger Event are unpredictable

The occurrence of the Trigger Event is inherently unpredictable and depends on a number of factors, many of which are outside of the Group's control. For example, the occurrence of one or more of the risks described under *"Risks affecting the Bank's Financial Activity"*, or the deterioration of the circumstances described therein, will increase the likelihood of the occurrence of the Trigger Event.

Furthermore, the occurrence of the Trigger Event depends on the calculation of the CET1 ratio, which can be affected, among other things, by the growth of the Group's business and its future earnings; expected payments by the Bank in respect of dividends and distributions and other equivalent payments in respect of instruments ranking junior to the Preferred Securities as well as other instruments ranking by law or by its terms, to the extent permitted by law, *pari passu* with the Preferred Securities; regulatory changes (including possible changes in regulatory capital definitions or capital requirements definitions, calculations of the CET1 ratio and its components or the interpretation thereof by the relevant authorities, including CET1 capital and RWAs, in each case on an individual or a consolidated basis); changes in the Group's structure or organisation; and the Group's ability to manage actively its RWAs. The CET1 ratio of the Bank or the Group at any time may also depend on decisions taken by the Group in relation to its businesses and operations, as well as the management of its capital position. Holders of the Preferred Securities will not have any claim against the Bank or any other member of the Group in relation to any such decision.

In addition, since the Competent Authority may require the Bank and the Group to calculate the CET1 ratio at any time, a Trigger Event could occur at any time. Due to the inherent uncertainty in advance of any determination of such event regarding whether the Trigger Event may exist, it will be difficult to predict when, if at all, the Preferred Securities will be converted into Ordinary Shares. Accordingly, trading behaviour in respect of the Preferred Securities is not necessarily expected to follow trading behaviour associated with other types of convertible or exchangeable securities. Any indication that the Bank's or the Group's CET1 ratio is decreasing (and hence the risk of a Trigger Event occurring is becoming increasingly proximate) may be expected to have an adverse effect on the market price of the Preferred Securities and on the price of the Ordinary Shares. Under such circumstances, investors may not be able to sell their Preferred Securities easily or at prices comparable to other similar yielding instruments.

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

The Preferred Securities accrue Distributions as further described in Condition 4, but the Bank may elect, in its sole and absolute discretion, to cancel the payment of any Distribution in whole or in part at any time and without any restriction on it thereafter.

Payments of Distributions in any financial year of the Bank shall be made only out of Distributable Items of the Bank. The level of the Bank's Distributable Items is affected by a number of factors such as changes to

accounting rules, regulation or the requirements and expectations of applicable regulatory authorities, the performance of the business of the Group in general, factors affecting its financial position (including capital and leverage), the economic environment in which the Group operates and other factors outside of the Bank's control. In addition, adjustments to earnings, as determined by the Board of Directors, may fluctuate significantly and may materially adversely affect Distributable Items. The Bank's future Distributable Items, and therefore the ability of the Bank to make Distribution payments under the Preferred Securities, depend, among others, on the Bank's existing Distributable Items and its future profitability. Additionally, the Bank's Distributable Items may also be adversely affected by the servicing of more senior instruments or parity ranking instruments.

The Bank will cancel any Distribution (in whole or in part) which could otherwise be paid on the Distribution Payment Date if and to the extent that payment of such Distribution would, when aggregated with other relevant stipulated payments or distributions, exceed the Distributable Items of the Bank.

In addition, no payments will be made on the Preferred Securities (whether by way of a repayment of the Liquidation Preference, the payment of any Distribution or otherwise) if and to the extent that such payment would cause a breach of any regulatory restriction or prohibition on payments on AT1 capital pursuant to Applicable Banking Regulations including, without limitation, (i) any such restriction or prohibition relating to any Maximum Distributable Amount under Article 48 of Law 10/2014 and any provisions implementing such Article, and any other provision of Spanish law transposing or implementing Article 141(2) of the CRD IV Directive, (ii) any restrictions that could be imposed as a result of the MREL-Maximum Distributable Amount Provision (as defined below) pursuant to the EU Banking Reforms, (iii) any restrictions that could be imposed if a G-SII does not meet at the same time the leverage ratio buffer and the "combined buffer requirement" (as of the date of this Prospectus, the Bank is not a G-SII) or (iv) any other restrictions contained in the Applicable Banking Regulations. See "*Capital Requirements and Loss Absorbing Powers—Capital Requirements*" for additional information.

An entity not meeting its "combined buffer requirement" must calculate its Maximum Distributable Amount and until the Maximum Distributable Amount has been calculated and communicated to the Bank of Spain, that entity will be subject to restrictions on discretionary payments (including Distributions). Following such calculation, any discretionary payments by that entity (including the payment of any Distributions on the Preferred Securities) will be subject to the Maximum Distributable Amount so calculated.

As a consequence, in the event of breach of the "combined buffer requirement" it may be necessary to reduce discretionary payments (in whole or in part), including payments of Distributions in respect of the Preferred Securities.

There are a number of factors (applicable capital requirements, the amount of CET1 capital, determination of the systemic risk buffer by the relevant authorities, composition of the "combined buffer requirements" and calculation of the Maximum Distributable Amount) and possible issues of interpretation (including any future changes which may rise from the EU Banking Reforms) which make it difficult to determine how the Maximum Distributable Amount will apply as a practical matter to limit Distributions on the Preferred Securities. This uncertainty and the resulting complexity may adversely impact the market price and liquidity of the Preferred Securities.

In addition, according to the EU Banking Reforms, any failure by the Bank and/or the Group to meet the "combined buffer requirement" when considered in addition to the applicable MREL requirements (see "*Capital Requirements and Loss Absorbing Powers—Capital Requirements—Overview of applicable capital requirements*"), could result, among other things, in the imposition of restrictions or prohibitions on discretionary payments by the Bank according to the MREL-Maximum Distributable Amount Provision, including the payment of Distributions on the Preferred Securities.

Furthermore, the Competent Authority, in accordance with Applicable Banking Regulations, may also require the Bank to cancel the relevant Distribution in whole or in part and upon the occurrence of the Trigger Event, no further Distributions on the Preferred Securities will be made, including any accrued and unpaid Distributions, which will be cancelled.

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

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

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

Additionally, investors should be aware that the Bank shall only pay any additional amounts payable in accordance with Condition 13 to the extent such payment can be made on the same basis as for a payment of any Distribution in accordance with Condition 4.

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

The obligations of the Bank under the Preferred Securities are subordinated and will be further subordinated upon conversion into Ordinary Shares

The payment obligations of the Bank under the Preferred Securities on account of principal constitute direct, unconditional, unsecured and subordinated obligations (*créditos subordinados*) of the Bank in accordance with Article 281.1.2º of Royal Legislative Decree 1/2020, of 5 May, approving the consolidated text of the Insolvency Law, as amended or replaced from time to time (the "**Insolvency Law**") read in conjunction with Additional Provision 14.3º of Law 11/2015, and upon the insolvency of the Bank, for so long as the obligations of the Bank under the Preferred Securities qualify as Additional Tier 1 Instruments but subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise) rank as set out in Condition 3. For these purposes, as of the date of this Prospectus and according to Additional Provision 14.3º of Law 11/2015, the ranking of the Preferred Securities and any other subordinated obligations of the Bank may depend on whether those obligations qualify at the relevant time as Additional Tier 1 Instruments or Tier 2 Instruments or constitute subordinated obligations of the Bank not qualifying as Additional Tier 1 Instruments or Tier 2 Instruments. See Condition 3 for the complete provisions regarding the ranking of the Preferred Securities.

In addition, if the Bank were wound up or liquidated, the Bank's liquidator would first apply the assets of the Bank to satisfy all claims of holders of unsubordinated obligations of the Bank and other creditors ranking

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

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

Therefore, if a Trigger Event occurs, each Holder will be effectively further subordinated from being the holder of a subordinated debt instrument to being the holder of Ordinary Shares and there is an enhanced risk that holders of the Preferred Securities will lose all or some of their investment.

Additionally, there is no restriction on the amount or type of further securities or indebtedness which the Bank may issue or incur which ranks senior to, or *pari passu* with, the Preferred Securities. The incurrence of any such further indebtedness may reduce the amount recoverable by holders of the Preferred Securities on a liquidation, dissolution or winding-up of the Bank in respect of the Preferred Securities and may limit the ability of the Bank to meet its obligations in respect of the Preferred Securities, and result in a Holder losing all or some of its investment in the Preferred Securities. In addition, the Preferred Securities do not contain any restriction on the Bank issuing securities that may have preferential rights to the Ordinary Shares or securities ranking by law or by its terms, to the extent permitted by law, *pari passu* with the Preferred Securities and having similar or preferential terms to the Preferred Securities.

There are no events of default

Holders have no ability to require the Bank to redeem their Preferred Securities. The terms of the Preferred Securities do not provide for any events of default. The Bank is entitled to cancel the payment of any Distribution (or any additional amounts payable in accordance with Condition 13) in whole or in part at any time and as further contemplated in Condition 4 (see "*Payments of Distributions on the Preferred Securities are discretionary and subject to the fulfilment of certain conditions and may be restricted as a result of a failure of the Group to comply with its capital requirements*" for additional information) and such cancellation will not constitute any event of default or similar event or entitle Holders to take any related action against the Bank. If Ordinary Shares are not issued and delivered following a Trigger Event, then on a liquidation or winding-up of the Bank the claim of a Holder will not be in respect of the Liquidation Preference of its Preferred Securities but will be an entitlement to receive out of the relevant assets a monetary amount equal to that which Holders would have received on any distribution of the assets of the Bank if such Conversion had taken place immediately prior to such liquidation or winding-up.

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

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

Holders of the Preferred Securities have no ability to require the Bank to redeem their preferred Securities, by contrast, all, and not some only, of the Preferred Securities may be redeemed at the option of the Bank, subject to the prior consent of the Competent Authority, at any time in the period commencing on (and including) 9 October 2027 and ending on (and including) the First Reset Date and on any Distribution Payment Date thereafter, in each case at the Redemption Price and otherwise in accordance with Applicable Banking Regulations then in force. Under the CRR, the Competent Authority shall give its consent to a redemption,

repayment or repurchase of the Preferred Securities in such circumstances provided that either of the following conditions is met:

(i) on or before such redemption of the Preferred Securities, the Bank replaces the Preferred Securities with own funds of an equal or higher quality on terms that are sustainable for the income capacity of the Bank; or

(ii) the Bank has demonstrated to the satisfaction of the Competent Authority that its own funds and eligible liabilities would, following such redemption, exceed the own funds and eligible liabilities set out under CRR, CRD IV and BRRD by a margin that the Competent Authority considers necessary.

The Preferred Securities are also redeemable on or after the Closing Date at the option of the Bank in whole but not in part, at any time, at the Redemption Price (subject to the prior consent of the Competent Authority and otherwise in accordance with Applicable Banking Regulations then in force) if there is a Capital Event or a Tax Event, as both terms are defined in the Conditions.

If any notice of redemption of the Preferred Securities is given pursuant to Condition 7 and a Trigger Event occurs prior to such redemption, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, there shall be no redemption of the Preferred Securities on such redemption date and, instead, the conversion of the Preferred Securities shall take place as provided under Condition 6.

If the Bank exercised its right to redeem the Preferred Securities in accordance with Condition 7 but failed to make payment of the Redemption Price when due, such failure would only entitle Holders to bring a claim for breach of contract against the Bank, which, if successful, could result in damages.

It is not possible to predict whether or not a Capital Event or a Tax Event will occur, and if so whether or not the Bank will elect to exercise such option to redeem the Preferred Securities or any prior consent of the Competent Authority required for such redemption will be given. There can be no assurance that, in the event of any such early redemption, Holders will be able to reinvest the proceeds at a rate that is equal to the return on the Preferred Securities. In the case of any early redemption of the Preferred Securities at the option of the Bank on any Distribution Payment Date falling on or after the First Reset Date, the Bank may be expected to exercise this option when its funding costs are lower than the Distribution Rate at which Distributions are then payable in respect of the Preferred Securities. In these circumstances, the rate at which Holders are able to reinvest the proceeds of such redemption is unlikely to be as high as, and may be significantly lower than, that Distribution Rate.

In addition, the redemption feature of the Preferred Securities is likely to limit their market value. During any period when the Bank has the right to elect to redeem the Preferred Securities or there is a perceived increase in the likelihood that the Bank will exercise the right to elect to redeem the Preferred Securities, the market value of the Preferred Securities is unlikely to rise substantially above the price at which they can be redeemed. This may also be true prior to such period. Therefore, there can be no assurance that Holders will be able to reinvest the amount received upon redemption and/or purchase at a rate that will provide the same rate of return as their investment in the Preferred Securities.

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

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

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

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

Substitution and variation of the Preferred Securities without Holder consent

Subject to Condition 8, if a Capital Event or Tax Event occurs, the Bank may, instead of redeeming the Preferred Securities, at any time, without the consent or approval of the Holders, and subject to receiving consent from the Competent Authority, either (a) substitute new preferred securities for all (but not some only) the Preferred Securities whereby such new preferred securities shall replace the Preferred Securities or (b) vary the terms of all (but not some only) the Preferred Securities, so that the Preferred Securities may become or remain Qualifying Preferred Securities (as defined in the Conditions), provided that such substitution or variation shall not result in terms that are materially less favourable to the Holders, as certified by two authorised signatories of the Bank.

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

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

Holders of the Preferred Securities have limited anti-dilution protection

The number of Ordinary Shares to be issued and delivered on conversion in respect of each Preferred Security shall be determined by dividing the Liquidation Preference of such Preferred Security by the Conversion Price in effect on the Trigger Event Notice Date. The Conversion Price will be, if the Ordinary Shares are then admitted to trading on a Relevant Stock Exchange, the higher of: (a) the Current Market Price of an Ordinary Share; (b) the Floor Price; and (c) the nominal value of an Ordinary Share (being €1.00 on the Closing Date) or, if the Ordinary Shares are not then admitted to trading on a Relevant Stock Exchange, the higher of (b) and (c) above. See Condition 6 for the complete provisions regarding the Conversion Price.

The Floor Price will be adjusted in the event that there is a consolidation, reclassification/redesignation or subdivision affecting the Ordinary Shares, the payment of any Extraordinary Dividends or Non-Cash Dividends, rights issues or grant of other subscription rights or certain other events which affect the Ordinary Shares, but only in the situations and to the extent provided in Condition 6.3. There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Ordinary Shares or that, if a Holder were to have held the Ordinary Shares at the time of such adjustment, such Holder would not have benefited to a greater extent. In addition, given than the Floor Price is close to the nominal value of an ordinary share of the Bank as of the Closing Date (i.e. €1.00) and that such nominal value operates as backstop of the Conversion Price, only in the event that there is a subsequent reduction in the nominal value of the

ordinary share of the Bank investors will benefit from the application of the anti-dilution protection mechanisms of Condition 6.3, which operate by reducing the Floor Price of the Preferred Securities.

Furthermore, the Conditions do not provide for certain undertakings from the Bank which are sometimes included in securities that convert into the ordinary shares of a bank to protect investors in situations where the relevant conversion price adjustment provisions do not operate to neutralise the dilutive effect of certain corporate events or actions on the economic value of the Conversion Price. For example, the Conditions contain neither an undertaking restricting the modification of rights attaching to the Ordinary Shares nor an undertaking restricting issues of new share capital with preferential rights relative to the Preferred Securities.

Further, if the Bank issues any Ordinary Shares credited as fully paid to Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve), where the Shareholders may elect to receive a Dividend in cash in lieu of such Ordinary Shares and such Dividend does not constitute an Extraordinary Dividend, no Floor Price adjustment shall be applicable in accordance with Conditions 6.3(b) and 6.3(c), and therefore the Holders will not be protected by anti-dilution measures.

Accordingly, corporate events or actions in respect of which no adjustment to the Floor Price is made may adversely affect the value of the Preferred Securities.

In order to comply with increasing regulatory capital requirements imposed by applicable regulations, the Bank may need to raise additional capital. Further capital raisings by the Bank could result in the dilution of the interests of the Holders, subject only to the limited anti-dilution protections referred to above.

Prior to the issue and registration of the Ordinary Shares to be delivered following the occurrence of a Trigger Event, Holders will not be entitled to any rights with respect to such Ordinary Shares, but will be subject to all changes made with respect to the Ordinary Shares

Any pecuniary rights with respect to the Ordinary Shares, in particular the entitlement to dividends, shall only arise and the exercise of voting rights and rights related thereto with respect to any Ordinary Shares is only possible after the date on which, following a conversion, as a matter of Spanish law, the relevant Ordinary Shares are issued and the person entitled to the Ordinary Shares is registered as a shareholder in Iberclear and its participating entities in accordance with the provisions of, and subject to the applicable Spanish law and the limitations provided in, the Bank's bylaws. Therefore, any failure by the Bank to issue, or effect the registration of, the Ordinary Shares after the occurrence of a Trigger Event shall result in the Holders of the Preferred Securities not receiving any benefits related to the holding of the Ordinary Shares and, on a liquidation or winding-up of the Bank, the entitlement of any such Holders will be an entitlement to receive out of the relevant assets of the Bank a monetary amount equal to that which Holders would have received on any distribution of the assets of the Bank if such conversion had taken place immediately prior to such liquidation or winding-up, as more particularly described in Condition 5.2. Furthermore, under Spanish law only the holders of the shares according to the registry kept by Iberclear are entitled to exercise voting, pre-emptive and other rights in respect of such shares.

If a Delivery Notice is not duly delivered by a Holder, that Holder will bear the risk of fluctuations in the price of the Ordinary Shares and the Bank may, in its sole and absolute discretion, cause the sale of any Ordinary Shares underlying the Preferred Securities

In order to obtain direct delivery of the relevant Ordinary Shares on conversion, the relevant Holder must deliver a duly completed Delivery Notice to the Bank trough the relevant Iberclear Members and according to the Iberclear procedures from time to time, all in accordance with the provisions set out under Condition 6.10. The Ordinary Shares corresponding to the Preferred Securities in respect of which no duly completed Delivery Notices have been delivered on or before the Notice Cut-off Date shall be delivered by the Bank to the Settlement Shares Depository on the Conversion Settlement Date through Iberclear. Within ten Business Day

following the Conversion Settlement Date, the Settlement Shares Depository shall procure that all Ordinary Shares so received are sold as soon as reasonably practicable and the net proceeds of sale shall as soon as reasonably practicable be distributed rateably to the relevant Holders in accordance with Condition 4.2 or in such other manner and at such time as the Bank shall determine and notify to the Holders.

Due to the fact that, in the event of the Trigger Event, investors are likely to receive Ordinary Shares at a time when the market price of the Ordinary Shares is very low, the cash value of the Ordinary Shares received upon any such sale could be substantially lower than the price paid for the Preferred Securities at the time of their purchase. In addition, the proceeds of such sale may be further reduced as a result of the number of Ordinary Shares offered for sale at the same time being much greater than may be the case in the event of sales by individual Holders of the Preferred Securities.

A capital reduction may take place in accordance with the Spanish Companies Law

In accordance to Article 418.3 of the Spanish Companies Act, in the event that the Bank intends to approve a capital reduction by reimbursement of contributions (*restitución de aportaciones*) to shareholders, the Bank may have to offer the Holders to convert their Preferred Securities into Ordinary Shares at the applicable Conversion Price prior to the execution of such capital reduction. A resolution of capital reduction for the redemption of any Ordinary Shares previously repurchased by the Bank will not be considered a capital reduction for these purposes.

Holders will bear the risk of fluctuations in the price of the Ordinary Shares and/or movements in the CET1 ratio that could give rise to the occurrence of the Trigger Event

The market price of the Preferred Securities is expected to be affected by fluctuations in the market price of the Ordinary Shares, in particular if at any time there is a significant deterioration in the CET1 ratio by reference to which the determination of any occurrence of the Trigger Event is made, and it is impossible to predict whether the price of the Ordinary Shares will rise or fall. Market prices of the Ordinary Shares will be influenced by, among other things, the financial position of the Bank and/or the Group, the results of operations and political, economic, financial and other factors. Any decline in the market price of the Ordinary Shares or any indication that the Bank's or the Group's CET1 ratio is decreasing (and hence the risk of a Trigger Event occurring is becoming increasingly proximate) may have an adverse effect on the market price of the Preferred Securities. The level of the CET1 ratio specified in the definition of Trigger Event may also significantly affect the market price of the Preferred Securities and/or the Ordinary Shares.

Fluctuations in the market price of the Ordinary Shares between the date upon which notice of Conversion is given and the Conversion Settlement Date may also further affect the value to a Holder of any Ordinary Shares delivered to that Holder on the Conversion Settlement Date.

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

The calculation of any Distributions in respect of the Preferred Securities from and including the First Reset Date is dependent upon the relevant 5-year Mid-Swap Rate (as defined in the Conditions) as determined at the relevant time (as specified in the Conditions). Certain interest rates and indices which are deemed to be "benchmarks" (including the 5-year Mid-Swap Rate) have been the subject of recent national and international regulatory guidance and proposals for reform including the recent approval and entry into force of the Benchmark Regulation, that could have a material impact on the Preferred Securities, its value and return, in particular, if the methodology or other terms of any "benchmarks" are changed in order to comply with new requirements. Such changes or the general increased regulatory scrutiny of "benchmarks" could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant "benchmark" and increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements.

Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark"; (iii) or lead to the disappearance of the "benchmark".

The Conditions provide for certain fallback arrangements in the event that the 5-year Mid-Swap Rate ceases to exist or be published or another Benchmark Event (as defined in Conditions) occurs. See Condition 4.9. These fallback arrangements include the possibility that the Distribution Rate could be determined by the Bank and an Independent Financial Adviser (acting in good faith and in a commercially reasonable manner), without any separate consent or approval of the Holders, by reference to a Successor Rate or an Alternative Rate and that an Adjustment Spread may be applied to such Successor Rate or Alternative Rate, together with the making of certain Benchmark Amendments to the Conditions. In certain circumstances, the Adjustment Spread is the spread, quantum, formula or methodology which the Bank determines to be appropriate to reduce or eliminate to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to the Holders as a result of the replacement of the 5-year Mid-Swap Rate with the Successor Rate or the Alternative Rate (as the case may be). However, such Adjustment Spread may not be effective to reduce or eliminate economic prejudice to Holders. The use of a Successor Rate or an Alternative Rate may result in Distributions that are lower than, or otherwise do not correlate over time with, the payments that could have been made on the Preferred Securities if the 5-year Mid-Swap Rate continued to be available in its current form.

If the (i) Bank is unable to appoint an Independent Financial Adviser or (ii) the Bank and the Independent Financial 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 prior to the relevant Reset Determination Date, the Distribution Rate applicable to the next succeeding Reset Period shall be equal to the Distribution Rate last determined or applicable in relation to the Preferred Securities in respect of the immediately preceding Reset Period. If the Bank fails to make such determination prior to the first Reset Determination Date, the Distribution Rate applicable to the next succeeding Reset Period shall be 5.875%.

Applying the Distribution Rate applicable as at the last preceding Reset Determination Date before the occurrence of the Benchmark Event will result in the Preferred Securities performing differently (which may include payment of a lower Distribution Rate) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined. In addition, in such scenario, the Preferred Securities would become a fixed rate security.

Furthermore, no Successor Rate, Alternative Rate or Adjustment Spread may be adopted, nor any other amendment to the Conditions may be made to effect any Benchmark Amendments, if and to the extent that, in the determination of the Bank, the same could reasonably be expected to prejudice the qualification of the Preferred Securities as Additional Tier 1 Capital of the Bank or the Group.

Investors should consider these matters when making their investment decision with respect to the Preferred Securities.

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

The Preferred Securities are rated BB by S&P Global. Ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Preferred Securities.

Similar ratings assigned to different types of securities do not necessarily mean the same thing and any rating assigned to the Preferred Securities does not address the likelihood that Distributions (or any additional amounts payable in accordance with Condition 13) or any other payments in respect of the Preferred Securities will be made on any particular date or at all. Credit ratings also do not address the marketability or market price of securities.

Any change in the credit ratings assigned to the Preferred Securities may affect the market value of the Preferred Securities. Such change may, among other factors, be due to a change in the methodology applied by a rating agency to rating securities with similar structures to the Preferred Securities, as opposed to any revaluation of the Bank's financial strength or other factors such as conditions affecting the financial services industry generally.

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

Each document incorporated herein by reference is only as of the date of such document, and the incorporation by reference of such documents shall not create any implication that there has been no change in the affairs of the Issuer or the Group, as the case may be, since the date thereof or that the information contained therein is current as of any time subsequent to its date. Any statement contained in any document incorporated herein by reference shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein modifies or supersedes that statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

The following documents, which have been previously published and have been filed with the CNMV, are incorporated in, and form part of, this Prospectus:

(a) CaixaBank's condensed interim consolidated financial statements, management report and limited review report as of and for the six months ended 30 June 2020 ("**Interim Consolidated Financial Statements**"), available at www.caixabank.com (https://www.caixabank.com/deployedfiles/caixabank/Estaticos/PDFs/Informacion_accionistas_inversores/MEMIdGGRUPCAIXABANK30062020CAS.pdf) and on the CNMV website (www.cnmv.es).

(b) CaixaBank's audited consolidated financial statements prepared in accordance with IFRS-EU for the financial year ended 31 December 2019 (the "**2019 Consolidated Annual Financial Statements**") together with CaixaBank's management report in respect of the 2019 Consolidated Annual Financial Statements ("**CaixaBank Group Management Report for 2019**"), available at CaixaBank's website (https://www.caixabank.com/deployedfiles/caixabank/Estaticos/PDFs/Informacion_accionistas_inversores/Informacion_Economica_Financiera/Informe_Anual_y_Cuentas/ConsolidadasGRUPCAIXABANK_31122019_Es.pdf) and on the CNMV website (www.cnmv.es).

(c) CaixaBank's audited consolidated financial statements prepared in accordance with IFRS-EU for the financial year ended 31 December 2018 (the "**2018 Consolidated Annual Financial Statements**") together with CaixaBank's management report in respect of the 2018 Consolidated Annual Financial Statements ("**CaixaBank Group Management Report for 2018**"), available at www.caixabank.com (https://www.caixabank.com/deployedfiles/caixabank/Estaticos/PDFs/Informacion_accionistas_inversores/Informacion_Economica_Financiera/MEMGRUPCAIXABANK_31122018_CNMV_CAS.pdf) and on the CNMV website (www.cnmv.es).

(d) CaixaBank's audited consolidated financial statements prepared in accordance with IFRS-EU (including the auditor's report thereon) for the financial year ended 31 December 2017 (the "**2017 Consolidated Annual Financial Statements**") together with CaixaBank's management report in respect of the 2017 Consolidated Annual Financial Statements ("**CaixaBank Group Management Report for 2017**"), available at CaixaBank's website (https://www.caixabank.com/deployedfiles/caixabank/Estaticos/PDFs/Informacion_accionistas_inversores/MEMGRUPCAIXABANK31122017-CNMV-CAS.pdf) and on the CNMV website (www.cnmv.es).

(e) CaixaBank's Universal Registration Document drawn up pursuant to Annex 2 of the Prospectus Regulation, approved and registered with the CNMV on 23 April 2020, as supplemented on (i) 7 May 2020 amending certain risk factors and sections 4.6 (*Significant changes in the Issuer's financial or trading position*) and 8.1 (*Regulatory framework within which the issuer operates and which may significantly affect its business activity, together with information regarding any governmental,*

economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the Issuer's operations) of the Registration Document and incorporating CaixaBank's unaudited quarterly business activity and results report for the three months ended 31 March 2020; (ii) 18 August 2020; and (iii) 29 September 2020 amending certain risk factors and section 4.6 (*Significant changes in the Issuer's financial or trading position*) of the Registration Document and incorporating the communication of inside information (*comunicación de información privilegiada*) the communications of other relevant information (*comunicación de otra información relevante*) dated 18 September 2020 relating to the announced merger with Bankia (the "**Universal Registration Document**"), available at CaixaBank's website (https://www.caixabank.com/deployedfiles/caixabank/Estaticos/PDFs/Informacion_accionistas_inversores/DRU.pdf; https://www.caixabank.com/deployedfiles/caixabank/Estaticos/PDFs/Informacion_accionistas_inversores/Modificacion_Documento_Registro_mayo_2020.pdf; https://www.caixabank.com/deployedfiles/caixabank/Estaticos/PDFs/Espacio_accionista/Supl_Documento_Registro_1H_2020_vF.PDF; https://www.caixabank.com/deployedfiles/caixabank/Estaticos/PDFs/Informacion_accionistas_inversores/SuplDocumentoRegistrofusion_vFin.pdf;)) and on the CNMV website (www.cnmv.es).

(f) The communication of inside information (*comunicación de información privilegiada*) of CaixaBank dated 18 September 2020 filed with the CNMV with register number 452 available at CaixaBank's website (https://www.caixabank.com/StaticFiles/pdfs/200918_IP_Anuncio_es.pdf) and at the CNMV website (http://www.cnmv.es/portal/verDoc.axd?t={5ee7f042-e2c6-4e2f-92bc-2e2e80277d85}).

(g) The communication of other relevant information (*comunicación de otra información relevante*) dated 18 September 2020 filed with the CNMV with register number 4,498 available at CaixaBank's website (https://www.caixabank.com/StaticFiles/pdfs/200918_OIR_Webcast_es.pdf) and at the CNMV website (http://www.cnmv.es/portal/verDoc.axd?t={986be382-7fb9-445b-a6a5-203bfccbb5b7}).

(h) The communication of other relevant information (*comunicación de otra información relevante*) dated 18 September 2020 filed with the CNMV with register number 4,501 available at CaixaBank's website (https://www.caixabank.com/StaticFiles/pdfs/200918_OIR_Consejo_es.pdf) and at the CNMV website (http://www.cnmv.es/portal/verDoc.axd?t={0d2408b5-cf61-48c3-9df2-3d1058a5ba3c}).

(i) The communication of other relevant information (*comunicación de otra información relevante*) dated 18 September 2020 filed with the CNMV with register number 4,502 available at CaixaBank's website (https://www.caixabank.com/StaticFiles/pdfs/200918_OIR_NdP_es.pdf) and at the CNMV website (http://www.cnmv.es/portal/verDoc.axd?t={649885f1-2077-41d0-9bfc-256a1ff3f210}).

The non-incorporated parts of the Universal Registration Document are either not relevant for an investor or are covered elsewhere in the Prospectus.

English translations

The English translations of the documents referred to in paragraphs (a) to (d) above are available at CaixaBank's website (https://www.caixabank.com/deployedfiles/caixabank/Estaticos/PDFs/Informacion_accionistas_inversores/MEMIdGGRUPCAIXABANK30062020-ING.pdf); (https://www.caixabank.com/deployedfiles/caixabank/Estaticos/PDFs/Informacion_accionistas_inversores/Informacion_Economica_Financiera/MEM_GRUPCAIXABANK_31122019_WEB_ING.pdf); (https://www.caixabank.com/deployedfiles/caixabank/Estaticos/PDFs/Informacion_accionistas_inversores/Informacion_Economica_Financiera/MEMGRUPCAIXABANK_31122018_CNMV_ING.pdf); and

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

The English translations of the documents referred to in paragraph (e) above are available at www.caixabank.com in (https://www.caixabank.com/deployedfiles/caixabank/Estaticos/PDFs/Informacion_accionistas_inversores/DRU2020INGCompleto.pdf ; https://www.caixabank.com/deployedfiles/caixabank/Estaticos/PDFs/Informacion_accionistas_inversores/ModificacionDocumentoRegistromayo2020ING.pdf); (https://www.caixabank.com/deployedfiles/caixabank/Estaticos/PDFs/Informacion_accionistas_inversores/SuplDocumentoRegistro1H2020_ENG.pdf) and (https://www.caixabank.com/deployedfiles/caixabank/Estaticos/PDFs/Informacion_accionistas_inversores/SuplDocumentoRegistrofusion_ENG.pdf).

The English translations of the documents referred to in paragraphs (f) to (i) above are available at CaixaBank's website (https://www.caixabank.com/StaticFiles/pdfs/200918_IP_Anuncio_en.pdf), (https://www.caixabank.com/StaticFiles/pdfs/200918_OIR_Webcast_en.pdf), (https://www.caixabank.com/StaticFiles/pdfs/200918_OIR_Consejo_en.pdf) and (https://www.caixabank.com/StaticFiles/pdfs/200918_OIR_NdP_en.pdf) and at the CNMV website (http://www.cnmv.es/portal/verDoc.axd?t={4a4712f6-e02c-43b5-b072-3a4c22bab5f4}), (http://www.cnmv.es/portal/verDoc.axd?t={9f1f41c4-3d74-4e2f-a645-43c9f2d5178f}), (http://www.cnmv.es/portal/verDoc.axd?t={88423ca5-c2b1-48c8-8f06-ac29ace1a377}) and (http://www.cnmv.es/portal/verDoc.axd?t={00152bd6-8c1f-4350-adee-5fb7b4cac41c}).

The referred English translations are for information purposes only. In the event of a discrepancy, the original Spanish-language versions prevail.

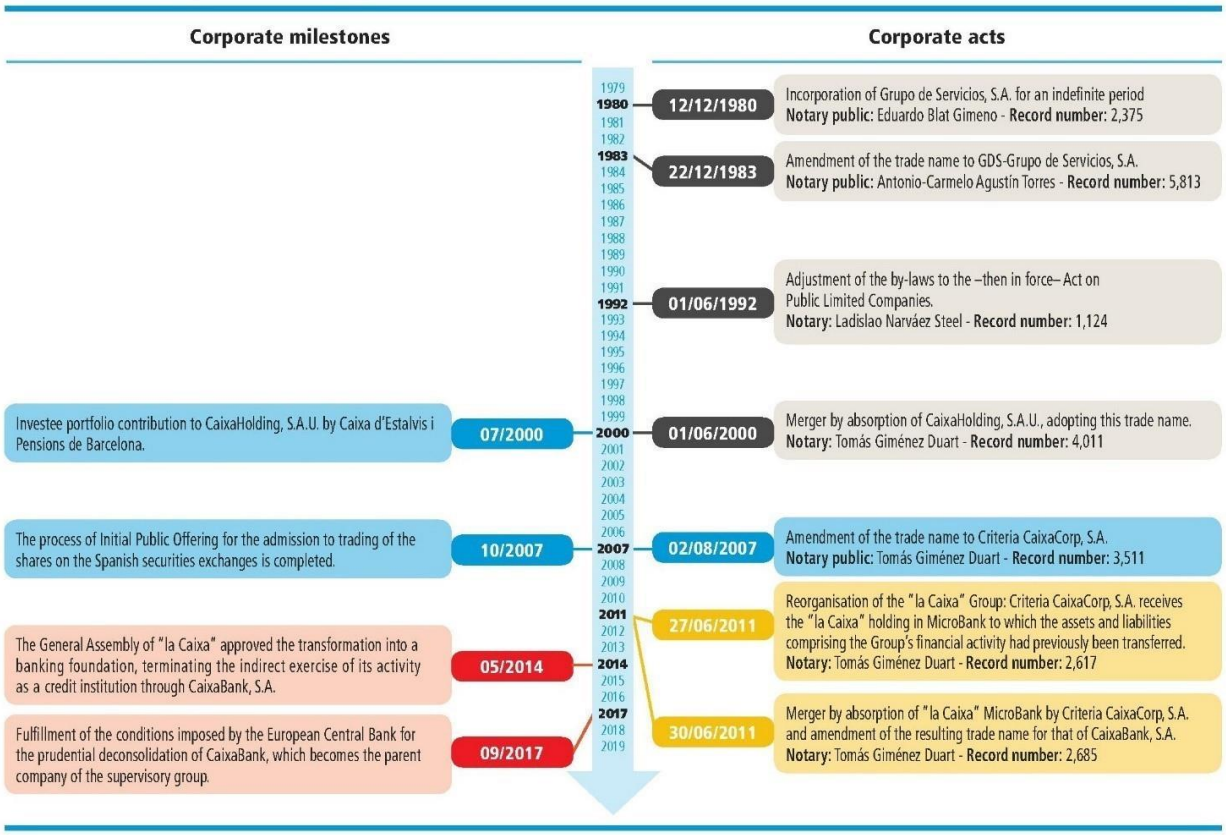
DESCRIPTION OF THE ISSUER

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Prospectus. Specifically, the information contained in this section does not diverge from or contain any discrepancies with respect to the information contained in the Universal Registration Document (incorporated by reference in this Prospectus).

History and development of the Issuer

CaixaBank, S.A. ("**CaixaBank**" - its trade name - , the "**Issuer**" or the "**Bank**") is a Spanish public limited company registered in the Commercial Register of Valencia, Volume 10370, Folio 1, Sheet V-178351, and in the Special Administrative Register of the Bank of Spain, under number 2100. The Legal Entity Identifier (LEI) of CaixaBank is 7CUNS533WID6K7DGFI87, and its tax ID (NIF) is A08663619. Since 1 July 2011, CaixaBank's shares are listed on the Madrid, Barcelona, Valencia and Bilbao stock exchanges (the "**Spanish Stock Exchanges**") and are quoted on the Automated Quotation System of the Spanish Stock Exchanges (*Sistema de Interconexión Bursátil or Mercado Continuo*) ("**AQS**"). The registered office and tax address of CaixaBank is Calle Pintor Sorolla, 2-4, 46002 in Valencia (contact telephone number +34 93 411 75 03).

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



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

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

As a listed bank, it is subject to oversight by the ECB and the CNMV, however, the entities of the Group are subject to oversight by supplementary and industry-based bodies.

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

2019-2021 Strategic Plan

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

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

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

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

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

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

In light of the expansion of COVID-19, on 26 March 2020, the Issuer announced the decision taken by its Board of Directors to reduce the CET1 target established in the 2019-2021 Strategic Plan for December 2021 to 11.5%, suspending the former target of 12% plus an additional 1% buffer to absorb regulatory requirements including Basel IV, taking into account new regulatory and supervisory considerations including, among others, the impact of regulations established in CRD V (as defined in "*Capital Requirements and Loss Absorbing Powers*" below) regarding the composition of P2R. See "*Key recent events—COVID-19*" below.

Key recent events

Issuances

During 2019 and 2020 the Bank issued securities for a total aggregate amount of €6,882 million that were placed with institutional investors, a breakdown of which is set out in the table below. In September 2019 CaixaBank issued its inaugural social bond, an issue of €1 billion senior non-preferred notes supporting the UN Sustainable Development Goals, the net proceeds of which will be used for projects falling under the categories

set out in the Sustainable Development Goals Framework published by CaixaBank on its website which are indicated to be ICMA SBP Categories, and, at any time, include any other "social" projects in accordance with any update of the Social Bond Principles published by the International Capital Markets Association (ICMA).

Issue	Total amount (€ million)	Amount per issue (€ million)	Date of issuance	Maturity	Cost[1]
Ordinary Senior debt	3,000	1,000	27 March 2019	7 years	1.195% (midswap+ 0.90%)
		1,000	17 January 2020	5 years	0.375% (midswap + 0.58%)
		1,000	10 July 2020	6 years[2]	0.75% (midswap + 1.17%)
Senior non-preferred debt	3,382	1,000	18 January 2019	5 years	2.47 % (midswap +2.25 %)
		50	30 May 2019	10 years	2.00 % (midswap +1.56 %)
		1,250	19 June 2019	7 years	1.464 % (midswap +1.45 %)
		82	3 July 2019	15 years	1.231%
		1,000	26 September 2019	5 years	0.765 % (midswap +1.13%)
Mortgage covered bonds.....	500	500	n.a[3]	15 years	1.40 % (midswap +0.442 %)

Notes:

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

(2) The Issuer has a one-time call on the fifth anniversary (10 July 2025).

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

Early Redemption of Bonds

Early redemption of subordinated bonds

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

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

Early redemption of self-retained covered bonds

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

ES0440609065, amounting to €500 million and (iii) the *7ª Emisión de Cédulas Territoriales de CaixaBank, S.A.*, with ISIN code ES0440609289, amounting to €1,500 million.

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 million.

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

Agreement of sale of Comercia Global Payments, Entidad de Pago, S.L. ("Comercia Global Payments")

On 30 July 2020, CaixaBank Payments & Consumer, S.A. ("**CPC**"), a wholly-owned subsidiary of CaixaBank, reached an agreement with Global Payments Inc. ("**Global Payments**") to sell a 29% stake in its 49% participation in the share capital of Comercia Global Payments, a joint venture between CPC and Global Payments, for a cash consideration of €493 million, which implies a valuation of €1,700 million for 100% of Comercia Global Payments.

The current commercial agreement between Comercia Global Payments and CaixaBank will remain in place and be extended until 2040, in order to facilitate product innovation, accelerate the growth trajectory of the business and better serve the client network.

This transaction is expected to generate a post-tax capital gain of approximately €410 million, equivalent to 19 basis points of CET1 ratio (adjusted for divided accrual), with an estimated impact of €-14 million in equity accounted income for 2021E.

The transaction is expected to close during the second half of 2020.

Agreement of sale to Lone Star

1. Repurchase of Servihabitat Servicios Inmobiliarios, S.L. ("**Servihabitat**")

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

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

(a) A review of the carrying amount of the prior stake in Servihabitat (49%) by virtue of the update of the valuation of this share, consistent with the sale offer accepted by the Group with regard to the operation announced on 28 June 2018 and described in the following section. It resulted in the recording of a €52 million loss under the heading "Impairment/(reversal) of impairment on investments in joint ventures and associates" of the accompanying consolidated income statement.

(b) The recognition of a loss amounting to €152 million under the heading "Provisions or reversal of provisions" in the accompanying consolidated income statement, corresponding to the difference between the transaction price (€176.5 million) and the fair value of the share purchased in 51% of Servihabitat, estimated in the context of the sale of this share to Lone Star.

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

2. Agreement of sale to Lone Star

On 28 June 2018, CaixaBank arranged to sell 80% of its real estate portfolio to a company owned by Lone Star Fund X and Lone Star Real Estate Fund V. This transaction mainly included the portfolio of real estate assets available for sale on 31 October 2017, as well as 100% of the share capital of Servihabitat. The gross value of the real estate assets at 31 October 2017 used for the sale was approximately €12,800 million, the net carrying amount of which was approximately €6,700 million.

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

Guarantees given in the operation

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

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

Labour agreements

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

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

Voluntary Redundancy Schemes

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

Results of the EU-wide stress test

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

Under the adverse scenario, the fully loaded CET1 ratio of the Group at 31 December 2020 was depleted by 239 basis points, reaching a level of 9.11% from 11.50%, after the initial application of IFRS9 on 31 December 2017. In this same scenario, the Group's phase-in CET1 ratio also reached 9.11% from an initial 12.54%, after the initial application of IFRS9, implying a 343 basis point depletion.

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

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

Formal communication regarding Minimum Requirement for own funds and Eligible Liabilities (MREL requirement)

On 5 June 2020, CaixaBank received a formal communication from the Bank of Spain regarding its MREL, as determined by the SRB. In accordance with such communication, CaixaBank has been required to reach, by 1 January 2021, an amount of own funds and eligible liabilities on a consolidated basis equal to 10.56% of its consolidated total liabilities and own funds as of 31 December 2018 (7.80% of which should be comprised of subordinated instruments) or 22.7% in terms of risk-weighted assets ("**RWAs**") (16.77% of which should be comprised of subordinated instruments).

The above decision is based on the applicable legislation at each point in time and is liable to be modified by the resolution authorities, particularly as refers to the commencement date on 28 December 2020 of the BRRD. Accordingly, as a response to COVID-19, the SRB has declared its intention to adopt a forward-looking approach as regards existing MREL requirements. Furthermore, the SRB has stated that, for the 2020 resolution cycle, decisions will be made taking into account the 2022-2024 transitional periods set out in BRRD.

According to the current eligibility criteria of the SRB, CaixaBank's best estimate of its MREL ratio stood at 21.8% of RWAs on a consolidated basis as of 31 December 2019. At a subordinated level, including senior non-preferred debt, the MREL ratio of subordinated instruments reached 19.6% as of 31 December 2019.

In January 2020 a new €1,000 million issuance of senior preferred debt raised the MREL ratio on a pro-forma basis up to 22.5%, thus already complying with the SRB requirement for January 2021.

The required MREL is in line with the expectations of CaixaBank. Its fulfilment is a part of the long-term funding plan, which is designed so that the MREL can be comfortably met as dates of enforcement come due.

Minimum prudential capital requirements for the CaixaBank Group for 2020

CaixaBank was notified of the decision of the ECB regarding minimum capital requirements for CaixaBank Group for 2020 following the outcome of the SREP. In addition, the Bank of Spain also informed CaixaBank about the capital buffer applicable to O-SIIs.

Both decisions on SREP and O-SII remain unchanged for 2020 at 1.50% and 0.25% respectively, and require that the CaixaBank Group maintain a CET1 ratio of 8.78%[13] during 2020, which includes the minimum "Pillar 1" capital requirement (4.50%), the P2R[14] (1.50%), the capital conservation buffer (2.5%), the O-SII buffer[15] (0.25%) and the countercyclical buffer (0.03%)[16]. Similarly, based on the minimum requirements of "Pillar 1" applicable to Tier 1 (6%) and total capital (8%), the requirements would reach 10.28% for Tier 1 and 12.28% for total capital. On 12 March 2020 the ECB announced measures expected to provide capital relief to banks in support of the economy. These measures include the permission to use capital instruments that do not qualify as CET1 (for example AT1 instruments and Tier 2 instruments) to meet P2R. According to that the minimum capital requirement for CaixaBank would reach 8.10% of RWAs for CET1, 9.89% of RWAs for Tier 1 and 12.26% of RWAs for total capital.

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

			Capital position		
	31 December 2019	Current Requirements	of which "Pillar 1"	of which P2R	of which buffers
CET1	12.0%	8.10%	4.5%	0.84%	2.76%
Tier 1	13.5%	9.89%	6.0%	1.13%	2.76%
Total Capital	15.7%	12.26%	8.0%	1.5%	2.76%

As a result of these decisions, the MDA Trigger is set at 8.10%, to which the potential capital shortfalls of AT1 or Tier 2 should be added with respect to the minimum implicit "Pillar 1" and P2R of 1.78% and 2.38%, respectively.

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

COVID-19

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

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

- To postpone the annual general shareholders' meeting which had been convened for 2 and 3 April 2020, on first and second call, respectively.
- To cancel the proposal for allocation of results that the Board of Directors agreed on 20 February 2020.

[13] All percentages refer to the total amount of RWAs.

[14] Applies only at a consolidated level.

[15] Applies only at a consolidated level.

[16] As of 31 December 2019. It applies to both individual and consolidated basis. Updated quarterly. It may differ between individual and consolidated level. As of 31 December 2019 both levels coincide. Following the COVID-19 outbreak, some national authorities have reduced the countercyclical buffer requirement. Therefore, the capital requirement to CaixaBank is also lower. In CaixaBank it is currently 1bp.

- To reduce the proposed dividend for 2019 fiscal year to €0.07 per share, which represents a 24.6% pay-out, from €0.15 per share, taking into account considerations of prudence and social responsibility. It was announced that such dividend would be paid on an interim basis against 2019 year profits on 15 April 2020, this being the only dividend paid against 2019 fiscal year profits.

- To reduce the CET1 target established in the 2019-2021 Strategic Plan for December 2021 to 11.5%, suspending the former target of 12% plus an additional 1% buffer to absorb regulatory requirements including Basel IV, taking into account new regulatory and supervisory considerations including, among others, the impact of regulations established in CRD V (as defined in "*Capital Requirements and Loss Absorbing Powers*" below) regarding the composition of P2R.

- To change its current dividend policy of a cash pay-out of greater than 50% of consolidated earnings to a cash pay-out not higher than 30% of reported consolidated earnings exclusively for 2020 fiscal year. The Board of Directors declared its intention to allocate, at least, an amount higher than 50% of consolidated reported earnings as cash remuneration in future years, once the circumstances which have led to this decision have passed.

- To express its intention to distribute, in the future, any excess above a CET1 ratio of 12% in the form of special dividends and/or buybacks. This extraordinary distribution of capital would be subject to a prior return to normality of macroeconomic conditions and will not take place, in any case, before 2021.

In addition to the previous decisions, the Issuer also announced on the same date that (i) the Chief Executive Officer decided to waive his variable remuneration for 2020 (as the rest of the Management Committee did subsequently) and (ii) remuneration of outstanding AT1 instruments would not be affected by the aforementioned decisions and would continue to be paid according to the current regulatory and supervisory framework.

Taking into account the aforementioned decisions, the regulatory solvency ratios for 31 December 2019 would now stand as follows[17]:

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

Note:

(1) Proforma for January 2020 €1bn senior preferred issuance

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

On 16 April 2020, the Issuer announced that the Board of Directors agreed to call the Issuer's Ordinary Annual General Meeting (the "**General Meeting**") on 21 and 22 May 2020, at first or second call, respectively.

On 22 May 2020, the General Meeting was held on second call and approved, among other, the following resolutions:

- the proposal for allocation of results, that, in line with the information announced on 26 March 2020, and after having cancelled the previous proposal for distribution of earnings, takes into account the interim dividend paid on 15 April 2020, as well as the assignment of the remainder of 2019 earnings to reserves.
- the appointment of Mr. Francisco Javier García Sanz as a new proprietary director upon the recommendation of Fundación Bancaria "la Caixa" ("**la Caixa Banking Foundation**") and CriteriaCaixa, S.A.U. ("**CriteriaCaixa**") to cover the vacancy arising from the resignation tendered by Mr. Marcelino Armenter Vidal; and
- the amendment to the By-laws and to the Regulations of the General Meeting in order to allow for the possibility of remote attendance at future General Meetings.

In the context of the current COVID-19 crisis, the supervisor informed banks that it expected those who did not adhere to the staging of the initial impact of the introduction of the IFRS9 on own funds (1 January 2018) to do so now, in accordance with Regulation (EU) No 2017/2395 of the European Parliament.

With reference date 31 March 2020, CaixaBank has availed itself to the IFRS9's transitional provisions, which permits partially mitigating in its capital adequacy calculations the pro-cyclicality associated with the provisions model under IFRS9 throughout the established transitional period. The application of IFRS9 as of 1 January 2018 mainly involved an increase of the accounting provisions due to changes regarding their recognition: for anticipated loss (IFRS9) instead of incurred loss (IAS 39). In order to mitigate the impact of provisions on the capital ratios, the European Parliament and Commission enacted Regulation 2017/2395, whereby article 473 bis was introduced in the CRR, providing the possibility of adhering to a mechanism that allows progressively adapting to IFRS9. In June, CaixaBank received authorization from the ECB for the application of transitional arrangements of IFRS9.

Merger with Bankia

On 18 September 2020, CaixaBank announced that its Board of Directors had approved on 17 September 2020 the joint merger plan for the merger of Bankia (absorbed company) into CaixaBank (absorbing company). See in "*Documents incorporated by reference*" for the communications of inside information and other relevant information of CaixaBank dated 18 September 2020.

Based on the financial, tax and legal due diligence undertaken, and on the valuation of the shares of CaixaBank and Bankia carried out by their respective financial advisors, an exchange ratio of 0.6845 shares in CaixaBank for each share in Bankia has been agreed upon. The exchange will be effected with newly issued shares in CaixaBank.

The joint merger plan is to be submitted for approval to the shareholders' meetings of CaixaBank and Bankia, likely to be held in November 2020. Once the merger has been approved and the required administrative authorisations have been obtained, CaixaBank will acquire, by universal succession, all the rights and obligations of Bankia. The merger should be completed during the first quarter of 2021.

Once the merger has been executed, the interest in CaixaBank of CriteriaCaixa (and, indirectly, of la Caixa Banking Foundation) will be around 30%, of the shares representing its share capital, with FROB (through BFA Tenedora de Acciones, S.A.) acquiring a significant holding in CaixaBank of around 16%.

Business overview by segment

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

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

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

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

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

  The insurance and banking business is presented in a unified way consistent with the joint business and risk management, since it is a comprehensive business model within a regulatory framework that shares similar monitoring and accounting objectives. The Group markets insurance products, in addition to the other financial products, through its business network with the same client base, because the majority of the insurance products offer savings alternatives (life-savings and pensions) to the banking products (savings and investment funds).

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

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

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

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

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

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

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

The table below shows the consolidated income statement of the Group by business segments for the years ended 31 December 2019 (audited), 2018 and 2017 (non-audited):

	BANKING AND INSURANCE BUSINESS			INVESTMENTS			BANCO BPI		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
					(€ million)				
NET INTEREST INCOME	4,659	4,659	4,532	(124)	(149)	(168)	416	397	382
Dividend income and share of profit/(loss) of entities accounted for using the equity method	232	220	223	335	746	416	21	6	14
Net fee and commission income	2,340	2,303	2,223				258	280	276
Gains/(losses) on financial assets and liabilities and others	239	219	304	35	11	(44)	24	48	23
Income and expenses under insurance and reinsurance contracts	556	551	471						
Other operating income and expense	(369)	(498)	(412)				(17)	(26)	(18)
GROSS INCOME	7,657	7,454	7,341	246	608	204	702	705	677
Administrative expenses	(4,803)	(3,813)	(3,644)	(4)	(4)	(4)	(397)	(436)	(502)
Depreciation and amortisation	(479)	(368)	(391)				(67)	(37)	(36)
PRE-IMPAIRMENT INCOME	2,375	3,273	3,306	242	604	200	238	232	139
Impairment losses on financial assets and other provisions	(811)	(673)	(1,744)			4	200	106	29
NET OPERATING INCOME (LOSS)	1,564	2,600	1,562	242	604	204	438	338	168
Gains/(losses) on disposal of assets and others	(169)	(179)	160		(607)	5	2	51	(1)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	1,395	2,421	1,722	242	(3)	209	440	389	167
Income tax	(332)	(695)	(381)	71	90	49	(108)	(107)	(46)
PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS	1,063	1,726	1,341	313	87	258	332	282	121
Profit/(loss) attributable to minority interests	3	57	6		33	13		20	17
PROFIT/(LOSS) ATIRIBUTABLE TO THE GROUP	1,060	1,669	1,335	313	54	245	332	262	104
Total assets	355,416	350,783	347,425	4,554	4,685	6,894	31,444	31,078	28,817
Of which positions in sovereign debt	*91,549*	*87,786*	*81,254*				*4,637*	*3,307*	*3,727*

Notes:—

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

Banking and Insurance

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

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

Banking Business

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

As of 31 December 2019, CaixaBank had over 13.7 million customers in Spain, including individuals, companies and institutions, served through a network of 4,118 branches in Spain, of which 3,918 are retail branches. CaixaBank is the bank of choice for 24.4% of Spanish retail clients defined as the Market penetration or the percentage of retail clients in Spain aged 18 or above who have CaixaBank as their primary bank (*source: FRS Inmark 2019*). The Banking Business has different divisions based on the type of customers its services are directed at:

Retail Banking

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

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

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

Business Banking

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

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

Corporate and Institutional Banking

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

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

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

International Business

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

Insurance

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

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

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

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

Equity Investments

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

Erste Group Bank

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

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

Telefónica

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

December 2019, total assets managed by Telefónica amounted to approximately €119 billion (€114 billion as of 31 December 2018) (*Source: Telefónica's financial statements for 2019 and company website*).

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

Coral Homes

The CaixaBank Group holds a 20% stake in Coral Homes, a company to which CaixaBank's real estate portfolio and the 100% stake in Servihabitat was transferred in 2018, in order to sell the real estate business to Lone Star (which now owns 80% of Coral Homes). See *"—Key recent events—Agreement of sale to Lone Star*" above.

Banco BPI

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

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

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

Business by geographical area

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

DISTRIBUTION OF ORDINARY INCOME

	ORDINARY INCOME FROM CUSTOMERS			ORDINARY INCOME BETWEEN SEGMENTS			TOTAL ORDINARY INCOME		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
					(€ million)				
Banking and insurance	**11,345**	**11,071**	**10,964**	**138**	**160**	**176**	**11,483**	**11,231**	**11,140**
Spain	11,170	10,981	10,941	138	160	176	11,308	11,141	11,117
Other countries	175	90	23				175	90	23
Equity investments	**370**	**758**	**372**				**370**	**758**	**372**
Spain	106	347	239				106	347	239
Other countries	264	411	133				264	411	133
Banco BPI	**757**	**820**	**776**	**64**	**60**	**5**	**821**	**880**	**781**
Spain	749	812	734	64	60	5	813	872	739
Other countries	8	8	42				8	8	42
Ordinary adjustments and eliminations between segments				**(202)**	**(220)**	**(181)**	**(202)**	**(220)**	**(181)**
TOTAL	**12,472**	**12,649**	**12,112**	**0**	**0**	**0**	**12,472**	**12,649**	**12,112**

Notes:

(*) Corresponding to the following items in the Group's public statement of profit or loss: (i) interest income, (ii) dividend income, (iii) share of profit/(loss) of entities accounted for using the equity method, (iv) fee and commission income, (v) gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net, (vi) gains/(losses) on financial assets and liabilities held for trading, net, (vii) gains/(losses) on assets not designated for trading compulsorily measured at fair value through profit or loss, net, (viii) gains/(losses) on financial assets and liabilities designated at fair value through profit or loss, net, (ix) gains/(losses) from hedge accounting, net, (x) other operating income and (xi) income from assets under insurance and reinsurance contracts.

Capitalisation and Indebtedness of the CaixaBank Group

The following table sets forth the capitalisation and indebtedness of the CaixaBank Group on an unaudited consolidated basis in accordance with EU-IFRS required to be applied under Circular 4/2017 as of 30 June 2020 on an actual basis.

	Actual
	(*€ million*)
Outstanding indebtedness(1)	
Deposits with customers	238,673
Debt securities issued(2)(3)	34,291
Other financial liabilities at amortized cost(3)	8,906
Total indebtedness	**281,870**
of which subordinated liabilities(4)(5)	*5,451*
of which secured indebtedness(6)	*16,812*
Shareholders' equity	
Capital	5,981
Share premium	12,033
Retained earnings	8,688
Other reserves and other equity items	(899)
(-) Treasury shares	(12)
Profit/loss attributable to owners of the parent	205
Total shareholders' equity	**25,996**
of which preferred shares	*0*
Minority interests (non-controlling interests)	25
Total capitalisation and indebtedness	**307,866**

Notes:—

(1) The amount of guaranteed indebtedness of the CaixaBank Group is immaterial (excluding deposits covered by deposit-guarantee funds).

(2) Includes plain vanilla bonds, as well as covered and securitised bonds; structured and promissory notes; subordinated debt and preference securities.

(3) See Note 22 of the 2019 Consolidated Annual Financial Statements for a breakdown.

(4) Includes both subordinated debt and preference securities, with an outstanding nominal amount of €3,150 and €2,250 million, respectively, as of 30 June 2020.

(5) While preference securities are treated as Tier 1 capital instruments from a regulatory capital point of view, under EU-IFRS, they are accounted for as subordinated debt.

(6) Includes the nominal amount of mortgage covered bonds and securitised bonds issued.

As at the date of this Prospectus, CaixaBank's share capital is €5,981,438,031 divided into 5,981,438,031 shares. In the event of Conversion, and taking into account the Floor Price being €1.209, the maximum number of shares issued would be 620,347,394, which represents 10.37 per cent. of the current share capital.

As of 30 June 2020, the net asset value per share[18] is €4.08, which is above the Floor Price.

Recent main singular equity investments and disinvestments

Banco BPI acquisition process

The business combination with Banco BPI was implemented in 2017. The takeover of Banco BPI entailed a change in the nature of this investment, from an investment in an associate to an investment in a Group company. From an accounting perspective, the change in the nature of the investment led to a revaluation of the previous stake of 45.5% in Banco BPI to the bid price, generating a gross loss of €186 million under Gains/(losses) on derecognition of non-financial assets and investments (net) in the Group's consolidated statement of profit or loss for 2017, and a simultaneous recognition of 100% of the assets and liabilities comprising the stake in Banco BPI as part of the purchase price allocation (PPA) required under IFRS3. The accounting of the PPA resulted in a negative difference arising on consolidation of €442 million in the 2017 consolidated statement of profit or loss.

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

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

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

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

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

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

Banco de Fomento de Angola (BFA)

1. Loss of significant influence

[18] Net asset value calculated as equity less minority interests divided by the number of fully diluted shares outstanding.

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

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

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

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

2. Hyperinflation

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

Until the date on which CaixaBank's holding in BFA was reclassified under the heading "Financial assets at fair value with changes in other comprehensive income - equity instruments", the heading "Accumulated other comprehensive income - Items that may be reclassified to profit or loss - Foreign currency exchange" included any changes arising from the requirements of IAS 29. In 2018, the effect of IAS 29 resulted in a credit to this heading in of €78 million, while in turn resulting in a negative impact of €90 million, on "Share of profit/(loss)

of entities accounted for using the equity method" in the statement of profit or loss. As a consequence of the several devaluations of the Angolan kwanza, a decrease of €293 million net was recorded in "Accumulated other comprehensive income", arising from the conversion of BFA's financial statements into euros in accordance with IAS 21.

Agreement to sell the stake in Repsol

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

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

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

Trend information

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

Scenarios subject to extreme degree of uncertainty

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

Global economic scenario

COVID-19 and the necessary restrictions on activity to contain it have submerged the world into an unusually abrupt recession. In addition to the halt to the activity in those economies most affected by the pandemic, where the available data bear witness to the harsh impact of the lockdown measures (Chinese GDP contracted by almost 10% in quarter-on-quarter terms in the first quarter of 2020, whereas in the Euro zone it is estimated that activity fell by around 25% in the last few weeks of March, when the lockdown measures became more generalised), all economies are exposed to the shock caused by COVID-19 due to the fall in global demand, disruptions in international supply chains and the hardening of financial landscape.

Throughout the second quarter of 2020, whilst in China economic recovery was gaining traction (and activity may have already normalised in sectors such as industry), in the main advanced economies activity fell sharply in April, but since May, the progressive lifting of the restrictions has brought about a gradual recovery in economic indicators. Overall, unprecedented falls in GDP are expected in the advanced economies for the whole of the second quarter. Moving forward, activity should be gradually re-established over the coming months. Yet, without a vaccine or effective treatment, worldwide activity will continue to be conditioned by physical distancing measures. Subsequently, it is forecast that in 2020 global GDP will register a fall greater than that of the Great Recession of 2009, but in 2021 the global economy will once again be back on a path of growth.

To tackle this situation, all spheres of economic policy are rapidly deploying a series of wide-ranging measures of extraordinary significance, and the monetary policy of the main central banks has been especially aggressive in order to ease the financial stress, protect the proper functioning of the markets and establish an environment

of low interest rates for an extended period of time. However, the evolution of the pandemic and the medical advances will be the main determining factor of this scenario in the coming quarters.

Europe, Spain and Portugal

In the Euro zone, available indicators suggest that the fall in activity for the whole of the second quarter of 2020 will have been around 20%. Going forward, it is forecast that activity will continue to gradually recover over the coming months, it is estimated that the fall in GDP for 2020 as a whole could be around 10% (followed by a rebound of over 8% in 2021). Differences between countries are likely to be significant. Economies that have been affected by the pandemic to a lesser extent, those with an economic structure less sensitive to the restrictions on mobility and/or more able to take action with regard to fiscal policy will better ride out this situation.

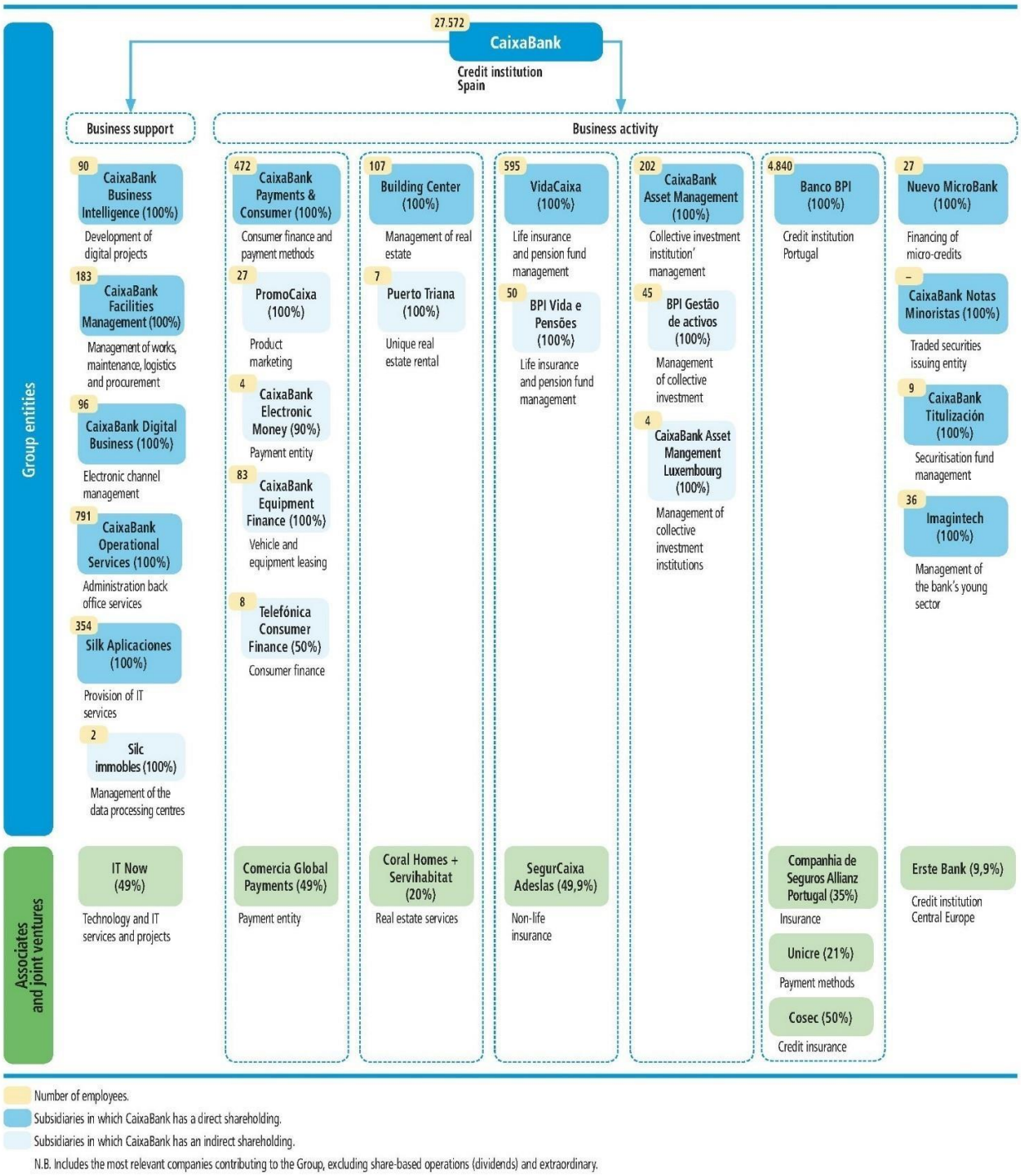
Given the nature of the coronavirus shock and its asymmetric effects across countries, both the actions that are being taken by the ECB and the Recovery Plan proposed by the European Commission form important actions to favour a synchronised reactivation among the European economies. It should also be highlighted that the importance of the Recovery Plan exceeds the strict framework of supporting the EU's recovery from the recession. In particular, it contains elements that, should they be confirmed, would imply a leap forward in terms of European project.

The Spanish economy will follow a similar dynamic to the European. Yet the importance of sectors that are particularly sensitive to mobility restrictions will probably imply that the Spanish economy will suffer somewhat more intense declines in activity (the tourism sector represents 12.3% of the GDP and, overall, sectors such as accommodation and food services, trade, leisure as well as transport, represent around 25% of the GDP). Therefore, we forecast that the contraction of the GDP for the whole of 2020 will be around 13% to 15% although the actual figure will depend on the ability to quickly control any new outbreak and minimise its impact on economic activity. In this situation, it is expected that the recovery that began halfway through this year will gain traction in 2021, with a rebound of between 10% and 11%. This recovery will be supported by the measures taken by the authorities, both domestic and EU, which must be extended if necessary, and the expected recovery from the pandemic with a vaccine or effective treatment well into the coming year. Although this is the most likely scenario, one should not rule out a more favourable scenario – whose odds will increase if the occupancy rates during the tourist season exceed 50% and the improvement in sentiment supports a stronger rebound in the short term in terms of consumption and investment.

Portugal, which also has a significant dependence on tourism and foreign demand (tourism sector represents over 14% of GDP, and total exports represent almost 45% of GDP), faces a similar scenario to Spain. Available indicators suggest that the economic halt in April will be reflected in a sharp fall in GDP for the whole of the second quarter of 2020, despite the gradual recovery in May. So, combined with the difficulties faced by tourism and the expectation that activity will recover at a gradual pace, it is forecast that there will be a fall in GDP in 2020 of around 12% followed by a rebound of around 8% in 2021.

Organisational Structure

The table below shows the main subsidiaries, joint ventures and associates within the Group as of 31 December 2019, and their type of link:



Capital structure

As at the date of this 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.

Major shareholders

The following table sets forth information as of the date of this Prospectus 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:

	Ownership (voting rights in shares)		
	Direct	**Indirect**	**% Total**
Name of Shareholder			
la Caixa Banking Foundation[(1)]	0	2,393,835,425	**40.021**
Norges Bank[(2)]	180,434,381	0	**3.017**
Blackrock INC[(3)]	0	178,925,887	**2.991**
Invesco Limited[(4)]	0	117,711,815	**1.968**

Notes:

(1) la Caixa Banking Foundation's indirect stake is held through its wholly subsidiary CriteriaCaixa.

(2) In addition to the 3.017% voting rights in shares, Norges Bank reported on 4 June 2020 entitlement to 0.002% voting rights through financial instruments that represents a total position of 3.019% of voting rights of CaixaBank.

(3) In addition to the 2.991% voting rights in shares, Blackrock INC reported on 9 March 2020 entitlement to 0.067% voting rights through financial instruments and 0.009% voting rights through CFDs, that represents a total position of 3.067% of voting rights of CaixaBank.

(4) Invesco Limited holds its stake through Invesco Asset Management Limited (1.919%) and other entities (0.049%), as reported to the CNMV on 23 January 2020.

Law 26/2013, of 27 December, on saving banks and banking foundations (*Ley 26/2013, de 27 de diciembre, de cajas de ahorros y fundaciones bancarias*) (the "**Savings Banks and Banking Foundations Act**") requires banking foundations to enter into a protocol for managing their stakes in financial institutions. This protocol must establish, at least, the strategic criteria for managing the interest, the relations between the board of trustees and the governing bodies of the bank, specifying the criteria for proposing appointments of directors and the general criteria for carrying out transactions between the banking foundation and the investee credit institution, and the mechanisms to avoid potential conflicts of interest. Accordingly, la Caixa Banking Foundation signed the relevant protocol for managing its ownership interest in CaixaBank on 24 July 2014 (the "**Management Protocol**"). The Management Protocol regulates, among others, the following aspects:

- The basic strategic lines governing the management by la Caixa Banking Foundation of its ownership interest in CaixaBank;
- The relationships between the board of trustees of la Caixa Banking Foundation and CaixaBank's governing bodies;
- The general criteria governing transactions between la Caixa Banking Foundation and CaixaBank and the mechanisms to avoid conflicts of interest;
- The basic criteria relating to the assignment and use of distinctive signs and domain names owned by la Caixa Banking Foundation by CaixaBank and its Group;
- The granting to la Caixa Banking Foundation of a right of first refusal in respect of the interest of CaixaBank in Monte de Piedad;

- The basic principles for a possible collaboration so that (a) CaixaBank may implement corporate social responsibility policies through la Caixa Banking Foundation, and, at the same time (b) la Caixa Banking Foundation may disseminate its welfare projects through the CaixaBank branch network, and where appropriate, through other material means; and
- The flow of adequate information to allow la Caixa Banking Foundation and CaixaBank to prepare their financial statements and to comply with periodic reporting and supervisory duties with the Bank of Spain and other regulatory bodies.

In accordance with Article 43 of the Savings Banks and Banking Foundations Act, Article 3 of Circular 6/2015, of 17 November, of the Bank of Spain ("**Circular 6/2015**") and the By-laws of la Caixa Banking Foundation, on 18 February 2016, the members of the board of trustees of la Caixa Banking Foundation signed a new adapted Management Protocol in order to align it to the content of Circular 6/2015. In May 2017, the board of trustees approved a new protocol to regulate the internal relationship between la Caixa Banking Foundation and CaixaBank that would replace the previous one executed on 1 July 2011, as subsequently amended to reflect the changes in the Group's structure (the "**Internal Relations Protocol**") in order to adapt its content to the commitments undertaken by la Caixa Banking Foundation in order to comply with the conditions approved and notified by the ECB for the prudential deconsolidation of CaixaBank. In September 2017 the ECB issued the decision of considering that la Caixa Banking Foundation no longer exercised control or had a dominant influence on CaixaBank. In February 2018, la Caixa Banking Foundation as parent company of the "la Caixa" group, CriteriaCaixa, as direct shareholder of CaixaBank, and CaixaBank, as a listed company, signed a new Internal Relations Protocol which replaced the previous protocol and whose main objectives are:

- To manage the related-party transactions deriving from transactions or services rendered;
- To establish mechanisms that attempt to avoid the emergence of conflicts of interest;
- To make provision for la Caixa Banking Foundation to have a pre-emptive right in the event of a transfer by CaixaBank of Monte de Piedad;
- To establish the basic principles for a possible collaboration between CaixaBank and la Caixa Banking Foundation; and
- Regulate the proper flow of information so that la Caixa Banking Foundation, CriteriaCaixa and CaixaBank can elaborate their financial statements and comply with periodical information and supervision obligations.

Another essential objective of the protocol is the acceptance and firm commitment of the parties to comply with the conditions established by the ECB for the prudential deconsolidation of Criteria in CaixaBank.

CaixaBank is not aware of the existence of any agreement which could lead to a change of control at a subsequent date.

Agreement among shareholders

In accordance with Article 531 of the Spanish Companies Act, the Issuer is required to be notified of shareholders' agreements affecting its 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 regulated 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 foresaw 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 determined: (i) the savings banks that constituted Banca Cívica would 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, would last for four years instead of the afore-mentioned three (i.e., until 2020).

On 29 October 2018, CaixaBank published a significant event (*hecho relevante*) informing of the amendments to the mentioned agreement that, among others (i) clarified the autonomy of the parties in relation to the management of their participations in the Bank's share capital; and (ii) eliminated the preferential right to acquire shares in the Bank referred to above. Also, as a result of this amendment Cajasol Foundation was no longer party to the shareholders agreement.

On 3 August 2020, CaixaBank published a communication of other relevant information (*comunicación de otra información relevante*) informing that as of that date the shareholders' agreement became void due to the expiry of its period of validity.

Due to the termination of the shareholders' agreement, Fundación CajaCanarias tendered its resignation as proprietary director to the Board of Directors of CaixaBank.

The Board of Directors then requested Fundación CajaCanarias to step down from its position once it received the findings of the banking authorities verifying the suitability of Ms. Carmen Moragues Josa, whom the Board, on the basis of the proposal presented by the Appointments Committee, agreed to appoint via co-option (*cooptación*) as an independent director of CaixaBank S.A. to cover the vacancy that would be left by Fundación CajaCanarias. On 18 September 2020, CaixaBank announced that Ms. Carmen Moragues Josa will not accept her position given that she is not expected to be part of the Board of Directors resulting from the announced merger between CaixaBank and Bankia. See "*Documents incorporated by reference*". Fundación CajaCanarias will step down from its position, given the announced merger between CaixaBank and Bankia, when the mentioned merger is completed and the proposed renewal of the Board of Directors implemented.

Board of Directors and management of the Issuer

Board of Directors

The table below sets out the names of the members of the Board of Directors, the respective dates of their first appointment, their positions within CaixaBank and the nature of their membership:

Name / Title	Nature	Date of first appointment	Report / Proposal of the Appointments Committee	Shareholder represented
Jordi Gual *Chairman*	Proprietary	30/06/2016[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][4]	\	—
Fundación CajaCanarias[5] represented by: Natalia Aznárez *Director*	Proprietary	23/02/2017[7]	\	Fundación Bancaria Caja Navarra, Fundación CajaCanarias and Fundación Caja de Burgos, Fundación Bancaria[10]
Maria Teresa Bassons *Director*	Proprietary	26/06/2012[1]	\	"la Caixa" Banking Foundation
María Verónica Fisas *Director*	Independent	25/02/2016[6]	\	-
Alejandro García-Bragado *Director*	Proprietary	01/01/2017[7]	\	"la Caixa" Banking Foundation
Cristina Garmendia *Director*	Independent	05/04/2019	\	—
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 *Lead Independent Director*	Independent	03/11/2011[1][2]	\	—
Eduardo Javier Sanchiz *Director*	Independent	21/09/2017[8]	\	—
José Serna *Director*	Proprietary	30/06/2016[7]	\	"la Caixa" Banking Foundation
Koro Usarraga *Director*	Independent	30/06/2016[7]	\	—

Notes:

(1) Reelected on 5 April 2019.

(2) Appointed as Lead Independent Director by the Board on 25 February 2020, with effect since 22 May 2020, after authorization by the ECB.

(3) Ratified and appointed Director on 23 April 2015.

(4) Reelected CEO on 23 April 2015 and 5 April 2019.

(5) On 3 August 2020, Fundación CajaCanarias tendered its resignation as proprietary director to the Board of Directors of CaixaBank due to the termination of the shareholders' agreement. Fundación CajaCanarias will step down from its position, given the announced merger between CaixaBank and Bankia, when the mentioned merger is completed and the proposed renewal of the Board of Directors implemented. See "*Agreement among shareholders*" above.

(6) Ratified and appointed as Director on 28 April 2016. Reelected on 22 May 2020.

(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.

* For detailed information on the proposed new composition of the Board of Directors subject to approval by the shareholders' meeting and to the completion of the merger, please see the communications of inside information (number 452) and other relevant information (number 4501), both dated 18 September 2020 and incorporated by reference in this Prospectus.

On 26 March 2020, the Board of Directors agreed to postpone the General Meeting called by means of a notice published on 25 February 2020 to be held on 2 April 2030 and 3 April 2020, on first and second call, respectively.

On 2 April 2020, Mr. Marcelino Armenter resigned as member of the Board of Directors and, subsequently, as member of the Innovation, Technology and Transformation Digital Committee, effective as of that day.

The reason for the resignation is that CriteriaCaixa, of which he is the Chief Executive Officer and at the proposal of which he was appointed director of CaixaBank, is intensifying its recently implemented investment diversification strategy, mainly in listed companies, which could lead to possible situations in which his condition of director of CaixaBank may interfere with his responsibilities as Chief Executive Officer of CriteriaCaixa. The resignation is performed within the framework of the good corporate governance.

On 16 April 2020, the Board of Directors agreed to call the General Meeting on 21 and 22 May 2020, at first or second call, respectively. The General Meeting was finally held remotely on 22 May 2020 on second call.

At the General Meeting, among others, the following resolutions were adopted:

- the amendment of the By-laws and the Regulations of the General Shareholders' Meeting to regulate remote attendance for future general shareholders' meetings.
- the re-election of Ms. María Verónica Fisas Vergés as a member of the Board of Directors, in the capacity of Independent Director, for a period of four years, at the proposal of the Appointments Committee.
- the appointment of Mr. Francisco Javier García Sanz as a member of the Board of Directors, as a proprietary director, at the proposal of la Caixa Banking Foundation (indirect shareholder of the Issuer through its subsidiary, CriteriaCaixa) and CriteriaCaixa, for a period of four years to fill the vacancy generated by the resignation of Mr. Marcelino Armenter Vidal from the Board, following the issuance of the favourable report by the Appointments Committee. On 18 September 2020, CaixaBank announced that Mr. Francisco Javier García Sanz will not accept his position given that he is not expected to be part of the Board of Directors resulting from the announced merger between CaixaBank and Bankia. See "*Documents incorporated by reference*". The appointment of Francisco Javier García Sanz was subject to the verification of his suitability as a director by the ECB.
- Set the number of members of the Board of Directors at fifteen, within the established limits in the By-laws of CaixaBank. Accordingly, it was approved to reduce the total number of members of the Board of Directors by one director.

On 25 February 2020, the Board of Directors, following the favourable report of the Appointments Committee, agreed to appoint the Independent Director Mr. John S. Reed as a new Lead Independent Director to replace Mr. Xavier Vives Torrents, who, having expired his term in office, has not been proposed to be reelected as a director at the General Meeting. The appointment of John S. Reed as new Lead Independent Director took effect on 22 May 2020.

On 22 May 2020, CaixaBank announced that the Board of Directors had agreed, at the suggestion of the Appointments Committee, to reorganise the composition of certain Board of Directors' Committees.

On 17 September 2020, the Board of Directors of CaixaBank approved the joint merger plan for the merger of Bankia (absorbed company) into CaixaBank (absorbing company) (see "*Description of the Issuer—Key recent events—Merger with Bankia*"). The joint merger plan contains certain provisions on CaixaBank's corporate governance structure and system following the merger, including a proposal for a partial renewal of the Board of Directors and its envisaged implementation. See the communications of inside information (number 452) and other relevant information (number 4501), both dated 18 September 2020 published on the CNMV and

CaixaBank's corporate website and incorporated by reference in this Prospectus ("*Documents incorporated by reference*") for detailed information on the proposed new composition of the Board of Directors.

In addition to the foregoing, as of the date of this Prospectus, besides the proposal of partial renewal of the Board of Directors provided into the joint merger plan for the merger of Bankia into CaixaBank, no further changes have been agreed regarding the Board of Directors which could have a significant impact on the corporate governance of CaixaBank.

The table below sets out all entities in which the members of the Board of Directors are members of administrative, management or supervisory bodies or in which they hold partnership positions as of the date of this Prospectus, notified to the Register of Senior Officers at the Bank of Spain, except (i) purely familiar or patrimonial companies, (ii) subsidiaries of an issuer in which they are also a member of the administrative, management or supervisory bodies and (iii) CaixaBank Group companies.

Name	Company	Title
Jordi Gual Solé	Erste Bank	Member of the Supervisory Board
	Telefonica, S.A.	Member of the Board
Tomás Muniesa Arantegui	SegurCaixa Adeslas, S.A. de Seguros y Reaseguros (multigrupo)	Deputy Chairman
	Companhia de Seguros Allianz Portugal, S.A.	Director
María Teresa Bassons Boncompte	Laboratorios Ordesa, S.A.	Director
María Verónica Fisas Vergés	Natura Bissé Int. S.A. (España)	CEO
Cristina Garmendia Mendizábal	Mediaset España Comunicación, S.A.	Director
	Compañía de Distribución Integral Logista Holding, S.A.	Director
	Ysios Asset Management, S.L.	Director
	Satlantis Microsats, S.L.	Chairwoman
Ignacio Garralda Ruiz de Velasco	Mutua Madrileña Automovilista, Sociedad de Seguros a prima fija	Executive Chairman
	Endesa, S.A.	Director
María Amparo Moraleda Martínez	Vodafone Group, PLC	Director
	Solvay, S.A.	Director
	Airbus Group, N.V.	Director
John.S. Reed	American Cash Exchange	Chairman
Eduardo Javier Sanchiz Irazu	Pierre Fabre, S.A.	Director
Koro Usarraga Unsain	2005 KP Inversiones, S.L.	Director
	Vehicle Testing Equipment, S.L.	Director
	Vocento, S.A.	Director

Conflicts of interest

Since 1 January 2020, no director has notified the Issuer of any situation that places him or her in a conflict of interest with the Group. However, on the following occasions, directors abstained from intervening and voting in the deliberation of issues in sessions of the Board of Directors:

Director	Conflict
Mr. Tomás Muniesa Arantegui (Deputy Chairman)	- Abstention from deliberations and voting on resolution regarding his own nomination as Committee member.
Mr. Gonzalo Gortázar Rotaeche (CEO)	- Abstention from deliberations and voting on the resolution regarding the 2020 bonus scheme and business goals. - Abstention from deliberations and voting on the resolution regarding the 2020 business goals for the second cycle of the 2020-2022 LTIP. - Abstention from deliberations and voting on the resolution regarding proposed individual objectives for 2020, with respect to his objectives proposal. - Abstention from deliberations and voting on the resolutions regarding the appointment and the ratification on the appointment of the Lead Independent Director.
Mr. John S. Reed (Lead Independent Director)	- Abstention from deliberations and voting on the resolutions regarding the appointment and the ratification on the appointment of the Lead Independent Director.
Fundación Caja Canarias (represented by Ms. Natalia Aznárez Gómez)	- Abstention from deliberations and voting on resolutions regarding the section "Considerations on the Dividend from the 2019 Financial Year". - Abstention from deliberation and voting on resolution of related-party transaction.
Ms. Maria Verónica Fisas Vergés	- Abstention from deliberations and voting on resolutions regarding the explanatory report and the proposal for her re-election as independent Board member. - Abstention from deliberations and voting on resolutions regarding her own nomination and re-election as Committees member.
Ms. Cristina Garmendia Mendizábal	Abstention from deliberations and voting on resolutions regarding her own nomination as Committees member.
Mr. Ignacio Garralda Ruiz de Velasco	- Abstention from deliberation and voting on resolution of related-party transaction.
Mr. Eduardo J. Sanchiz Irazu	- Abstention from deliberations and voting on resolution regarding his own nomination as Committee member.
Ms. Koro Usarraga Unsaín	- Abstention from deliberations and voting on resolution regarding her own nomination as Committee member. - Abstention from deliberations and voting on resolutions of related-party transaction.

Article 26 of the Regulations of the Board of Directors regulates the duty of diligence of the Board members, which mainly requires the directors to have adequate dedication to adopt the necessary measures for the good management and control of CaixaBank, to demand adequate and necessary information to prepare the Board of Directors meetings and internal Committees and to take an active part in the deliberations and decision-making process. Article 27 regulates the duty of loyalty, mainly stating that directors must abstain from attending and intervening in deliberations and voting which affect matters in which they are personally interested. Article 29 of the Regulations of the Board of Directors regulates the duty to not compete of CaixaBank's directors. Article 30 of the Board Regulations regulates the duty to avoid situations of conflict of interest applicable to all directors, referring to (among other duties) not using CaixaBank's assets or availing themselves of their position in CaixaBank to obtain an economic advantage or for private aims, and to avoid developing activities on their own account or for third parties that position them in permanent conflict of interests with the CaixaBank. In addition to the specific duties and obligations set forth in the law and the Board internal regulations, all Board members must perform their functions in accordance with the Corporate Policy on Conflicts of Interest approved by the Board of Directors and published at the corporate website (www.CaixaBank.com) and the guiding inspirational principles set out in the "Code of Business Conduct and Ethics".

It should be noted that the statutory amendments adopted in the general shareholders' meeting of CaixaBank held on 6 April 2017, notwithstanding their connection with the deconsolidation conditions established by the ECB, are within the framework of the recommendations and best practices of good corporate governance, considering that, in essence, they are measures designed to favour the role of independent directors in the Board of Directors and prevent any significant shareholder from exerting a decisive influence on the performance and decisions of the Board of Directors. Regarding the good governance measures introduced in connection with the deconsolidation conditions, the Issuer complemented those measures developing the duties attributed by the Spanish Companies Act and the good governance recommendations to the Chairman of the Board of Directors ("responsible for the effective functioning of the Board"), expressly contemplating the impetus for the Board of Directors to develop its powers and coordination with its committees for a better performance of the Board of Directors' duties. Additionally, the regime in which the Board of Directors appoints the members of the internal committees at the proposal of the Appointments Committee was maintained, but introducing the specialty that, when it comes to appointing the members of the Appointments Committee itself, the proposal shall be made by the Audit and Control Committee in order to give greater autonomy and independence to the process of selection and preparation of proposals, also in accordance with the powers granted to the Audit and Control Committee by the current Regulations of the Board of Directors in relation to corporate governance rules.

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 Bank's Secretary Office, using the same system as for minutes of the Audit and Control Committee and the Risk Committee.

On 26 June 2020, the CNMV approved the partial amendment of the CGG which implements certain developments in relation to, among others, gender diversity, environmental issues and remuneration policy. As of the date of this Prospectus, CaixaBank is analysing this update of the CGG in order to assess whether it has to take any action in order to implement such amendments.

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 Act, the Board Regulations and CaixaBank's By-laws.

The Chairman and Secretary of the Board of Directors will also be the Chairman and Secretary of the Executive Committee.

The Executive Committee will meet when it deems appropriate and when called by its Chairman, and its meetings are considered to be validly constituted when the majority of its members are present or represented. Its resolutions are adopted by the majority of the directors present or represented at the relevant meeting.

The resolutions adopted by the Executive Committee are valid and binding without any need for subsequent ratification by the Board of Directors, although the Board of Directors must be informed of the matters discussed and the resolutions adopted at its meetings. Without prejudice to the terms of Article 4.5 of the Regulations of the Board of Directors.

As of the date of this 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(4)
María Amparo Moraleda	Member	Independent	24 April 2014
Koro Usarraga	Member	Independent	22 May 2020

Notes:

(1) Reelected on 6 April 2017.
(2) Reelected on 6 April 2018.
(3) Reelected on 23 April 2015.
(4) Reelected on 22 May 2020.

Audit and Control Committee

The Audit and Control Committee must comprise a minimum of three and a maximum of seven members, with the number to be set by the Board of Directors. The Audit and Control Committee must be comprised of non-executive directors and the majority of which must be independent directors. At least one of the independent directors must be appointed based on their background in accounting and/or audit. The Board of Directors will endeavour to ensure that the Audit and Control Committee members, and particularly its Chairman, have the necessary accounting, auditing or risk management knowledge as well as knowledge in any other fields that may be relevant for the Audit and Control Committee's performance. As a whole, without prejudice to endeavouring to encourage diversity, the Committee members must have the relevant technical knowledge in relation to the Issuer's business.

The Audit and Control Committee typically meets on a quarterly basis, to review the regular financial information to be submitted to the authorities as well as the information which the Board of Directors must approve and include within its annual public documentation, with the presence of the internal auditor and, as the case may be, the financial auditor. At least some of these meetings must be held without the presence of the management team, so that the specific matters can be discussed. The Audit and Control Committee will meet whenever convened by its Chairman at his own initiative or at the request of the Chairman of the Board of Directors or two or more members of the Audit and Control Committee.

CaixaBank's management team or personnel are obliged to attend the meetings of the Audit and Control Committee and to collaborate and provide with any information, if so requested by the Audit and Control Committee.

Among others, the functions of the Audit and Control Committee are:

- Reporting to the 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 General Meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the Chairman of the Audit and Control Committee and the auditors should give a clear account to shareholders of their scope and content.
- Reporting in advance to the Board of Directors on the financial and related non-financial information that the Bank must periodically release to the markets and its supervisory bodies.
- Supervising the effectiveness of the internal control systems and discussing with the auditor any significant weaknesses in the internal control system that may have been detected during the audit, all this without compromising the auditor's independence. For such purposes, and if appropriate, it may submit recommendations or proposals to the Board of Directors and the corresponding deadline for their follow-up.
- Supervising the effectiveness of the internal audit function and establishing and overseeing a mechanism whereby Bank or Group employees may confidentially and, if deemed appropriate, anonymously report any irregularities of potential significance – especially financial and accounting irregularities – they may observe within the Bank. It shall likewise receive periodic information on how the system is operating and may propose suitable courses of action to improve and reduce the risk of any such irregularities arising in future.

As of the date of this 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
Cristina Garmendia	Member	Independent	22 May 2020

Notes:

(1) Appointed Chairwoman on 5 April 2019.

(2) Reelected on 6 April 2018.

Appointments Committee

The Appointments Committee comprises a number of non-executive directors determined by the Board of Directors, subject to a minimum of three and a maximum of five members. A majority of its members must be independent. Members of the Appointments Committee will be appointed by the Board of Directors on a proposal received from the Audit and Control Committee. Meanwhile, the Appointments Committee's Chairman will be appointed from among the independent directors sitting on the committee.

The Appointments Committee shall meet as often as needed to ensure the full and timely performance of its duties and meetings will be called by its Chairman, either on their own initiative or when requested by two Appointments Committee members. The Chairman of the Appointments Committee must call a meeting whenever the Board of Directors or its Chairman requests that a report be issued or a resolution carried.

Its duties include, among others, the following:

- Evaluating and proposing to the Board of Directors the assessment of skills, knowledge and experience required of Board of Directors members and key personnel at the Bank.
- Submitting to the Board of Directors suggested candidates for the position of independent directors to be appointed by co-option or for submission to the decision of the General Meeting, as well as proposals relating to the reappointment or removal of such directors at the General Meeting.
- Reporting on the appointment and, as the case may be, dismissal of the Lead Director, the Secretary and the Deputy Secretaries for approval by the Board of Directors.
- Examining and organising, in collaboration with the Chairman of the Board of Directors and with the support of the Lead Director, the succession of the Chairman and of the Bank's chief executive and, as the case may be, sending proposals to the Board of Directors so as to ensure that the succession process is suitably planned and takes place in orderly fashion.
- Reporting to the Board of Directors on matters relating to gender diversity, ensuring that the procedures for selecting its members favour a diversity of experience and knowledge and facilitate the selection of women directors, and establishing a representation target for the less represented sex on the Board of Directors as well as preparing guidelines on how this should be achieved. It shall likewise ensure that the diversity policy applied at the Board of Directors is duly observed and will report on the matter in the Annual Corporate Governance Report.
- Periodically evaluating, at least once a year, the structure, size, composition and actions of the Board of Directors and of its committees, its Chairman, CEO and Secretary, while making recommendations regarding possible changes to these. Here, the committee shall act under the direction of the Lead Director when assessing the performance of the Chairman. The committee shall also evaluate the composition of the Management Committee as well as its replacement lists to ensure proper coverage as members come and go.
- Supervise the activities of the organisation in relation to corporate social responsibility issues and submit to the Board of Directors those proposals it deems appropriate in this matter.

As of the date of this 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

Name	Post	Nature	Date of appointment
Eduardo Javier Sanchiz	Member	Independent	22 May 2020

Note:

(1) Appointed Chairman on 1 February 2018

Remuneration Committee

The Remuneration Committee comprises a number of non-executive directors determined by the Board of Directors, subject to a minimum of three and a maximum of five members. A majority of its members must be independent. The Chairman of the committee is appointed from among the independent directors sitting on the Remuneration Committee.

The Remuneration Committee shall meet as often as needed to ensure the full and timely performance of its duties and meetings will be called by its Chairman, either on their own initiative or when requested by two members of the committee. The Chairman must call a meeting whenever the Board of Directors or its Chairman requests that a report be issued or a resolution carried.

Its duties include, among others, the following:

- Drafting resolutions relating to remuneration and, in particular, reporting and proposing to the Board of Directors the remuneration policy, the system and amount of annual remuneration payable to directors and senior managers, as well as the individual remuneration payable to executive directors and senior managers and the other terms and conditions of their contracts, particularly the financial conditions, and without prejudice to the competences of the Appointments Committee in relation to any conditions it may have proposed that are unconnected with the remuneration side.
- Ensuring compliance with the remuneration policy for directors and senior managers and reporting on the basic conditions set out in their contracts and on compliance with those contracts.
- Reporting and preparing the Bank's general remuneration policy and in particular the policies relating to categories of staff whose professional activities have a significant impact on the Bank's risk profile and those policies that are intended to prevent or manage conflicts of interest with the Bank's customers.
- Analysing, formulating and periodically reviewing the remuneration programmes, weighing their adequacy and performance and ensuring compliance.

As of the date of this Prospectus, the Remuneration Committee is composed of the following members:

Name	Title	Category	Date of appointment
María Amparo Moraleda	Chairwoman	Independent	25 September 2014
Alejandro García Bragado	Member	Proprietary	1 February 2018
Cristina Garmendia	Member	Independent	22 May 2020

Risks Committee

The Risks Committee shall comprise exclusively non-executive directors who possess the appropriate knowledge, skills and experience to fully understand and manage the Bank's risk strategy and risk propensity,

in the number determined by the Board of Directors, subject to a minimum of three and a maximum of six (6), with a majority of members to be independent directors.

The Risks Committee will meet as often as necessary to fulfil its duties and will be convened by its Chairman, either on their own initiative or at the request of the Chairman of the Board of Directors or of two members of the Risks Committee itself.

Its duties include, among others, the following:

- Advising the Board of Directors on the overall susceptibility to risk, current and future, of the Bank and its strategy in this regard, reporting on the risk appetite framework, helping to monitor implementation of this strategy, ensuring that the Group's actions are consistent with the level of risk tolerance previously decided and monitoring the appropriateness of the risks assumed and the profile put in place.
- Proposing to the Board of Directors the Group's risk policy.
- Determining with the Board of Directors the nature, quantity, format and frequency of the information concerning risks that the Board of Directors should receive and establishing what the committee should receive.
- Regularly reviewing exposures with main customers, business sectors and by geographic region and type of risk.
- Examining the information and control processes of the Group's risk as well as the information systems and indicators.
- Evaluating regulatory compliance risk within its scope of its remit and decision-making authority, this being understood as the risk management of legal or regulatory sanctions, financial or material loss or any reputational damage the Bank may suffer as a result of non-compliance with laws, rules, regulations, standards and codes of conduct, while also detecting any risk of non-compliance and carrying out monitoring and examining possible deficiencies in the principles of professional conduct.
- Reporting on new products and services or significant changes to existing ones.

As of the date of this 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)]
Fundación CajaCanarias, represented by Natalia Aznárez Gómez[(2)]	Member	Proprietary	1 February 2018
María Verónica Fisas	Member	Independent	22 May 2020
Tomás Muniesa	Member	Proprietary	22 May 2020
Koro Usarraga	Member	Independent	1 February 2018

Notes:

(1) Reelected on 6 April 2018. Appointed Chairman on 5 April 2019.

(2) On 3 August 2020, Fundación CajaCanarias tendered its resignation as member of the Risks Committee due to the termination of the shareholders' agreement. See "*Agreement among shareholders*" above.

Innovation, Technology and Digital Transformation Committee

On 23 May 2019, CaixaBank approved the creation of the Innovation, Technology and Digital Transformation Committee, an advisory committee that will advise the Board of Directors on issues related to technology innovation and digital transformation.

The Innovation, Technology and Digital Transformation Committee comprises a minimum of three and a maximum of five members.

The Chairman of the Board of Directors and the Chief Executive Officer will always sit on the committee. The other members are appointed by the Board of Directors, on the proposal of the Appointments Committee, paying close attention to the knowledge and experience of candidates on those subjects that fall within the Innovation, Technology and Digital Transformation Committee's remit, such as technology and innovation, information systems and cybersecurity.

The Chairman of the Board of Directors shall also chair the Innovation, Technology and Digital Transformation Committee.

Similarly, the Secretary to the Board of Directors shall serve as Secretary of the Innovation, Technology and Digital Transformation Committee.

The Innovation, Technology and Digital Transformation Committee will meet as often as required to discharge its functions and will be called by the Innovation, Technology and Digital Transformation Committee 's Chairman, either on his or her own initiative or when a meeting is requested by two or more Innovation, Technology and Digital Transformation Committee members. The Chairman must always call a meeting when the Board of Directors asks it to issue a report or adopt a resolution.

The Innovation, Technology and Digital Transformation Committee will be validly convened when a majority of members is in attendance. Resolutions will be carried by a majority of members physically in attendance or represented by proxy, and minutes will be taken of the resolutions carried at each meeting. The minutes will be heard by the Board of Directors and a copy will be sent or delivered to all of the members Board of Directors.

Without prejudice to any other functions entrusted to it by the Board of Directors, the Innovation, Technology and Digital Transformation Committee will exercise the main following functions:

- Assisting the Board of Directors in identifying, monitoring and analysing new competitors, new business models, technological advances and main trends and initiatives relating to technological innovation, while studying those factors that make certain innovations more likely to succeed and increase their transformation capacity.
- Advising the Board of Directors on the implementation of the strategic plan in aspects relating to digital transformation and technological innovation (the digital strategy) and, in particular, reporting on plans and projects designed by CaixaBank in this field, as well as any new business models, products, customer relationships, and so on, that may be developed.
- Fostering a climate of debate and reflection to allow the Board of Directors to identify new business opportunities emerging from technological developments, as well as possible threats.
- Supporting the Board of Directors in analysing the impact of technological innovation on market structure, the provision of financial services and customer habits. Among others aspects, the Innovation, Technology and Digital Transformation Committee shall analyse the potential disruption of new technologies, the possible regulatory implications of their development, the impact in terms of cybersecurity and matters relating to protection of privacy and data usage.

- Stimulating discussion and debate on the ethical and social implications deriving from the use of new technologies within the banking and insurance business.
- Supporting the Risks Committee, on the latter's request, in monitoring technological risks and matters relating to cybersecurity.

As of the date of this Prospectus, the Innovation, Technology and Digital Transformation Committee is composed of the following members:

Name	Title	Category	Date of appointment
Jordi Gual	Chairman	Proprietary	23 May 2019
Gonzalo Gortázar	Member	Executive	23 May 2019
Cristina Garmendia	Member	Independent	23 May 2019
María Amparo Moraleda	Member	Independent	23 May 2019

Management Committee

The following table identifies the members of the senior management (*Comité de Dirección*) of CaixaBank, which is composed of CaixaBank's CEO and the persons responsible for the different areas as of the date of this Prospectus:

First Appointment	Name	Title
30 June 2011	Gonzalo Gortázar 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
30 October 2019(3)	Luis Javier Blas Agüeros	Head of Resources
28 November 2016	Matthias Bulach	Head of Financial Accounting, Control and Capital
27 May 2016	María Luisa Martínez Gistau	Head of Communication, Institutional Relations, Brand and CSR
24 October 2013	Javier Pano Riera	Head of Finance
22 November 2018(2)	María Luisa Retamosa Fernández	Head of Internal Audit
22 November 2018(2)	Javier Valle T-Figueras	Head of Insurance
29 May 2014	Oscar Calderón de Oya	General Secretary and Secretary to the Board of Directors

Notes:

(1) Date of first appointment as a member of the Management Committee. He has been the Chief Risk Officer since November 2016.

(2) With effect from 1 January 2019.

(3) With effect from 1 February 2020.

Regarding the composition of the Management Committee, until 1 February 2020, Mr. Jorge Fontanals held the position of Head of Resources, date from which said position is held by Mr. Luis Javier Blas, nevertheless Mr. Fontanals will continue to be linked to CaixaBank to ensure the complete transfer of its functions.

The table below sets out all entities in which the members of senior management are members of administrative, management or supervisory bodies or in which they hold partnership positions as of the date of this Prospectus, except (i) purely familiar or patrimonial companies, (ii) subsidiaries of an issuer in which they are also a member of the administrative, management or supervisory bodies and (iii) CaixaBank Group companies.

Director	**Company**	**Title**
Juan Antonio Alcaraz García	SegurCaixa Adeslas, S.A. de Seguros y Reaseguros	Member of the Board
Matthias Bulach	Erste Group Bank AG	Member of the Supervisory Board and of the Audit Committee
Jordi Mondéjar López	SAREB	Director
Javier Pano Riera	CecaBank	Director and member of the Appointment Committee
Javier Valle T-Figueras	Unespa	Deputy Chairman/Member of the Executive Committee and the Board of Directors
	Icea	Director

Litigation

The Group is party to certain legal proceedings arising from the normal course of its business, including claims in connection with lending activities, relationships with employees and other commercial or tax matters. Based on available information, the Group considers that it has reliably estimated the obligations arising from each proceedings and had recognised, where appropriate, sufficient provisions to reasonably cover the liabilities that may arise as a result of these ongoing lawsuits. The outcome of court proceedings is inherently uncertain. The Group maintains provisions under the concept "Pending legal issues and tax litigation" that it considers reasonable to cover the obligations that may arise from ongoing lawsuits based on available information, which totalled €394 million as of 31 December 2019 (€429 million as of 31 December 2018). In addition, the Group maintains provisions under the concept "Other Provisions", which totalled €497 million as of 31 December 2019 (€480 million as of 31 December 2018) in order to cover the losses from agreements not formalised and other risks such as those related with the class action brought by ADICAE due to the application of floor clauses in certain mortgage loans as described below. Given the nature of these obligations, the expected timing of these economic outflows, if any, is uncertain.

However, in view of the inherent difficulty in predicting the outcome of legal matters, particularly where the claimants seek very large or indeterminate damages, or where the cases present novel legal theories, involve a large number of parties or are in the early stages of investigation or discovery, the Group cannot state with confidence what the eventual outcome of these pending matters will be or what the eventual loss, fines or penalties related to each pending matter may be. As such, the provisions made by the Group or the estimate for maximum risk could prove to be inadequate, and may have to be increased to cover the impact of the different

proceedings or to cover additional liabilities, which could lead to higher costs for the Group. This could have a material adverse effect on the Group's results and financial situation.

Floor clauses in mortgages

The legal proceeding initiated by the class action brought by ADICAE due to the application of floor clauses in certain mortgage loans is currently in the phase of Reversal and Procedural Infringement before the Spanish Supreme Court.

The risk associated with this matter has been managed with specific provisions amounting to €625 million, and a team and specific procedures were developed to comply with the requests filed under the framework of Royal Decree-Law 1/2017, of 20 January, on urgent measures to protect consumers against floor clauses. The disbursements accumulated in 2019 and associated with this procedure have reached €102 million.

With the available information, the risk derived from the disbursements that could arise due to these litigation proceedings is reasonably covered by the corresponding provisions.

Ongoing criminal investigation of certain corporate transactions

As a result of a private prosecution, a set of corporate transactions in 2015 and 2016, together with an asset transaction, as alleged by the referred prosecution, are under investigation, the latter however being non-existent (since it was never granted and therefore never executed). Without prejudice to the reputational damage resulting from any judicial investigation, it is not considered as probable that an economic risk linked to this criminal proceeding would materialise or cause a negative effect.

Transparency of IRPH interest rate clauses

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

The legal matter under debate is the transparency test based on article 4.2 of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts, when the borrower is a consumer. Since the IRPH is the price of the contract and it falls within the definition of the main subject-matter of the contract, it must be drafted in plain, intelligible language, so that the consumer is in a position to evaluate, on the basis of clear, intelligible criteria, what the economic consequences derived from such contract are for him.

This request for a preliminary ruling was formulated by a First Instance Court several months after the Spanish Supreme Court had issued a ruling, on 14 December 2017, establishing that these contracts were lawful.

In line with the criteria established by the Advocate General (*Abogado General*) in his Opinion published on 10 September 2019, the CJEU issued a ruling on 3 March 2020 confirming that the IRPH index rate is not abusive and establishing the following guidelines to determine the fulfilment of the transparency requirements of the relevant clause in which the IRPH is agreed -which will have to be made on a case by case basis - and taken into account by the relevant national courts-: should (i) be grammatically and a formally intelligible and (ii) allow an average consumer, who is reasonably well-informed and reasonably observant and circumspect to be in a position to understand the specific functioning of the mechanism agreed for estimating the applicable interest rate and thus, to evaluate the economic burden of this mechanism in relation to his or her financial obligations.

In relation to the abovementioned requirements, the CJEU considers it especially relevant for the transparency examination to be made by the national courts that the essential information relating to the calculation of the IRPH rate was easily accessible, given that the IRPH is an official benchmark rate included in the transparency

circular of the Bank of Spain, published in turn in the Official Gazette of Spain (*Boletín Oficial del Estado*) and, additionally, the provision of data to the consumer relating to the fluctuations of the IRPH during the two calendar years preceding the conclusion of the relevant loan agreement and up to the last available value of the index.

Likewise, the CJEU establishes the consequences of an eventual ruling issued by the national courts finding a lack of transparency in the commercialisation. In such cases, if the national court rules that the relevant clause lacks the necessary transparency and considers that declaring the contract null and void in its entirety will expose the consumer to particularly unfavourable consequences, the relevant court shall replace the IRPH with the relevant fallback provision agreed by the parties as substitutive index. In such cases where no substitutive index has been previously agreed, the relevant court shall substitute the IRPH for a "supplementary legal" index (the CJEU quote in this respect expressly the "IRPH Entidades" index included in the Additional Provision 15 of the Law 14/2013, of 27 September 2013 (*Disposición Adicional Decimoquinta de la Ley 14/2013, de 27 de septiembre*)). On 31 December 2019, the total amount of mortgages up to date with payments indexed to the IRPH with individuals was approximately €6,060 million (the majority of which are with consumers).

Anti-money laundering investigation

In April 2018, the Anti-Corruption Prosecutor's Office started legal proceedings against CaixaBank, the Bank's former head of Regulatory Compliance and 11 employees, for events that could be deemed to constitute a money laundering offence, primarily due to the activity carried out in 10 branches of CaixaBank by alleged members of certain organisations formed of Chinese nationals, who allegedly conducted fraud against the Spanish Treasury between 2011 and 2015. The procedure is currently in its investigation phase and neither CaixaBank nor its legal advisers consider the risk associated with these criminal proceedings as being likely to arise. The potential impact of these events is not currently considered material, although CaixaBank is exposed to reputational risk due to these ongoing proceedings.

Spanish Supreme Court ruling regarding interest rates

The Spanish Supreme Court (*Tribunal Supremo*) has recently issued a ruling with specific relevance to credit agreements relating to credit cards as a form of revolving credit and/or deferred payments. The ruling establishes (i) that credit cards as a form of revolving credit are a specific segment within the credit facilities market; (ii) that the Bank of Spain publishes a specific benchmark interest rate for this product in its official statistics gazette (*Boletín Estadístico*), which is the one to be used to determine the "normal interest of money"; (iii) that the average interest rate applicable to credit card and revolving credit transactions as published in the official statistics of the Bank of Spain was slightly higher than 20% and (iv) that an annual percentage rate (APR) like the one analysed in the case studied by the Spanish Supreme Court, that is, between 26.82% and 27.24%, is "significantly disproportionate", which entails that the relevant contract shall be considered null and void and the relevant interest paid by the consumer shall be refunded. Unlike the preceding court ruling in this matter, which applied the supra duplum rule to determine when the interest rate shall be considered disproportionate (i.e. when exceeding twice the average ordinary interest rate), this new ruling does not provide specific criteria or accuracy which may allow entities to establish with legal certainty which level or gap from the "normal interest of money" can lead to the relevant agreement being considered null and void. This circumstance will probably lead to an increase in litigation and diverse judicial positions the impact of which cannot be determined at this time and which will be specifically followed up and specifically managed.

Portuguese Resolution Fund proceedings

On 3 August 2014, the Bank of Portugal applied a resolution procedure to Banco Espírito Santo, SA (BES) through the transfer of its net assets and under the management of Novo Banco, SA (Novo Banco). Within the framework of this procedure, the Portuguese Resolution Fund (PRF) completed a capital increase in Novo Banco for an amount of €4,900 million, becoming the sole shareholder. The increase was financed through

loans to the PRF for an amount of €4,600 million, €3,900 million of which was granted by the Portuguese State and €700 million granted by a banking syndicate through the Portuguese financial institutions, including Banco BPI with €116 million.

On 19 December 2015, the Bank of Portugal initiated a procedure to put Banco Internacional do Funchal (Banif) into resolution, which came to a head with (i) the partial sale of its assets for €150 million to Banco Santander Totta, S.A.; and (ii) the contribution of the rest of its assets that were not sold to Oitante, SA. The resolution was financed through the issuance of €746 million of debt, guaranteed by the PRF and the Portuguese State as a counter-guarantee. The operation also included the ultimate guarantee of the Portuguese State amounting to €2,255 million intended to cover future contingencies.

For the reimbursement of the PRF obligations with the Portuguese State (in the form of loans and guarantees) in relation to resolution measures adopted, the PRF has contributed ordinary instruments through the various contributions of the banking sector. Along these lines, the conditions of the loans with the PRF have been amended to bring them in line with the collection of the aforementioned contributions; there is no foreseen need to turn to additional contributions from the banking sector.

In 2017, the Bank of Portugal chose Lone Star to conclude the sale of Novo Banco, after which the PRF would hold 25% of the share capital and certain contingent capital mechanisms would be established by the shareholders. To cover the contingent risk, the PRF has the financial means of the Portuguese State, the reimbursement of which –where applicable– would have repercussions on the contributory efforts of the banking sector.

At this time, it is not possible to estimate the possible effects for the Resolution Funds deriving from: (i) the sale of the shareholding in Novo Banco; (ii) the application of the principle that none of the creditors of a credit institution under resolution may assume a loss greater than that which it would have assumed if that entity had gone into liquidation; (iii) the guarantee granted to the bonds issued by Oitante, SA. and (iv) other liabilities that – it is concluded – must be assumed by the PRF.

Notwithstanding the possibility considered in the applicable law for the collection of special contributions, given the renegotiation of the terms of the loans granted to the PRF, which include Banco BPI, and the public statement made by the PRF and the Office of the Minister of Finance of Portugal, declaring that this possibility will not be used, the expectation is that no special contributions or any other type of extraordinary contributions will have to be made to finance the resolution measures applied to BES and Banif or any other contingent liability or liabilities assumed by the PRF.

Any change in this regard may have material implications for the financial statements of the Group.

Credit ratings

As at the date of this 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	Outlook
Fitch	29 September 2020	F2	BBB+	Negative
S&P Global	23 September 2020	A-2	BBB+	Stable
DBRS	30 March 2020	R-1 (low)	A	Stable
Moody's	22 September 2020	P-2	Baa1	Stable

Alternative Performance Measures

This Prospectus (and the documents incorporated by reference in this 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, 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 Prospectus.

CaixaBank believes that the description of these APMs in this 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.

The descriptions (including definitions, explanations and reconciliations) of all APMs are set out in sub-section "Financial Information" of the section entitled "Glossary" to CaixaBank Group Management Report for 2018 and sub-section "Information financial" of the section entitled "Glossary" to CaixaBank Group Management Report for 2019.

CaixaBank believes that the description of these management measures of performance in this Prospectus follows and complies with the "European Securities and Markets Authority Guidelines on Alternative Performance Measures (APM)" dated 5 October 2015.

CAPITAL REQUIREMENTS AND LOSS ABSORBING POWERS

CAPITAL REQUIREMENTS

The following is a summary of the most relevant aspects of the regulatory framework applicable to the Group relating to regulatory capital requirements and MREL. In addition, see "*Risk Factors*" which includes the relevant information on regulatory liquidity and funding requirements.

The CaixaBank Group is subject to capital requirements according to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on the prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (as amended) ("**CRR**"), Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (as amended) (the "**CRD IV Directive**"), any regulatory capital rules implementing the CRD IV Directive or the CRR which may from time to time be introduced and which are applicable to CaixaBank or to the Group (including, without limitation, Law 10/2014, of 26 June, on the organisation, supervision and solvency of credit entities (as amended) ("**Law 10/2014**"), Royal Decree 84/2015, of 13 February, implementing Law 10/2014) (as amended) (all of them together, "**CRD IV**"), and any other regulations, regulatory technical standards, circulars 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 Directive 2014/59/EU of 15 May 2014 establishing the framework for the recovery and resolution of credit institutions and investment firms (as amended) (the "**BRRD**"), that has been implemented in Spain through Law 11/2015, of 18 June, on the recovery and resolution of credit institutions and investment firms (as amended) ("**Law 11/2015**") and Royal Decree 1012/2015, of 6 November, implementing Law 11/2015 (as amended) ("**RD 1012/2015**"), prescribes that banks shall comply with MREL requirements.

On 23 November 2016, the European Commission presented a comprehensive package of reforms amending CRR, the CRD IV Directive and the BRRD and the SRM Regulation. On 14 May 2019 the text was formally approved by the Council of the European Union. On 7 June 2019 the following regulations were published in the Official Journal: (i) Directive (EU) 2019/878 of the European Parliament and of the Council, of 20 May 2019 (the "**CRD V Directive**") amending the CRD IV Directive, (ii) Directive (EU) 2019/879 of the European Parliament and of the European Council of 20 May 2019 ("**BRRD II**") amending, among other things, the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms, (iii) Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 ("**CRR II**") amending, among other things, the CRR as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, and reporting and disclosure requirements, and (iv) Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 (the "**SRM Regulation II**") amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (the CRD V Directive, BRRD II, CRR II and the SRM Regulation II together, the "**EU Banking Reforms**"). The EU Banking Reforms entered into force on 27 June 2019 and are scheduled to apply beginning on 29 December 2020, other than in the case of CRR II, where a two-year period from the date of its entry into force is provided for, subject to certain exceptions. Until the CRD V Directive and the BRRD II are transposed into Spanish law, it is uncertain how they will affect the Group. In addition, there is also uncertainty as to how the EU Banking Reforms will be implemented and applied by the relevant authorities.

The package of reforms presented by the European Commission on 23 November 2016 included a proposal to create a new asset class of "non preferred" senior debt. On 27 December 2017, Directive 2017/2399 amending

Directive 2014/59/EU as regards the ranking of unsecured debt instruments in insolvency hierarchy was published in the Official Journal of the European Union. Before that, Royal Decree-Law 11/2017, of 23 June, approving urgent measures on financial matters created in Spain the new asset class of senior non preferred debt.

Overview of applicable capital requirements

Under CRD IV, institutions are required, generally on an individual and consolidated basis, to hold a minimum "Pillar 1" amount of regulatory capital of 8% of RWAs of which at least 4.5% must be CET1 capital and at least 6% must be Tier 1 capital.

Moreover, Article 104 of CRD IV Directive, as implemented in Spain by Article 68 of Law 10/2014, and similarly Article 16 of Council Regulation (EU) No 1024/2013, of 15 October 2013, conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions (the "**SSM Regulation**"), also contemplates that in addition to the "Pillar 1" capital requirements, the supervisory authorities may require further capital to cover other risks. This may result in the imposition of further CET1, Tier 1 and total capital requirements on the Issuer and/or the Group pursuant to this "Pillar 2" framework. Following the introduction of the single supervisory mechanism (the "**SSM**"), the ECB is in charge of assessing additional P2R through the SREP to be carried out at least on an annual basis (accordingly requirements may change from year to year).

In addition to the "Pillar 1" capital requirements and the P2R, credit institutions must comply with the "combined buffer requirement" set out in the CRD IV Directive as implemented in Spain. The "combined buffer requirement" has introduced up to five new capital buffers to be satisfied with additional CET 1 capital: (i) the capital conservation buffer of 2.5% of RWAs; (ii) the global systemically important institutions ("**G-SIIs**") buffer, of between 1% and 3.5% of RWAs; (iii) the institution-specific counter-cyclical capital buffer (consisting of the weighted average of the counter-cyclical capital buffer rates that apply in the jurisdictions where the relevant credit exposures are located), which may be as much as 2.5% of RWAs (or higher pursuant to the competent authority); (iv) the O-SIIs buffer, which may be as much as 2% of RWAs; and (v) the systemic risk buffer to prevent systemic or macro prudential risks, of at least 1% of RWAs (to be set by the relevant competent authority).

As set out in the "Opinion of the European Banking Authority on the interaction of "Pillar 1", "Pillar 2" and combined buffer requirements and restrictions on distributions" published on 16 December 2015, competent authorities should ensure that the CET1 capital to be taken into account in determining the CET1 capital available to meet the "combined buffer requirement" for the purposes of the Maximum Distributable Amount (as defined below) calculation is limited to the amount not used to meet the "Pillar 1" capital requirements and the P2R of the institution and, accordingly, the "combined buffer requirement" is in addition to the "Pillar 1" capital requirements and to the P2R, and therefore it would be the first layer of capital to be eroded pursuant to the applicable stacking order. CRD V clarifies that P2R should be positioned in the relevant stacking order of own funds requirements above the "Pillar 1" capital requirements and below the "combined buffer requirement" or the leverage ratio buffer requirement, as applicable. In addition, CRD V also clarifies that P2R should be set in relation to the specific situation of an institution excluding macroprudential or systemic risks, but including the risks incurred by individual institutions due to their activities (including those reflecting the impact of certain economic and market developments on the risk profile of an individual institution) and it also allows the P2R to be partially covered with AT1 and Tier 2 instruments.

According to Article 48 of Law 10/2014, Article 73 of Royal Decree 84/2015 and Rule 24 of Bank of Spain Circular 2/2016, those entities failing to meet the "combined buffer requirement" or making a distribution in connection with CET1 capital to an extent that would decrease its CET1 capital to a level where the "combined buffer requirement" is no longer met will be subject to restrictions on discretionary payments until the maximum

distributable amount calculated according to CRD IV (the "**Maximum Distributable Amount**") has been calculated and communicated to the competent supervisor. Thereafter, any such distributions or payments will be subject to such Maximum Distributable Amount for entities (a) not meeting the "combined buffer requirement" or (b) in relation to which the Bank of Spain has adopted any of the measures set forth in Article 68.2 of Law 10/2014 aimed at strengthening own funds or limiting or prohibiting the distribution of dividends.

As communicated by the EBA on 1 July 2016 and included in the CRD V, in addition to the "Pillar 1" capital requirements, the P2R and the "combined buffer requirements", the supervisor can also set a P2G. While P2R are binding requirements and breaches can have direct legal consequences for the banks, P2G is not directly binding and a failure to meet it does not automatically trigger legal action, even though the ECB expects banks to meet P2G. Banks are expected to meet the P2G with CET1 capital on top of the level of binding capital requirements ("Pillar 1" capital requirements, P2R and the "combined buffer requirements"). Under the EU Banking Reforms, the P2G is not relevant for the purposes of triggering the automatic restriction of discretionary payments and calculation of the Maximum Distributable Amount. CRD V provides that when an institution repeatedly fails to meet the P2G, the competent authority should be entitled to take supervisory measures and, where appropriate, to impose additional own funds requirements. The ECB recommends not to disclose the P2G and the CRD V Directive also does not require its disclosure.

In reaction to the COVID-19 outbreak, on 12 March 2020 the ECB announced measures expected to provide capital relief to banks in support of the economy. These measures include the permission to (i) operate temporarily below the level of capital defined by P2G, the "capital conservation buffer" and the LCR and (ii) use capital instruments that do not qualify as CET1 (for example AT1 instruments and Tier 2 instruments) to meet P2R[19].

In addition to the recent statements on using flexibility within accounting and prudential rules, such as those made by the Basel Committee of Banking Supervision, the EBA and the ECB, amongst others, the European Commission proposed a few targeted "quick fix" amendments to the EU's banking prudential rules in order to maximise the ability of banks to lend and absorb losses related to COVID-19. On 28 June 2020, Regulation 2020/873 of the European Parliament and of the Council of 24 June amending CRR and CRR II as regards certain adjustments in response to the COVID-19 entered into force setting out exceptional temporary measures to alleviate the immediate impact of COVID-19-related developments, by adapting the timeline of the application of international accounting standards on banks' capital, by treating more favourably public guarantees granted during this crisis, by postponing the date of application of the leverage ratio buffer[20], by setting a temporary prudential filter to mitigate the considerable negative impact of the volatility in central government debt markets during the COVID-19 pandemic on institutions, by modifying the way of excluding certain exposures from the calculation of the leverage ratio, by advancing the date of application of several agreed measures that incentivise banks to finance employees, SMEs and infrastructure projects and by aligning the minimum coverage requirements for NPLs that benefit from public guarantees with those that benefit from guarantees granted by official export credit agencies. As of 30 June 2020, CaixaBank did not avail of the optional measures for treatment of the leverage ratio or the prudential filter of public debt.

In addition to the above, Article 429 of the CRR requires institutions to calculate their leverage ratio in accordance with the methodology laid down in that article. The EU Banking Reforms contain a binding 3% "Pillar 1" leverage ratio requirement that has been added to the own funds requirements in Article 92 of the CRR, and which institutions must meet in addition to their risk-based requirements.

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[19] The CRD V establishes that P2R can be partially covered by AT1 instruments and Tier 2 instruments, at least 56% must be covered with CET1, 18.75% with AT1 and 25% with Tier 2. Before CRD V, and prior to their decision on 12 March 2020 related to the COVID-19 pandemic, the ECB required P2R to be covered with CET1 in its entirety.

[20] As the date of this Prospectus, CaixaBank is an O-SII bank. Therefore the leverage ratio buffer is not applicable to the CaixaBank Group.

This leverage ratio requirement is a parallel requirement to the risk-based own funds requirements described above. Thus, any additional own funds requirements imposed by competent authorities to address the risk of excessive leverage should be added to the minimum leverage ratio requirement and not to the minimum risk-based own funds requirement. Institutions should also be able to use any CET1 instruments that they use to meet their leverage-related requirements to meet their risk-based own funds requirements, including the "combined buffer requirement". Moreover, the EU Banking Reforms include a leverage ratio buffer for G-SIIs to be met with Tier 1 capital and set at 50% of the applicable risk weighted G-SIIs buffer.

A new Article 141b of the CRD IV Directive, included by the CRD V Directive, will restrict discretionary payments by G-SIIs in the form of dividends, variable remuneration and payments to holders of AT1 instruments in case of a failure to meet at the same time the leverage ratio buffer and the "combined buffer requirement". As of the date of this Prospectus, CaixaBank is an O-SII bank.

Further to the minimum capital requirements under CRD IV, the BRRD regime prescribes that banks shall comply with MREL. The MREL shall be calculated as the amount of own funds and eligible liabilities and expressed as a percentage of the total liabilities and own funds of the institution (pursuant to BRRD II, it shall be expressed as a percentage of the total risk exposure amount of the total exposure measure of the institution, calculated in each case in accordance with CRR). The level of capital and eligible liabilities required under MREL is set by the resolution authority for each bank (and/or group) based on the resolution plan and other criteria. The SRB is the resolution authority for the Bank as the central body of the single resolution mechanism ("**SRM**"), as well as the Bank of Spain, as the national preventive resolution authority and the FROB, as the Spanish executive resolution authority. Eligible liabilities may be senior or subordinated liabilities, provided, among other requirements, that they have a remaining maturity of at least one year and, if governed by a non-EU law, they must be able to be written down or converted under that law (including through contractual provisions).

The EU Banking Reforms further include, as part of MREL, new subordination requirements of eligible instruments for G-SIIs, "top tier" banks and other entities which the resolution authority considers that pose a systemic risk in the event of its failure ("**other systemic entities**"). CaixaBank is a "top tier" bank. These subordination requirements are composed of "Pillar 1" subordinated MREL requirements and any additional subordination requirements set by the resolution authority. The subordination requirements shall be satisfied with own funds and other eligible MREL instruments (which may not for these purposes be senior debt instruments and only MREL instruments constituting "non-preferred" senior debt under the new insolvency hierarchy introduced into Spain will be eligible for compliance with the subordination requirement as other eligible MREL instruments). Resolution authorities may also impose minimum subordination requirements to institutions not constituting G-SIIs, "top tier" banks or other systemic entities.

Furthermore, a new Article 16.a) of the BRRD, as recently amended by BRRD II, better clarifies the stacking order between the "combined buffer requirement" and the MREL requirement. Pursuant to this new provision, a resolution authority will have the power to prohibit an entity from making discretionary payments above the maximum distributable amount (calculated in accordance with the new Article 16.a)(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 "**MREL-Maximum Distributable Amount Provision**"). The referred Article 16.a) of the BRRD includes a potential nine-month grace period whereby the resolution authority will assess on a monthly basis whether to exercise its powers under the MREL-Maximum Distributable Amount Provision before such resolution authority is compelled to exercise its power under the provisions (subject to certain limited exceptions).

Capital requirements of the Bank

Capital requirements are applied to CaixaBank, on both an individual and consolidated basis, and also to Banco BPI on both an individual and sub-consolidated basis.

Neither the Bank nor the Group has been classified as G-SII by the Financial Stability Board ("**FSB**") nor by any competent authority so, unless otherwise indicated by the FSB or by the Bank of Spain in the future, it is not required to maintain the G-SII buffer. According to the note published by the Bank of Spain on 25 November 2019, the Bank is considered an O-SII and accordingly, during 2020 it will be required to maintain a full O-SII buffer of 0.25%. In addition, the Bank of Spain agreed to maintain the countercyclical capital buffer applicable to credit exposures in Spain at 0% for the third quarter of 2020 (percentages will be revised each quarter), and also on 30 June 2020, the Bank of Portugal published that the countercyclical buffer for credit exposures in Portugal was to be maintained at 0% for the third quarter of 2020, but a 0.03% countercyclical capital buffer applied both on a consolidated and an individual basis in December 2019, based on the geographical composition of the portfolio of the Group for credit exposures other than in Spain and Portugal (to be updated quarterly) (this buffer may not be the same on consolidated and on individual basis in the future).

Based on the assessment of the systemic importance of the Bank as mentioned above and following the outcome of the most recent SREP, the Bank was notified in December 2019 of the decision of the ECB regarding minimum capital requirements for 2020 for the Group. These decisions require the Group to maintain a CET1 ratio of 8.78% of RWAs, which includes the "Pillar 1" capital requirement (4.50% of RWAs), the P2R[21] (1.50% of RWAs to be covered 100% by CET1), the capital conservation buffer (2.5% of RWAs), the O-SII[22] buffer (0.25% of RWAs) and the countercyclical capital buffer[23] (0.03% of RWAs based on the geographical composition of the portfolio at 31 December 2019 (updated quarterly)). The minimum Tier 1 and total capital ratios would consequently reach 10.28% of RWAs and 12.28% of RWAs, respectively, based on the 6% of RWAs and 8% of RWAs "Pillar 1" capital requirements at a Tier 1 and total capital level, respectively. On 12 March 2020 the ECB announced measures expected to provide capital relief to banks in support of the economy. These measures include the permission to use capital instruments that do not qualify as CET1 (for example AT1 instruments and Tier 2 instruments) to meet P2R. According to that the minimum capital requirement for CaixaBank would reach 8.10% of RWAs for CET1, 9.89% of RWAs for Tier 1 capital and 12.26% of RWAs for total capital.

The following tables show the solvency requirements compared to the capital position of the Group on a consolidated basis as of 31 December 2019:

	31 December 2019	Current Requirements	of which "Pillar 1"	of which P2R	of which buffers
CET1	12.0%	8.10%	4.5%	0.84%	2.76%
Tier 1	13.5%	9.89%	6.0%	1.13%	2.76%
Total capital	15.7%	12.26%	8.0%	1.5%	2.76%

[21] Applies only at a consolidated level.

[22] Applies only at a consolidated level.

[23] As of 31 December 2019. It applies to both individual and consolidated basis. Updated quarterly. It may differ between individual and consolidated level. As of 31 December 2019 both levels coincide. Following the COVID-19 outbreak, some national authorities have reduced the countercyclical buffer requirement. Therefore, the capital requirement to CaixaBank is also lower. In CaixaBank it is currently 1bp.

As a result of the ECB's decision, the MDA Trigger is set at 8.10% of RWAs, to which potential shortfalls of AT1 or Tier 2 should be added with respect to the minimum implicit "Pillar 1" and P2R of 1.78% and 2.38%, respectively.

At an individual level, as of 31 December 2019, CaixaBank's CET1 reached 13.8% compared to a minimum requirement of 7.03% for 2019 and 2020. The capital requirements are more restrictive at a consolidated level compared to an individual level.

The leverage ratio at a consolidated level stood at 5.9% of the regulatory exposure on 31 December 2019.

On 5 June 2020, CaixaBank received the formal communication from the Bank of Spain regarding the MREL requirement. In accordance with such communication, the Bank has been required to reach, by 1 January 2021, an amount of own funds and eligible liabilities on a consolidated basis corresponding to 10.56% of the total liabilities and own funds calculated at 31 December 2018 (7.80% of which should be comprised of subordinated instruments[24]), or 22.7% of its RWAs calculated at 31 December 2018 (16.77% of which should be comprised of subordinated instruments).

The above decision is based on the applicable legislation at each point in time and is liable to be modified by the resolution authorities, particularly as refers to the commencement date on 28 December 2020 of the BRRD. Accordingly, as a response to COVID-19, the SRB has declared its intention to adopt a forward-looking approach as regards existing MREL requirements. Furthermore, the SRB has stated that, for the 2020 resolution cycle, decisions will be made taking into account the 2022-2024 transitional periods set out in BRRD.

As at 31 December 2019, CaixaBank reached a MREL ratio of 21.8% of RWAs at consolidated level. At a subordinated level, primarily including senior non-preferred debt, the MREL ratio of subordinated instruments reached 19.6%. In January 2020 a new €1,000 million issuance of senior preferred debt raised the MREL ratio on a pro-forma basis up to 22.5%, thus already complying with the SRB requirement for January 2021.

The required MREL is in line with the expectations of CaixaBank. Its fulfilment is a part of the long-term funding plan, which is designed so that the MREL can be comfortably met as dates of enforcement come due.

See the Risk Factor "*Risk Factors—2.3.2 Increasingly onerous capital requirements constitute one of the Group's main regulatory challenges*" for the risks associated to the failure by the Group to comply with its regulatory capital requirements.

On 26 March 2020, due to the expected impact on the global economy of the expansion of COVID-19 and of the measures taken by the authorities to reduce its spread and in order to adapt the Bank to this new environment, the Board of Directors agreed, among other decisions, to reduce the proposed dividend for the 2019 fiscal year of €0.15 to €0.07 per share, which represents a 24.6% pay-out, this being the only dividend to be paid against 2019 fiscal year profits and to reduce the CET1 target established in the 2019-2021 Strategic Plan for December 2021 to 11.5%, suspending the former target of 12% plus an additional 1% buffer to absorb regulatory requirements including Basel IV, taking into account new regulatory and supervisory considerations including, among others, the impact of regulations established in CRD V Directive regarding the composition of P2R (see "*Description of the Issuer—Key recent events–COVID-19*").

Taking into account the decisions agreed by the Board of Directors, the regulatory solvency ratios as of 31 December 2019 would now stand as follows:

[24] The SRB considers that the subordinated MREL can be met with non-subordinated instruments of up to 2.20% of RWA, equivalent to 1.02% of total liabilities and own funds. If this allowance is taken into account, the subordinated MREL would be 6.78% in terms of total liabilities and own funds and 14.57% in terms of RWA, both calculated as of 31 December 2018.

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

[(1)] Proforma for January 2020 €1bn senior preferred issuance

Deductions related to Deferred Tax Assets

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

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

Due to these differences and the impact of the requirements of CRD IV on DTAs, the Spanish regulator implemented certain amendments to Law 27/2014, of 27 November, on Corporate Income Tax (the "**CIT Law**") through Royal Decree Law 14/2013, of 29 November, on urgent measures to adapt the Spanish law to EU regulations on supervision and solvency of financial institutions which also provided for a transitional regime for DTAs generated before 1 January 2014. These amendments enabled certain DTAs to be treated as a direct claim against the Spanish tax authorities if a Spanish bank was unable to reverse the relevant differences within 18 years or if it is liquidated, becomes insolvent or incurs accounting losses. This, therefore, allowed a Spanish bank not to deduct such DTAs from its regulatory capital. The transitional regime provided for a period in which only a percentage (which increases yearly) of the applicable DTAs would have to be deducted. However, the European Commission initiated a preliminary state aid investigation in relation to the Spanish DTAs regime. Such investigation is now resolved to the extent that the European Commission, the Bank of Spain and the Spanish Ministries of Treasury and Economy agreed a commitment to amend the applicable law in order to reinforce the compatibility of the regime with European Law. In general terms, the amendment passed requires payment of a special tax charge in order for the conversion of the DTAs into a current asset to be enforceable. Royal Decree-Law 3/2016, of 2 December ("**RD-L3/2016**") implemented a number of amendments to the CIT Law including the limitation on the use of the DTAs treated as a direct claim and carried forward tax losses up to 25%.

Distributable Items

The following table shows the Distributable Items of CaixaBank (as defined in the Conditions) on an individual basis as of 31 December 2019 and 31 December 2018.

	31-December	
	2019	2018
	(thousands of €)	
Reserves available	1,087,930	1,164,669
Profit of the period	2,073,521	1,162,560
Distributions to holders	(418,701)	(1,016,662)
Interim dividend		(418,518)
Final dividend	(418,701)	(598,144)
Distributable items of the Bank	2,742,750(1)	1,310,567

Note:

(1) CaixaBank does not include within the Distributable Items figure the share premium account, which amounted to €12,033 million as of 31 December 2019 (€12,033 million as of 31 December 2018).

Other relevant regulations related to capital - Prudential treatment of NPLs

Prior to the publication of CRR II, an amendment of CRR entered into force on 26 April 2019, by which a minimum loss coverage requirement for non-performing exposures (also known as "**NPLs Prudential Backstop**") was introduced. According to this amendment of the capital regulation, any shortfall of the stock of accounting provisions or other adjustments as compared to the prudential backstop shall be deducted from own funds. This backstop is only applicable to loans originated from 26 April 2019 onwards that turn non-performing. The coverage requirements are different depending if the loan is "secured" or "unsecured" and also on whether the collateral is movable or immovable.

Prior to the above referred capital requirements legislation, on 15 March 2018, the ECB had already published its supervisory expectations on prudent levels of provisions for NPLs. This was published as an addendum (the "**Addendum**") to the ECB's guidance to banks on non-performing loans published on 20 March 2017, which clarified the ECB's supervisory expectations regarding the identification, management, measurement and write-off of NPLs. The ECB stated that the Addendum set out what it deems to be a prudent treatment of NPLs with the aim of avoiding an excessive build-up of non-covered aged NPLs on banks' balance sheets in the future, which would require supervisory measures. The ECB clarified that the Addendum is applicable only to loans originated prior to the entry into force of the NPLs Prudential Backstop (26 April 2019) that have turned non-performing on or after 1 April 2018. In order to make the Addendum and the NPLs Prudential Backstop more consistent and, thereby, simplify banks' reporting, the calibration of both initiatives have been fully aligned. However, the main differences between the NPLs Prudential Backstop and the Addendum is that (i) the latter is not legally binding, (ii) it only sets a starting point for the supervisory dialogue ("Pillar 2" approach) and (iii) is subject to a case-by-case assessment. Further to the Addendum, the ECB has also disclosed that supervisory expectations will also be set on a case-by-case basis for loans that had already turned non-performing on or before 31 March 2018.

Other relevant regulations related to capital – The Basel III post-crisis regulatory reform agenda

On 7 December 2017, the Group of Governors and Heads of Supervision ("**GHOS**") published the finalisation of the Basel III post-crisis regulatory reform agenda (also known as "**Basel IV**"). This review of the regulatory framework covers credit, operational and credit valuation adjustment ("**CVA**") risks and introduces a floor to the consumption of capital by internal ratings-based methods ("**IRB**") and the revision of the calculation of the leverage ratio. The main features of the reform are: (i) a revised standard method for credit risk, which will

improve the soundness and sensitivity to risk of the current method; (ii) modifications to the IRB methods for credit risk, including input floors to ensure a minimum level of conservatism in model parameters and limitations to its use for portfolios with low levels of non-compliance; (iii) regarding the CVA risk, and in connection with the above, the removal of any internally modelled method and the inclusion of a standardised and basic method; (iv) regarding the operations risk, the revision of the standard method, which will replace the current standard methods and the advanced measurement approaches ("**AMA**"); (v) the introduction of a leverage ratio buffer for G-SIIs; and (vi) regarding capital consumption, a minimum limit on the aggregate results (output floor), which prevents the RWA of the banks generated by internal models from being lower than the 72.5% of the RWA that are calculated with the standard methods of the Basel III framework. The GHOS extended the implementation of the revised minimum capital requirements for market risk until January 2022, to coincide with the implementation of the reviews of credit, operational and CVA risks.

On 27 March 2020, the GHOS endorsed a set of measures to provide additional operational capacity for banks and supervisors to respond to the immediate financial stability priorities resulting from the impact of

COVID-19 on the global banking system. The measures endorsed by the GHOS comprise the following changes to the implementation timeline of the outstanding Basel III standards:

- The implementation date of the Basel III standards finalised in December 2017 has been deferred by one year to 1 January 2023. The accompanying transitional arrangements for the output floor have also been extended by one year to 1 January 2028.
- The implementation date of the revised market risk framework finalised in January 2019 has been deferred by one year to 1 January 2023.
- The implementation date of the revised Pillar 3 disclosure requirements finalised in December 2018 has been deferred by one year to 1 January 2023.

LOSS ABSORBING POWERS

The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in unsound or failing credit institutions or investment firms (each an "**institution**") so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

In accordance with Article 20 of Law 11/2015, an institution will be considered as failing or likely to fail in any of the following circumstances: (i) it is, or is likely in the near future to be, in significant breach of its solvency or any other requirements necessary for maintaining its authorisation; (ii) its assets are, or are likely in the near future to be, less than its liabilities; (iii) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (iv) it requires extraordinary public financial support (except in limited circumstances). The determination that an institution is no longer viable may depend on a number of factors which may be outside of that institution's control.

As provided in the BRRD, Law 11/2015 contains four resolution tools and powers which may be used alone or in combination where the FROB, the SRB, as the case may be and according to Law 11/2015, or any other entity with the authority to exercise any such tools and powers from time to time (each, a "**Relevant Resolution Authority**") as appropriate, considers that (a) an institution is failing or likely to fail in the near future, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest.

The four resolution tools are: (i) sale of business (which enables the Relevant Resolution Authority to direct the sale of the institution or the whole or part of its business on commercial terms); (ii) bridge institution (which enables the Relevant Resolution Authority to transfer all or part of the business of the institution to a "bridge

institution" (an entity created for this purpose that is wholly or partially in public control)); (iii) asset separation (which enables the Relevant Resolution Authority to transfer certain categories of assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only)); and (iv) the bail-in, which gives the Relevant Resolution Authority the right to exercise certain elements of the Spanish Bail-in Power (as defined below). This includes the ability of the Relevant Resolution Authority to write down (including to zero) and/or to convert into equity or other securities or obligations (which equity, securities and obligations could also be subject to any future application of the Spanish Bail-in Power) certain unsecured debt claims and subordinated obligations (including the Preferred Securities).

The "**Spanish Bail-in Power**" is any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with any laws, regulations, rules or requirements in effect in Spain, relating to the transposition of the BRRD, as amended from time to time, including, but not limited to (i) Law 11/2015, as amended from time to time, (ii) RD 1012/2015, as amended from time to time, (iii) the SRM Regulation, as amended from time to time, and (iv) any other instruments, rules or standards made in connection with either (i), (ii) or (iii), pursuant to which any obligation of an institution can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such institution or any other person (or suspended for a temporary period).

In accordance with Article 48 of Law 11/2015 (and subject to any exclusions that may be applied by the Relevant Resolution Authority under Article 43 of Law 11/2015), in the case of any application of the Spanish Bail-in Power to absorb losses and cover the amount of the recapitalisation, the sequence of any resulting write-down or conversion shall be as follows: (i) CET1 items; (ii) the principal amount of AT1 instruments; (iii) the principal amount of Tier 2 instruments; (iv) the principal amount of other subordinated claims that do not qualify as AT1 capital or Tier 2 capital and (v) the principal or outstanding amount of eligible liabilities in accordance with the hierarchy of claims in normal insolvency proceedings (with "non-preferred" senior claims subject to the Spanish Bail-in Power after any subordinated claims against the Bank but before the other senior claims against the Bank) (following the entry into force of BRRD II, Article 48 of BRRD now refers to "bail-inable liabilities", defined as the liabilities and capital instruments that do not qualify as CET1, AT1 instruments or Tier 2 instruments of an institution and that are not excluded from the scope of the bail-in tool).

In addition to the Spanish Bail-in Power, (i) the BRRD, Law 11/2015 and the SRM Regulation provide for the Relevant Resolution Authority to have the further power to permanently write down or convert into equity capital instruments at the point of non-viability of an institution or a group, and (ii) the BRRD II (pending implementation in Spain) and the SRM Regulation 2, which shall apply from 28 December 2020, provide for the Relevant Resolution Authority to have the further power to also permanently write down or convert into equity certain internal eligible liabilities instruments at the point of non-viability (both of them, together, the "**Non-Viability Loss Absorption**") of an institution or a group. The point of non-viability of an institution is the point at which the Relevant Resolution Authority determines that the institution meets the conditions for resolution or that it will no longer be viable unless the relevant capital instruments are written down or converted into equity or extraordinary public support is to be provided and without such support the Relevant Resolution Authority determines that the institution would no longer be viable. The point of non-viability of a group is the point at which the group infringes or there are objective elements to support a determination that the group, in the near future, will infringe its consolidated solvency requirements in a way that would justify action by the Relevant Resolution Authority in accordance with Article 38.3 of Law 11/2015. Non-Viability Loss Absorption may be imposed prior to or in combination with any exercise of any other Spanish Bail-in Power or any other resolution tool or power (where the conditions for resolution referred to above are met).

In accordance with Article 64.1(i) of Law 11/2015, the FROB has also the power to alter the amount of interest payable under debt instruments and other eligible liabilities of institutions subject to resolution proceedings and

the date on which the interest becomes payable under the debt instrument (including the power to suspend payment for a temporary period).

DESCRIPTION OF SHARE CAPITAL

The following summary provides information concerning the Issuer's share capital and briefly describes certain significant provisions of the Issuer's bylaws (*estatutos sociales*) and Spanish corporate law, the Spanish Companies Act, Spanish Law 3/2009 on Structural Amendments of Private Companies, the Securities Market Act and Royal Decree 878/2015 on clearing, settlement and registry of negotiable securities in book-entry form and transparency requirements for issuers of securities admitted to trading on an official secondary market ("**Royal Decree 878/2015**").

The issued share capital of CaixaBank as of the date of this Prospectus is €5,981,438,031 represented by a single series and class of 5,981,438,031 shares, with a nominal value per ordinary share of €1.00. All of the Ordinary Shares have equal voting and economic rights. Residents and non-residents of Spain may hold and exercise the rights attached to the shares of CaixaBank subject to the restrictions set forth below.

Historical price of Ordinary Shares

The following table sets forth the price of the Issuer's Ordinary Shares on a quarterly basis for the years 2018, 2019 and 2020:

	Average	Minimum	Maximum	Final
June 2020	€1.726	€1.522	€2.055	€1.901
March 2020	€2.443	€1.600	€2.913	€1.700
December 2019	€2.635	€2.286	€2.870	€2.798
September 2019	€2.288	€2.002	€2.632	€2.410
June 2019	€2.756	€2.438	€2.998	€2.518
March 2019	€3.075	€2.745	€3.400	€2.784
December 2018	€3.577	€3.061	€3.924	€3.164
September 2018	€3.904	€3.668	€4.193	€3.938
June 2018	€3.930	€3.560	€4.315	€3.706
March 2018	€4.062	€3.801	€4.440	€3.872

Source: Bloomberg

Form and transfer

The shares are in book-entry (*anotaciones en cuenta*) form and are indivisible. Shares represented by a book-entry shall be constituted as such by virtue of their registration in the pertinent book-entry record. Joint holders must nominate one person to exercise their shareholders' rights, though joint holders are jointly and severally liable vis-à-vis CaixaBank for all obligations arising from their status as shareholders.

Iberclear, which manages the clearing and settlement system of the Spanish Stock Exchanges, maintains the central registry, which reflects the balance of shares held by each of its participating entities (*entidades participantes*) from time to time, for their own account, the balance of shares held by each participating entity for the account of third parties and the balance of shares held by persons in segregate individual accounts and the balances of individual special accounts of financial intermediaries which use the optional procedure of settlement of orders. Each participating entity, in turn, keeps a record of the owners of such shares. The shares must be entered in the corresponding register in the name of the person or persons that own them. The

shareholders and holders of the limited real rights or encumbrances on the shares may obtain legitimation certificates (*certificados de legitimación*) as provided for under Royal Decree 878/2015.

As a general rule, transfers of shares quoted on the Spanish Stock Exchanges must be made through or with the participation of a member of a Spanish Stock Exchanges. Brokerage firms, official stock broker or dealer firms, Spanish credit entities, investment services entities authorized in other EU member states and investment services entities authorized by their relevant authorities and in compliance with Spanish regulations are eligible to be members of the Spanish Stock Exchanges. The transfer of shares may be subject to certain fees and expenses.

Dividend and liquidation rights

Holders of the Issuer's Ordinary Shares have the right to participate in distributions of the Issuer's profits and proceeds from liquidations, proportionally to their paid-up share capital. However, there is no right to receive a minimum dividend.

Payment of dividends is generally proposed by the Board of Directors and must then be authorized or ratified, as the case may be, by CaixaBank's shareholders at a general shareholders' meeting. Shareholders have the right to participate in such dividends from the date on which payment of such dividends are formally approved. It must be noted that Spanish law requires each company to contribute at least 10% of its net income each year to a legal reserve until the balance of such reserve is equivalent to at least 20% of such company's issued share capital. In addition, when the net worth of the company is below the company's share capital the net income shall necessarily be used to offset losses, not being therefore available for cash dividend payments. Furthermore, no dividend payments are allowed in case the amount of distributable reserves does not cover the research and development expenses that appear on the balance sheet. As regards distribution of reserves, as long as the company's legal reserve does not exceed 20% of the share capital, it is not available for distribution to its shareholders except upon such company's liquidation.

The general shareholders' meeting and the Board of Directors are also entitled to declare interim dividends, provided the following requirements are met: (i) the Board of Directors must prepare an accounting statement that evidences that there is sufficient liquidity to proceed with the distribution and which is incorporated in the notes to the financial statements of the Issuer for the year in which the interim distribution was made; and (ii) the amount to be distributed may not exceed the profit obtained since the end of the immediately preceding financial year, less: (a) the accumulated losses from preceding years; (b) the amounts to be allocated to legal reserves or any other reserves provided for in the bylaws; and (c) an estimation of the taxes to be paid on the profit obtained since the end of the immediately preceding financial year.

The dividend policy of CaixaBank allows the Board of Directors to propose the modality or type of payment of the dividends to shareholders. In this regard, shareholders may receive dividends in cash, which is the most common type of payment, or (totally or partially) in kind provided in this latter case that the assets to be distributed are securities which are identical in nature and admitted to trading on an official market at the time the resolution is passed. According to the Issuer's current dividend policy, the Board of Directors shall also decide the periodicity of the payments, having declared on 1 February 2019 its intention to approve a single annual cash payment that would take place around April, instead of the semi-annual payments set forth in the former dividend policy, around April and November.

With regard to the tax implications derived from dividends paid by CaixaBank see "*Taxation – Direct taxation.*"

In case of liquidation, CaixaBank's shareholders would be entitled to receive a liquidation settlement proportionately to their stake, after payment of CaixaBank's debts and taxes and expenses of the liquidation.

The following table sets forth the dividends distributed by CaixaBank from 2018 onwards:

DIVIDENDS PAID

(millions of euros)

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

As mentioned above, on 1 February 2019, the Board of Directors approved and published an amendment to the former dividend policy whereby shareholder remuneration will take place through a single cash payment, which will be paid once the relevant fiscal year has been closed, around the month of April each year. This amendment to the dividend policy started applying in relation to the 2019 fiscal year profits. In line with the 2019-2021 Strategic Plan, and the dividend policy, on February 2019, CaixaBank reiterated its intention to remunerate shareholders by distributing an amount in cash greater than 50% of consolidated net attributable income, with a cap for 2019 fiscal year of 60% of consolidated net income.

On 30 January 2020, the Board of Directors announced its intention to propose at the Annual General Meeting the payment of a cash dividend of €0.15 per share against 2019 profits. This payment would represent 53% of the 2019 profits, in line with the Strategic Plan and the dividend policy in force at that time. In addition, it agreed to set the maximum amount payable against 2020 earnings at 60% of the consolidated net profit. The proposal was formally approved on 20 February 2020.

On 26 March 2020, due to the expected impact on the global economy of the expansion of COVID-19 and of the measures taken by the authorities to reduce its spread, and in order to adapt the Bank to this new environment, the Board of Directors agreed, among other decisions, to (i) reduce the proposed dividend for the 2019 fiscal year of €0.15 to €0.07 per share, representing a 24.6% pay-out, taking into account considerations of prudence and social responsibility; and (ii) that the aforementioned dividend would be paid on an interim basis against 2019 profits, on 15 April 2020, this being the only dividend paid against 2019 fiscal year profits. The dividend amounting to €0.07 per share proposed and approved by the Board of Directors was ratified by the Annual General Meeting held on 22 May 2020. Regarding the dividend policy of a cash pay-out of greater than 50% of consolidated earnings, on 26 March 2020, the Board of Directors announced to change it, exclusively for the 2020 fiscal year, to a cash pay-out not higher than 30% of reported consolidated earnings. The Board of Directors declared its intention to allocate, at least, an amount higher than 50% of consolidated reported earnings as cash remuneration in future fiscal years, once the circumstances which have led to this decision have passed. In addition, the Board of Directors declared its intention to distribute, in the future, any excess above a CET1 ratio of 12% in the form of special dividends and/or share buybacks. This extraordinary distribution of capital would also be subject to a prior return to normality of macroeconomic conditions and would not take place, in any case, before 2021.

Attendance and voting at shareholders' meetings

In accordance with the bylaws of the Issuer, shareholders have the right to physically attend the general shareholders' meetings if they hold at least 1,000 shares of CaixaBank. However, shareholders who do not reach this threshold may group their shareholdings so as to reach the minimum number of shares required and grant their representation to one of them or delegate the representation of their shares to any person, either shareholder or not, holding and/or representing shareholders with a minimum 1,000 shares and thus, with the right to attend the meeting. In the event a shareholder does not reach such threshold and is unable to group its holding with those of other shareholders, such shareholder will not be able to physically attend at shareholders' meetings and

physically vote in person during the meeting. However, shareholders can vote through remote communication before the Annual General Meeting regardless of the number of shares they hold. In addition, any shareholder may also be represented by proxy. Proxies must be granted for each meeting in writing or in electronic form acceptable under the regulations of the general shareholders' meeting as approved by the Board. Proxies may be given to any person and may be revoked, either expressly or by remote voting or attendance by the shareholder at the meeting. In order to physically attend the general meeting, the proxy holder must be either shareholder and/or represent one or more shareholders holding a minimum of 1,000 shares. It must be noted that due to the expansion of COVID-19 and the extraordinary events, which have prompted the government to declare a state of emergency, special laws and regulations have been enacted, among others, to enable companies to hold their general meetings using a remote, real-time connection, even if this possibility is not expressly envisioned in the company's bylaws. In this regard, based on the proposal of CaixaBank's Board of Directors, the Annual General Meeting held on 22 May 2020 has approved to amend the company's bylaws and regulations of the Annual General Meeting to expressly regulate the possibility of attending the Annual General Meeting using a remote, real-time connection, under the terms of Articles 182 and 521.2 of the Spanish Companies Act in addition to the regulation of the physical attendance.

Only shareholders duly registered in the book-entry records maintained by Iberclear and its member entities at least five days prior to the day on which a shareholders' meeting is scheduled may, in the manner provided in the notice for such meeting, attend or be represented at such meeting and exercise the voting rights.

According to the bylaws of CaixaBank, each share of the Issuer's share capital entitles the shareholder to one vote and there is no limit as to the maximum number of voting rights that may be held by each shareholder. However, in order to comply with the conditions established by the ECB for the prudential deconsolidation of Criteria in CaixaBank, voting rights of Criteria shall be limited to 40%.

Pursuant to the bylaws of CaixaBank and the Spanish Companies Act, general shareholders' meetings may be either ordinary or extraordinary. Ordinary general shareholders' meetings must be convened within the first six months of each fiscal year on a date fixed by the Board of Directors. As a general rule, extraordinary general shareholders' meetings may be called from time to time by the Board of Directors of CaixaBank at its discretion or at the request of shareholders representing at least 3% of CaixaBank's share capital. Notices of all general shareholders' meetings must be published (i) in the Spanish Commercial Registry Official Gazette (*Boletín Oficial del Registro Mercantil*) or in one of the leading daily newspapers in Spain and (ii) on the CNMV and the CaixaBank websites at least one month prior to the date fixed for the meeting unless the laws set a different minimum period or means. The interval between the first and second calls for a general shareholders' meeting must be at least 24 hours. The notice must include the name of the company, the date and place of the first call, the agenda of the meeting, the position of the persons signing the call notice of the meeting, the date on which shareholders need to be registered as such in order to attend, be represented and/or vote at the meeting, the place and form in which information related to the proposed resolutions can be obtained by the shareholders, the website where such information will be available, and clear instructions on how shareholders can attend, be represented and vote in the general shareholders' meeting. It may also state the date in which, if applicable, the shareholders' meeting is to be held on second call.

Shareholders representing at least 3% of the share capital of CaixaBank have the right to request the publication of a supplementary notice including one or more additional items of the agenda of the ordinary general meeting and to add new resolution proposals to the agenda of any general shareholders' meeting, within the first five days following the publication of the call notice of the meeting.

At ordinary general shareholders' meetings, shareholders shall resolve on the audited individual and consolidated annual accounts for the previous fiscal year, the management of the Issuer's directors during the previous fiscal year, and the allocation of the profit or loss attributable to CaixaBank corresponding to the previous fiscal year. All other matters that can be decided by a general shareholders' meeting may be addressed

at either ordinary or extraordinary general shareholders' meetings if such items are included on the meetings' agenda, except for the dismissal of directors and the corporate action to demand liability from directors, which can be considered even if not included in the meetings' agenda.

The bylaws of CaixaBank provide that, in order to facilitate the shareholders' attendance at the meetings, shareholders shall be provided with registered attendance cards (*tarjetas de asistencia*).

The bylaws of CaixaBank and the Spanish Companies Act provide that generally, on the first call of a general shareholders' meeting, a duly constituted general shareholders' meeting requires a quorum of at least 25% of the subscribed voting share capital, present in person or by proxy. If on the first call of the meeting the quorum is not achieved, the meeting may be held on second call. On the second call, there is no quorum requirement.

Resolutions relating to ordinary matters may be adopted upon the affirmative vote of a majority of votes cast at such meeting. The Spanish Companies Act and the bylaws of CaixaBank provide that in order to resolve on extraordinary matters such as the increase or decrease of the share capital, the amendment of the bylaws, the issuance of bonds (when the issuance is to be approved by the shareholders' meeting), the cancellation or restriction of the preferential subscription rights to acquire new shares, mergers, spin-offs, changes in the corporate form, global assignment of assets and liabilities and the transfer of the registered office abroad require on first call a quorum of at least 50% of the issued voting share capital, present in person or by proxy, and on second call, the presence of shareholders representing at least 25% of the issued voting share capital, present in person or by proxy. On first call, such resolutions may only be passed upon the affirmative vote of an absolute majority, when the attending shareholders (whether in person or by proxy) hold more than 50% of the subscribed share capital. If, on second call, the shareholders present or represented constitute less than 50 % of the subscribed voting share capital, present in person or by proxy, resolutions relating to such extraordinary matters may be adopted only with the approval of two-thirds of the votes validly cast at such meeting.

A resolution passed at a general shareholders' meeting is binding on all shareholders. As a general rule, and subject to certain exceptions provided for in the Spanish Companies Act, a resolution passed at a general shareholders' meeting may be contested if such resolution is (i) contrary to Spanish laws, to the Issuer's bylaws or to the general shareholders' meeting regulations, or (ii) prejudicial to the Issuer's corporate interests for the benefit of one or more shareholders or third parties. Damage to the company's corporate interest may also be caused when the resolution, without causing damage to the corporate assets, is imposed in an abusive manner by the majority. A resolution is understood to have been imposed in an abusive manner when, rather than responding reasonably to a corporate need, the majority adopts the resolution in their own interests and to the unjustifiable detriment of the other shareholders. The Spanish Companies Act acknowledges a legal right to initiate legal proceedings in favour of (i) directors, (ii) third parties with legitimate interest and (iii) shareholders holding shares in the company prior to the adoption of such resolutions as long as such shares represent, individually or in group, a minimum of 0.1% of the company's share capital. If the resolution is contrary to public order, any shareholder (whether or not he or she was a shareholder at the time when the resolution was adopted), director or third party is entitled to contest the resolution.

The right to challenge the resolution passed by the general shareholders' meeting lapses in three months from the date on which the resolution is passed or received in writing or, if applicable, from the date of registration with the commercial registry, except when the resolution is against the public order, in which case the right to challenge does not lapse.

In certain circumstances (such as a substantial modification of corporate purpose, change of the corporate form or transfer of registered office abroad, intra-EU merger with transfer of registered office to another EU country or incorporation of a limited liability European holding company if the dissenting shareholder is a partner of the promoter companies), Spanish corporate law gives shareholders that had not voted in favour of a resolution the right to withdraw from the company. If this right were to be exercised, the Issuer would be required to

purchase or offset the relevant share ownership at prices determined on the basis of the average price of the shares in the Spanish Stock Exchanges within the last quarter.

Under the Spanish Companies Act, shareholders who voluntarily aggregate their shares so that the share capital so aggregated is equal to or greater than the result of dividing the total share capital by the number of directors have the right to appoint a corresponding proportion of the members of the Board of Directors, provided that the relevant vacancy or vacancies exist within the Board. Shareholders who exercise this right may not vote on the appointment of other directors. According to bylaws of CaixaBank, notwithstanding the proportional representation right to which the shareholders are entitled to in the terms set forth in the Law, no shareholder shall be represented in the Board of Directors by a number of proprietary directors that exceeds forty percent of the total number of members of the Board of Directors.

Preferential subscription rights and increase of share capital

Pursuant to Spanish law, shareholders have preferential subscription rights to subscribe for any new shares issued in consideration to cash contributions and for any new bonds convertible into shares. However, a resolution passed at a general shareholders' meeting or a meeting of the Board of Directors acting by delegation may, in certain circumstances, suppress such preferential subscription rights, provided that the relevant requirements of Spanish law (particularly, Articles 308, 504, 505 and 506 of the Spanish Companies Act) are met. In such cases, the resolution authorizing the suppression of preferential subscription rights will only be valid if, amongst other requirements: (i) a report is issued by an independent auditor appointed by the Commercial Registry stating, amongst other elements, the fair market value of the shares, the theoretical value of the preferential subscription rights and the soundness of the report issued by the Board of Directors on the suppression of the subscription rights; and (ii) the nominal value and issue premium of the newly issued shares match their fair value, as determined by the auditor's report.

Preferential subscription rights will not be available in the event of an increase in the share capital of CaixaBank on a conversion of convertible bonds into shares, a merger in which new shares are issued, acquiring all or part of another company's asset or in the case of a capital increase with non-cash contributions.

Preferential subscription rights are transferable, may be traded on the Automated Quotation System (as defined below) of the Spanish Stock Exchanges and may be of value to existing shareholders because new shares may be offered for subscription at prices lower than prevailing market prices.

In the case of a listed company, under Articles 506 and 511 of the Spanish Companies Act, when the shareholders at the Annual General Meeting authorize the Board of Directors to issue new shares or bonds convertible into shares, they can also authorize the Board of Directors to suppress preferential subscription rights in connection with such new shares or bonds convertible into shares if it is in the best interest of the company.

The Annual General Meeting held on 22 May 2020 approved the renewal of the authorization in favour of the Board of Directors to increase the share capital one or more times and at any time, within a period of five years from the date of this General Meeting, in an amount not to exceed 2,990,719,015 euros, by issuing new shares (with or without a share premium and with or without voting rights), consisting the consideration for the new shares to be issued of cash contributions. Likewise, the Board has been expressly authorized by the Annual General Meeting to exclude, whether in full or in part, the preferential subscription rights under the provisions of Article 506 of the Spanish Corporation Law, although capital increases with exclusion of the preferential subscription rights will not exceed the maximum amount of 1,196,287,606 euros. As an exception, this limit shall not apply to capital increases that the Board may approve, suppressing the preferential subscription rights, in order to meet the conversion of securities issued pursuant to the resolution passed by the Ordinary Annual General Meeting held on 28 April 2016 under agenda item 12 or any other resolution on the matter that the

General Meeting may pass, being applicable to these capital increases the general limit of 2,990,719,015 euros. This authorization replaces and repeals the prior delegation approved at the General Meeting held on 23 April 2015.

During the years 2019 and 2018 there has not been any change in the share capital of CaixaBank.

Shareholder claims

Under Spanish law, shareholders must generally bring action against the directors as well as any other actions against the Issuer or challenge corporate resolutions before the courts of the judicial district of the Issuer's registered address (currently Valencia, Spain).

In general terms, directors are liable to the company and the shareholders and creditors of the company for acts and omissions contrary to Spanish law or the company's bylaws and for failure to carry out the duties and obligations required to directors, provided that they have acted wilfully or negligently. When in violation of the law or of the company's bylaws, directors are presumed to have acted negligently, but that presumption can be rebutted. Directors have such liability even if the transaction in connection with which the acts or omissions occurred is approved or ratified by the General Shareholders' Meeting.

The liability of the directors is joint and several, except to the extent any director can demonstrate that he or she did not participate in decision-making relating to the transaction at issue, was unaware of its existence or, being aware of it, did all that was possible to mitigate any damages or expressly disagreed with the decision-making relating to the transaction.

Information to shareholders

Under Spanish law, shareholders are entitled to receive certain company information, including information regarding any amendment to bylaws, any increase or reduction in share capital, the approval of the annual accounts, any issuance of debt securities, a merger or spin-off, the winding-up or liquidation, or any other major corporate events or actions.

Furthermore, shareholders may request any reports or explanations that they consider necessary in respect of the matters included in the agenda of a general shareholders' meeting or any public information provided to the CNMV and the auditor's report, either (i) in writing beforehand until the fifth day prior to the date scheduled for the general shareholders' meeting in which case, the Board of Directors is obliged to provide these reports and explanations until the day before the general shareholders' meeting, or (ii) orally at the meeting, in which case and if the right of the shareholder could not be satisfied at the moment, the Board of Directors is obliged to provide these reports and explanations within the seven days following the conclusion of the general shareholders' meeting, except in the case where such information should not be disclosed in order to protect the shareholders' rights, or it may be objectively considered that the information could be used for non-corporate purposes, or public exposure of the information requested may be detrimental to the Group's interests. However, the latter exception shall not apply should the request be backed by shareholders who together hold 25% or more of the share capital.

Legal restrictions on acquisitions of shares in Spanish banks

Certain provisions of Spanish law require clearance by the competent authority prior to the acquisition by any individual or corporation of a significant holding of shares of a Spanish bank. The decision-making authority for the assessment of the proposed acquisition, formerly attributed to the Bank of Spain, now corresponds to the ECB by virtue of Regulation No. 1024/2013.

Any natural or legal person or such persons acting in concert, who have taken a decision either to acquire, directly or indirectly, a qualifying holding (*participación significativa*) in a Spanish bank or to further increase, directly or indirectly, such a qualifying holding in a Spanish bank as a result of which the proportion of the voting rights or of the capital held would reach or exceed 20%, 30% or 50% or so that the bank would become its subsidiary, must first notify the ECB (through the Bank of Spain), indicating the size of the intended holding and other relevant information. A qualifying holding for these purposes is defined as a direct or indirect holding in a Spanish bank which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that bank. In accordance with Article 23 of RD 84/2015, in any case, "significant influence" shall be deemed to exist when there is the capacity to appoint or dismiss a board member.

As soon as the Bank of Spain receives the notice, the Bank of Spain will request the Spanish Anti-Money Laundering Authority (*Servicio Ejecutivo de la Comisión para la Prevención del Blanqueo de Capitales e Infracciones Monetarias* – "**SEPBLAC**") for a report, and the SEPBLAC will submit such report within 30 business days from the day following the day of receipt of such request.

The ECB has 60 business days after the Bank of Spain acknowledges the receipt of any such notice (the Bank of Spain will acknowledge receipt in written within two business days from the date of receipt of the notification by the Bank of Spain to the extent such notification includes all the information required by Article 24 of RD 84/2015) to object to a proposed transaction. In case the notification does not have all the information required, the acquirer will be required to provide the outstanding information within ten business days. Such objection may be based on finding the acquirer unsuitable on the basis of its commercial or professional reputation, its solvency or the transparency of its corporate structure, among other things. If no such objection is raised within the 60 business days' period, the authorization is deemed to have been granted.

The above assessment term may be suspended in one occasion, between the request of information and the submission of information, for a maximum term of 20 business days (or, under certain circumstances, this term may be of 30 business days).

If the acquisition is carried out and the required notice is not given to the ECB (through the Bank of Spain) or if the acquisition is carried out before the 60 business days' period following the giving of notice elapses, or if the acquisition is opposed by the ECB, then there shall be the following consequences: (A) the voting rights corresponding to the acquired shares may not be exercised or, if exercised, will be deemed null, (B) the ECB may seize control of the bank or replace its Board of Directors, and (C) a fine may be levied on the acquirer.

Furthermore, pursuant to Royal Decree 84/2015, any natural or legal person, or such persons acting in concert, who has acquired, directly or indirectly, a holding in a Spanish bank so that the proportion of the voting rights or of the capital held reaches or exceeds 5%, must immediately notify in writing the Bank of Spain and the relevant Spanish bank, indicating the size of the acquired holding.

Any natural or legal person who has taken a decision to dispose, directly or indirectly, of a qualifying holding in a bank must first notify the Bank of Spain, indicating the size of his intended reduced holding. Such a person shall likewise notify the Bank of Spain if he has taken a decision to reduce his qualifying holding so that the proportion of the voting rights or of the capital held would fall below 20%, 30% or 50% or so that the bank would cease to be its subsidiary. Failure to comply with these requirements may lead to sanctions being imposed on the defaulting party.

Spanish banks are required, on becoming aware of any acquisitions or disposals of holdings in their capital that cause holdings to exceed or fall below one of the thresholds referred to above, to inform the Bank of Spain of those acquisitions or disposals. In addition, Spanish banks must provide the Bank of Spain quarterly, during the month following each natural quarter, with a list of all its shareholders that are financial institutions and all

other shareholders that own at least 0.25% of the bank's share capital (or 1% in case of credit unions) by reference to the last day of each calendar quarter.

If the ECB determines at any time that the influence of a person who owns a qualifying holding of a bank may adversely affect that bank's management or financial situation, it may: (1) suspend the voting rights of such person's shares; (2) seize control of the bank or replace its Board of Directors; or (3) in exceptional circumstances revoke the bank's license. A fine may also be levied on the person owning the relevant qualifying shareholding.

Reporting requirements

Acquisition of shares

Pursuant to Royal Decree 1362/2007, of 19 October, any individual or legal entity which, by whatever means, purchases or transfers shares which grant voting rights in the Issuer, must notify the Issuer and the CNMV, if, as a result of such transaction, the proportion of voting rights held by that individual or legal entity reaches, exceeds or falls below a threshold of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40%, 45%, 50%, 60%, 70%, 75%, 80% and 90% of the Issuer's total voting rights.

The individual or legal entity obliged to carry out the notification must serve the notification by means of the form approved by the CNMV from time to time for such purpose, within four trading days from the date on which the individual or legal entity acknowledged or should have acknowledged the circumstances that generate the obligation to notify (Royal Decree 1362/2007 deems that the obliged individual or legal entity should have acknowledge the aforementioned circumstance within two trading days from the date on which the transaction was entered into, regardless of the date on which the transaction takes effect).

The reporting requirements apply not only to the purchase or transfer of shares, but also to those transactions in which, without a purchase or transfer, the proportion of voting rights of an individual or legal entity reaches, exceeds or falls below the threshold that triggers the obligation to report as a consequence of a change in the total number of voting rights of a company on the basis of the information reported to the CNMV and disclosed by it. In such a case, the transaction is deemed to be acknowledged within two trading days from the date of publication of the relevant announcement of inside information (*comunicación de información privilegiada*) or other relevant information (*comunicación de otra información relevante*), as the case may be, regarding such transaction.

Should the individual or legal entity effecting the transaction be a non-resident of Spain, notice must also be given to the Spanish Registry of Foreign Investments maintained by the General Bureau of Commerce and Investments (a department of the Ministry of Industry, Trade and Tourism). See "*Restrictions on Foreign Investment*" below.

Regardless of the actual ownership of the shares, any individual or legal entity with a right to acquire, transfer or exercise voting rights granted by the shares, and any individual or legal entity which acquires, transfers or holds, whether directly or indirectly, other securities or financial instruments which grant a right to acquire shares with voting rights, will also have an obligation to notify the Issuer and the CNMV of the holding of a significant stake in accordance with applicable regulations.

Should the person or group effecting the transaction be resident in a tax haven (as defined in Royal Decree 1080/1991, of July 5), the threshold that triggers the obligation to disclose the acquisition or transfer of the Issuer's Ordinary Shares is reduced to 1% (and successive multiples thereof).

All members of the Board of Directors must report to both the Issuer and the CNMV any percentage or number of voting rights in the Issuer held by them at the time of becoming or ceasing to be a member of the Board of Directors within five (5) trading days. Furthermore, all members of the Board of Directors must report any

change in the percentage of voting rights they hold, regardless of the amount, as a result of any acquisition or disposition of the Issuer's shares or voting rights, or financial instruments which carry a right to acquire or dispose of shares which have voting rights attached, including any stock based compensation that they may receive pursuant to any of the Bank compensation plans. Members of the Bank senior management must also report any stock based compensation that they may receive pursuant to any of the Bank compensation plans or any subsequent amendment to such plans.

In addition, pursuant to Article 19 of Regulation (EU) No 596/2014, of 16 April 2014, on market abuse ("**MAR**"), persons discharging managerial responsibilities as well as persons closely associated with them (*vínculo estrecho*) must similarly report to the Issuer and the CNMV any acquisition or disposal of the Issuer's shares, derivative or financial instruments linked to the Issuer's shares regardless of the size, within three business days after the date of the transaction is made. The notification of the transaction must include particulars of, among others, the type of transaction, the date of the transaction and the market in which the transactions were carried out, the number of shares traded and the price paid.

Royal Decree 1362/2007 refers to the definition given by Royal Decree 1333/2005, developing the Securities Market Act, regarding market abuse, which defines senior management (*directivos*) as those "high level employees in positions of responsibility with regular access to inside information (*información privilegiada*) related, directly or indirectly, to the issuer and that, furthermore, are empowered to adopt management decisions affecting the future development and business perspectives of the issuer".

In certain circumstances established by Royal Decree 1362/2007, the notification requirements on the acquisition or transfer of shares also apply to any person or legal entity that, directly or indirectly, and independently of the ownership of the shares or financial instruments, may acquire, transmit or exercise the voting rights granted by those shares or financial instruments, provided that the aggregated proportion of voting rights reaches, increases above or decreases below, the percentages set forth by Spanish law.

Moreover, pursuant to Article 30.6 of Royal Decree 1362/2007, in the context of a takeover bid, the following transactions should be notified to the CNMV: (i) any acquisition reaching or exceeding 1% of the voting rights of the Issuer, and (ii) any increase or decrease in the percentage of voting rights held by holders of 3% or more of the voting rights in the Issuer. The CNMV will immediately make this information public.

Acquisition of own shares

If an acquisition or series of acquisitions of the Issuer's Ordinary Shares reaches or exceeds or causes the Issuer and its affiliates' holdings to reach or exceed 1% of the voting shares, the Issuer must notify its final holding of treasury shares to the CNMV. If such threshold is reached as a result of a series of acquisitions, such reporting obligation will only arise after the closing of the acquisition which, taken together with all acquisitions made since the last of any such notifications, causes the Issuer and its affiliates' holdings to exceed 1% of the voting shares. Sales and other transfers of the Issuer's treasury shares will not be deducted in the calculation of such threshold. This requirement would also apply if the shares were acquired by one of its majority owned subsidiaries.

Moreover, pursuant to Spanish Companies Act, the management report of a company must include a reference to any treasury shares.

The General Meeting held on 22 May 2020 renewed the authorization to the Board of Directors of CaixaBank to acquire, directly or indirectly through its subsidiaries, its own shares during a five-year period as of the date of that meeting, in the forms permitted by the applicable Laws, subject to the following limits and requirements: (i) the nominal value of the shares acquired, added to those already held by CaixaBank, may not at any time exceed 10% of CaixaBank's share capital; and (ii) the acquisition price of the treasury shares will be the closing

price of the shares on the AQS corresponding to the day prior to the acquisition, increased or decreased by a maximum variation of 15%.

The General Meeting also authorized the Bank's subsidiaries to acquire shares of CaixaBank in the same conditions referred above.

As of 31 December 2019, the number of treasury shares held by CaixaBank was 2,705,936, representing 0.045% of CaixaBank's total share capital.

Disclosure of shareholders' agreements

The Securities Market Act and Articles 531, 533 and 535 of the Spanish Companies Act require parties to disclose certain types of shareholders' agreements that affect the exercise of voting rights at a general shareholders' meeting or contain restrictions or conditions on the transferability of shares or bonds that are convertible or exchangeable into shares of listed companies. If any shareholders enter into such agreements with respect to CaixaBank's shares, they must disclose the execution, amendment or extension of such agreements to CaixaBank and the CNMV and file such agreements with the appropriate Commercial Registry. The shareholder agreements must also be disclosed through an announcement of inside information (*comunicación de información privilegiada*) or an announcement of other relevant information (*comunicación de otra información relevante*), as the case may be, on the CNMV's website. Failure to comply with these disclosure obligations renders any such shareholders' agreement unenforceable and constitutes a violation of the Securities Market Act.

Such shareholders' agreement will have no effect with respect to the regulation of the right to vote in general shareholders' meetings and restrictions or conditions on the free transferability of shares and bonds convertible into shares until such time as the aforementioned notifications, deposits and publications are made.

Upon request by the interested parties, the CNMV may waive the requirement to report, deposit and publish the agreement when publishing the shareholders' agreement could cause harm to the Issuer.

See "*Description of the Issuer–Agreement among shareholders*" for a description of agreements among CaixaBank's shareholders of which the Issuer is aware on the basis of the information publicly disclosed by CaixaBank's shareholders.

Net short positions

In accordance with Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps ("**Regulation 236/2012**") (as further supplemented by several delegated regulations regulating technical aspects necessary for its effective enforceability and to ensure compliance with its provisions), net short positions on shares listed on the Spanish Stock Exchanges equal to, or in excess of, 0.2% of the relevant issuer's share capital and any increases or reductions thereof by 0.1% are required to be disclosed to the CNMV. If the net short position reaches 0.5%, and also at every 0.1% above that, the CNMV will disclose the net short position to the public. Regulation 236/2012 restricts uncovered short sales in shares, providing that a natural or legal person may enter into a short sale of a share admitted to trading on a trading venue only where one of the conditions established in Article 12 of the referred Regulation has been fulfilled.

The notification or disclosure mentioned above shall be made no later than 3:30 p.m. (Madrid time) on the following trading day.

The disclosure is mandatory even if the same position has been already notified to the CNMV in compliance with transparency obligations previously in force in that jurisdiction.

The information to be disclosed is set out in Table 1 of Annex I of Delegated Regulation 826/2012, according to the format approved as Annex II of this Regulation. The information will be published, where appropriate, on a website operated or supervised by the CNMV.

Moreover, pursuant to Regulation 236/2012, when the CNMV considers that (i) there are adverse events or developments that constitute a serious threat to financial stability or to market confidence (serious financial, monetary or budgetary problems, which may lead to financial instability, unusual volatility causing significant downward spirals in any financial instrument, etc.); and (ii) the measure is necessary and will not be disproportionately detrimental to the efficiency of financial markets in view of the advantages sought, it may, following consultation with ESMA, take any one or more of the following measures:

- impose additional notification obligations by either (a) reducing the thresholds for the notification of net short positions in relation to one or several specific financial instruments; and/or (b) requesting the parties involved in the lending of a specific financial instrument to notify any change in the applicable premiums; and
- restrict short selling activities by either prohibiting or imposing conditions on short selling.

In addition, according to Regulation 236/2012, where the price of a financial instrument has fallen significantly during a single day in relation to the closing price on the previous trading day (10% or more in the case of a liquid share), the CNMV may prohibit or restrict short selling of financial instruments for a period not exceeding the end of the trading day following the trading day on which the fall in price occurs.

Finally, Regulation 236/2012 also vests powers to ESMA in order to take similar measures to those described above in exceptional circumstances, when the purpose of these measures is to deal with a threat affecting several EU member states and the competent authorities of these member states have not taken adequate measures to address it.

Share repurchases

Pursuant to the Spanish Companies Act, the Issuer may only repurchase the Issuer's own shares within certain limits and in compliance with the following requirements:

- the repurchase must be authorized by the general shareholders' meeting in a resolution establishing the maximum number of shares to be acquired, the titles for the acquisition, the minimum and maximum acquisition price and the duration of the authorization, which may not exceed 5 years from the date of the resolution;
- the repurchase, including the shares already acquired and currently held by the Issuer, or any person or company acting in its own name but on the Issuer's behalf, must not bring the Issuer's net worth below the aggregate amount of the Issuer's share capital and legal or non-distributable bylaws' reserves. For these purposes, net worth means the amount resulting from the application of the criteria used to draw up the financial statements, subtracting the amount of profits directly allocated to such net worth, and adding the amount of share capital subscribed but not called and the share capital par value and issue premium recorded in the Issuer's accounts as liabilities;
- the aggregate value of the Ordinary Shares directly or indirectly repurchased, together with the aggregate par value of the Ordinary Shares already held by the Issuer, must not exceed 10% of the Issuer's share capital; and

- Ordinary Shares repurchased for valuable consideration must be fully paid up. A repurchase shall be considered null and void if (i) the shares are partially paid up, except in the case of free repurchase, or (ii) the shares entail ancillary obligations.

The voting rights of treasury shares are suspended. Additionally, the economic rights (dividends and other distributions and liquidation rights), except the right to receive bonus shares as a result of a capital increase against reserves, will accrue proportionately to the Issuer's shareholders. Treasury shares are counted for purposes of establishing the quorum for general shareholders' meetings as well as majority voting requirements to pass resolutions at general shareholders' meetings.

MAR establishes rules in order to ensure the integrity of European Community financial markets and to enhance investor confidence in those markets. This regulation maintains an exemption from the market manipulation rules regarding share buy-back programs by companies listed on a stock exchange in a member state. Commission Delegated Regulation (EU) 2016/1052, of 8 March 2016, implements MAR with regard to the regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures. According to the provisions included in the Commission Delegated Regulation (EU) 2016/1052, in order to benefit from the exemption, an issuer implementing a buy-back program must comply with the following requirements:

Prior to the start of trading in a buy-back program, the issuer must ensure the adequate disclosure of the following information:

- The purpose of the program. According to Article 5.2 of MAR, the buy-back program must have as its sole purpose (a) to reduce the capital of the issuer; (b) to meet obligations arising from debt financial instruments convertible into equity instruments; or (c) to meet obligations arising from share option programs, or other allocations of shares, to employees or to members of the administrative, management or supervisory bodies of the issuer or of an associate company;
- The maximum pecuniary amount allocated to the program;
- The maximum number of shares to be acquired; and
- The period for which authorization for the program has been granted.

The issuer must ensure that the transactions relating to the buy-back program meet the conditions included on Article 3 of the Commission Delegated Regulation (EU) 2016/1052. Specifically, that the purchase price is not higher than the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out. Furthermore, issuers must not purchase on any trading day more than 25% of the average daily volume of shares on the corresponding trading venue.

Issuers shall not, for the duration of the buy-back program, engage on (a) selling of own shares; (b) trading during the closed periods referred to in Article 19.11 of MAR; and (c) trading where the issuer has decided to delay the public disclosure of inside information.

On 26 April 2017, the CNMV issued Circular 1/2017 setting out the requirements to be met by liquidity contracts entered into by issuers with financial institutions for the management of its treasury shares to constitute an accepted market practice and, therefore, be able to rely on a safe harbour for the purposes of market abuse regulations. Circular 1/2017 was amended by CNMV Circular 2/2019, of November 27.

In addition, Commission Delegated Regulation (EU) No 241/2014, of 7 January, supplementing CRR, prohibits redemptions, reductions and repurchases of own funds instruments (such as own shares) unless they have been previously approved by the competent authority.

Tender offers

Spanish regulation of takeover bids may delay, defer or prevent a change of control of CaixaBank or any of its subsidiaries in the event of a merger, acquisition or corporate restructuring. Law 6/2007, of 12 April and Royal Decree-Law 1066/2007, of 27 July, as amended, on the legal regime of takeover bids, set forth the Spanish rules governing takeover bids for listed companies such as CaixaBank. In particular:

- a bidder must make a tender offer in respect of 100 per cent. of the issued share capital of a target company if:
  - it acquires an interest in shares which (taken together with shares in which persons acting in concert with it are interested) carry 30 per cent. or more of the voting rights of the target company;
  - it acquires an interest in shares which (taken together with shares in which persons acting in concert with it are interested) carry less than 30 per cent. of the voting rights but enable the bidder to appoint a majority of the members of the target company's board of directors; or
  - it held 30 per cent. or more but less than 50 per cent. of the voting rights of the target company on the date the law came into force, and subsequently:
    - acquires, within 12 months, an additional interest in shares which carries 5 per cent. or more of such voting rights;
    - acquires an additional interest in shares so that the bidder's aggregate interest carries 50 per cent. or more of such voting rights; or
    - acquires an additional interest in shares which enables the bidder to appoint a majority of the members of the target company's board of directors;
- if a bidder's actions do not fall into the categories described above, such acquisition may qualify as an "a priori" or partial tender offer (i.e., in respect of less than 100 per cent. of the issued share capital of a target company), in which case such bidder would not be required to make a tender offer in respect of 100 per cent. of the issued share capital of a target company;
- the board of directors of a target company is exempt from the rule prohibiting certain board interference with a tender offer (the "passivity rule"), provided that (i) it has been authorized by the general shareholders' meeting to take action or enter into a transaction which could disrupt the offer, or (ii) it has been released from the passivity rule by the general shareholders' meeting vis-à-vis bidders whose boards of directors are not subject to an equivalent passivity rule;
- defensive measures included in a listed company's bylaws and transfer and voting restrictions included in agreements among a listed company's shareholders will remain in place whenever the company is the target of a tender offer unless the general shareholders' meeting resolves otherwise (in which case any shareholders whose rights are diluted or otherwise adversely affected may be entitled to compensation); and
- if, as a result of a tender offer in respect of 100 per cent. of the issued share capital of a target company, the bidder acquires an interest in shares representing at least 90 per cent. of the voting rights of the target company and the offer has been accepted by investors representing at least 90 per cent. of the voting rights of the target company (provided such voting rights are distinct from those already held by the bidder), the bidder may force the holders of the remaining share capital of the company to sell their shares. The minority holders shall also have the right to force the bidder to acquire their shares under these same circumstances.

Foreign investment and exchange control regulations

Restrictions on Foreign Investment

Exchange controls and foreign investments were, with certain exceptions, completely liberalized by Royal Decree 664/1999, of 23 April, which was approved in conjunction with Law 18/1992, of 1 July (the "**Spanish Foreign Investment Law**"), bringing the existing legal framework on foreign investments in line with the provisions of the Treaty of the EU.

Law 19/2003, of 4 July, on the establishment of a regulatory regime relating to capital flows to and from legal or natural persons abroad ("**Law 19/2003**"), generally provides for the liberalization of the regulatory environment with respect to acts, businesses, transactions and other operations between Spanish residents and non-residents in respect of which charges or payments abroad will occur, as well as money transfers, variations in accounts or financial debit or credits abroad, with the exceptions set out below. These operations must be reported to the Spanish Ministry of Industry, Trade and Tourism (*Ministerio de Industria, Comercio y Turismo*) and the Bank of Spain only for informational and statistical purposes. The most important developments resulting from Law 19/2003 are the obligations on financial intermediaries to provide to the Spanish Ministry of Industry, Trade and Tourism and the Bank of Spain information corresponding to client transactions.

In March 2020, however, the Spanish government introduced a new provision in Law 19/2003 (article 7 bis) whereby certain direct foreign investments ("**DFIs**") became subject to an ex ante control. The new legal provision of Law 19/2003 is very broad and raises certain questions of interpretation which may be resolved in the detailed regulations that are expected to be passed soon. Article 7 bis of Law 19/2003 is inspired by Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019 establishing a framework for the screening of foreign direct investments into the Union, of direct application from 11 October 2020.

For the purposes of this new control system, DFIs are those carried out in Spain by investors resident in countries outside the EU and the European Free Trade Association ("**EFTA**": Switzerland, Liechtenstein, Iceland and Norway), or by residents in EU or EFTA countries whose beneficial owners are foreign investors. The United Kingdom is considered as an EU Member State for these purposes for the duration of the Brexit transition period (currently to the end of 2020).

Investments made through vehicles resident in EU or EFTA countries whose beneficial owner is a foreign investor also fall under the new rules. This is where the foreign investor possesses or ultimately controls, directly or indirectly, more than 25% of the capital or voting rights in the investor, or where by other means exercises direct or indirect control of the investor.

Relevant investments are those where the foreign investor either (i) reaches ownership of 10% or more of the Spanish company, or (ii) as a result of the transaction, becomes actively involved in the management or control of that company.

The value below which DFIs will be exempt from prior authorisation will be laid down in the detailed regulations that are expected to be passed soon (until this happens, this threshold has been set at €1 million).

These DFIs will be subject to the new screening regime under Article 7 bis of Law 19/2003 when they meet either of the two following alternative criteria (it will suffice for them to meet one of them):

(i) Due to the sector in which the investment target operates:

DFIs that affect "public order, public security and public health" and, in any case, those that refer to the following sectors are subject to control:

- Critical infrastructure, specifically designated as such under Spanish Law 8/2011, physical and virtual, and the key land and property used. This list of critical infrastructure is secret (it includes energy, transport, medical, financial system infrastructure etc.).
- Critical technologies and dual-use products: artificial intelligence, robotics, semiconductors, cyber security, aerospace, defence, energy storage, quantum and nuclear technologies, as well as nanotechnologies and biotechnologies.
- Supply of critical inputs, in particular energy, raw materials and food security.
- Sectors with access to confidential information, in particular personal data, or those with the capacity to control such information; this is a very broad category: suppliers, insurance companies, banks, call-centres, etc. all have access to personal data; and
- The media.

The Spanish Government may extend this regime to other sectors if it considers that they may affect public security, public order or public health.

(ii) Due to the nature of the investor (irrespective of the target company's sector or activities):

- Foreign investors controlled directly or indirectly by a 'third country' government (including public bodies, sovereign wealth funds or the armed forces).
- Foreign investors who have invested or participated in activities in sectors affecting security, public order and public health in another Member State and especially the sectors listed above.
- Foreign investors involved in administrative or judicial proceedings in another Member State, its State of origin or a foreign State for criminal or illegal activities.

When a DFI meets any of the requirements described above, it may require prior authorisation by the Spanish Council of Ministers, except for transactions the value of which ranges between €1 million and €5 million, in which case a simplified procedure applies and the competent authority to decide is the General Directorate for International Trade and Investment (*Dirección General de Comercio Internacional e Inversiones*) within the Ministry of Industry, Trade and Tourism (*Ministerio de Industria, Comercio y Turismo*). The performing of a DFI without the authorisation will mean that it is invalid and therefore null and void (until it is regularized, i.e. the approval is granted) and is an administrative law infringement.

In addition to the restrictions under article 7 bis of Law 19/2003, the Spanish Foreign Investment Law contemplates the need for prior approval by the Spanish Council of Ministers (*Consejo de Ministros*) of foreign investments in companies related to national security. If such companies are listed, the approval requirement is only triggered if the acquisition exceeds 5% of the share capital or if it allows the investor to be part of, directly or indirectly, the board of directors or management bodies of the Spanish company.

Other than the above restrictions, foreign investors may freely invest in shares of Spanish companies as well as transfer invested capital, capital gains and dividends out of Spain without limitation (subject to applicable taxes and exchange controls). Foreign investors who are not resident in a tax haven are required in any event to file a notification with the Spanish Registry of Investments maintained by the General Directorate for International Trade and Investment following an investment or divestiture, if any, solely for statistical, economic and administrative purposes. Where the investment or divestiture is made in shares of Spanish companies listed on any of the Spanish Stock Exchanges, the duty to provide notice of a foreign investment or divestiture lies with the relevant entity with whom the shares (in book entry form) have been deposited or which has acted as an intermediary in connection with the investment or divestiture.

If the foreign investor is a resident of a tax haven, as defined under Spanish law (Royal Decree 1080/1991, of 5 July), notice must be provided to the Registry of Investments prior to making the investment, as well as after consummating the transaction. However, prior notification is not necessary in the following cases:

- investments in listed securities, whether or not trading on an official secondary market;
- investments in participations in investment funds registered with the CNMV; and
- foreign shareholdings that do not exceed 50% of the capital of the Spanish company in which the investment is made.

Exchange control regulations

Pursuant to Royal Decree 1816/1991, of 20 December, relating to economic transactions with non-residents as amended by Royal Decree 1360/2011 of 7 October, and EC Directive 88/361/EEC, charges, payments or transfers between non-residents and residents of Spain must be made through a registered entity, such as a bank or another financial institution registered with the Bank of Spain and/or the CNMV (*entidades registradas*), through bank accounts opened abroad with a foreign bank or a foreign branch of a registered entity, in cash or by check payable to bearer. All charges, payments or transfers which exceed €6,010 (or its equivalent in another currency), if made in cash or by check payable to bearer, must be notified to the Spanish exchange control authorities.

CONDITIONS OF THE PREFERRED SECURITIES

The following is the text of the Conditions of the Preferred Securities (save for the paragraphs in italics which are for disclosure purposes only).

The Preferred Securities (as defined below) are issued by CaixaBank, S.A. (the "**Bank**") by virtue of the resolutions passed by (a) the general meeting of shareholders of the Bank, held on 28 April 2016 and (b) the meeting of the Board of Directors (*Consejo de Administración*) of the Bank, held on 30 July 2020 and in accordance with the First Additional Provision of Law 10/2014, of 26 June, on regulation, supervision and solvency of credit institutions (*Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de crédito*) ("**Law 10/2014**") and the CRR (as defined below).

The Preferred Securities will be issued following the registration with the Mercantile Registry of Valencia of a public deed relating to the issuance of the Preferred Securities before the Closing Date (as defined below).

The Preferred Securities do not grant Holders (as defined below) preferential subscription rights in respect of any possible future issues of shares, preferred securities or any other securities to be carried out by the Bank or any of its Subsidiaries (as defined below).

1 Definitions

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

"**5-year Mid-Swap Rate**" means, in relation to a Reset Date and the Reset Period commencing on that Reset Date:

(a) the rate for the Reset Date of the annual swap rate for euro swap transactions with a maturity of five years, expressed as a percentage, which appears on the relevant Screen Page under the heading "EURIBOR BASIS – EUR" and above the caption "11AM FRANKFURT" as of 11.00 a.m. (CET) on the Reset Determination Date; or

(b) if such rate does not appear on the relevant Screen Page at such time on such Reset Determination Date, the Reset Reference Bank Rate for such Reset Period, unless a Benchmark Event has occurred, in which case the 5-year Mid-Swap Rate shall be determined pursuant to Condition 4.9;

"**5-year Mid-Swap Rate Quotations**" means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap transaction which:

(a) has a term of five years commencing on the relevant Reset Date; and

(b) is in a Representative Amount,

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

"**Accounting Currency**" means euro or such other primary currency used in the presentation of the Bank and/or Group's accounts from time to time;

"**Additional Ordinary Shares**" has the meaning given in Condition 6.4;

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

"**Additional Tier 1 Instrument**" means any contractually subordinated obligation of the Bank constituting an additional tier 1 instrument (*instrumento de capital de nivel 1 adicional*) in accordance with the Applicable Banking Regulations and as referred to under Additional Provision 14.3º(c) of Law 11/2015;

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

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the 5-year Mid-Swap Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) (if no such recommendation has been made, or in the case of an Alternative Rate) the Bank determines, following consultation with the Independent Financial Adviser and acting in good faith and in a commercially reasonable manner, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital market transactions to produce an industry-accepted replacement rate for the 5-year Mid-Swap Rate; or

(iii) (if the Bank determines that no such spread is customarily applied) the Bank determines, following consultation with the Independent Financial Adviser and acting in good faith and in a commercially reasonable manner, is recognised or acknowledged as being the industry standard for over-the counter derivative transactions which reference the 5-year Mid-Swap Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

(iv) (if the Bank determines that no such industry standard is recognised or acknowledged) if no such spread, quantum, formula or methodology can be determined in accordance with (i) to (iii) above, the Bank determines, in its discretion and following consultation with the Independent Financial Adviser and acting in good faith and in a commercially reasonable manner, is appropriate, to reduce or eliminate to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to the Holders as a result of the replacement of the 5-year Mid-Swap Rate Rate with the Successor Rate or the Alternative Rate (as the case may be).

"**AIAF**" means the Spanish AIAF Fixed Income Securities Market (*AIAF Mercado de Renta Fija S.A.*);

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

"**Applicable Banking Regulations**" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency then applicable to the Bank and/or the Group including, without limitation to the generality of the foregoing, CRD IV, the BRRD, the SRM Regulation and those regulations, requirements, guidelines and policies of the Competent Authority relating to capital adequacy, resolution and/or solvency then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Bank and/or the Group);

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

"**Benchmark Amendments**" has the meaning given to such term in Condition 4.9.(c);

"**Benchmark Event**" means:

(i) the 5-year Mid-Swap 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 5-year Mid-Swap Rate that it has ceased or will cease publishing the 5-year Mid-Swap Rate permanently or indefinitely or that it will cease to do so by a specified future date (the "**Specified Future Date**") (in circumstances where no successor administrator has been appointed that will continue publication of the 5-year Mid-Swap Rate); or

(iii) a public statement by the supervisor of the administrator of the 5-year Mid-Swap Rate that the 5-year Mid-Swap Rate has been or will, by a Specified Future Date, be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the 5-year Mid-Swap Rate that the 5-year Mid-Swap Rate will, by a Specified Future Date, be prohibited from being used or that its use will be subject to restrictions or adverse consequences; or

(v) a public statement by the supervisor of the administrator of the 5-year Mid-Swap Rate that, in the view of such supervisor, the 5-year Mid-Swap Rate is no longer representative of an underlying market; or

(vi) it has or will become unlawful for the Bank or any other party to calculate any payments due to be made to any Holder using the 5-year Mid-Swap Rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

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

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

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

"**Business Day**" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Barcelona, Madrid and London;

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

(a) the exclusion of any of the outstanding aggregate Liquidation Preference of the Preferred Securities from the Bank's or the Group's Additional Tier 1 Capital; or

(b) the reclassification of any of the outstanding aggregate Liquidation Preference of the Preferred Securities as a lower quality form of own funds of the Bank or the Group in accordance with the Applicable Banking Regulations;

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

"**Cash Dividend**" means any Dividend which is (a) to be paid or made in cash (in whatever currency), other than any such Dividend falling within paragraph (b) of the definition of "Spin-Off", or (b) to be treated as a Cash Dividend pursuant to paragraph (a) of the definition of "Dividend", and for the avoidance of doubt, a Dividend falling within paragraph (c) or (d) of the definition of "Dividend" shall be treated as being a Non-Cash Dividend;

"**CET**" means Central European Time;

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

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

"**Chairman**" has the meaning given to such term in Condition 12.3;

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

"**Closing Date**" means 9 October 2020;

"**Closing Price**" means, in respect of an Ordinary Share, Security or, as the case may be, a Spin-Off Security, warrant or other right or asset, on any dealing day, the closing price of an Ordinary Share, Security or, as the case may be, a Spin-Off Security, warrant or other right or asset on the Relevant Stock Exchange on such dealing day published by or derived from Bloomberg page HP (using the setting labelled "Last Price", or any successor thereto) for such Ordinary Share, Security or, as the case may be, Spin-Off Security, warrant or other right or asset in respect of the Relevant Stock Exchange and such dealing day (and for the avoidance of doubt, such Bloomberg page for the Ordinary Shares as at the Closing Date is CABK SM Equity HP), or, if the Closing Price cannot be determined as aforesaid, such other source (if any) as shall be determined in good faith to be appropriate by an Independent Financial Adviser on such dealing day, provided that if on any such dealing day such price is not available or cannot otherwise be determined as provided above, the Closing Price of an Ordinary Share, Security or, as the case may be, a Spin-Off Security, warrant or other right or asset, in respect of such dealing day shall be the Closing Price, determined as provided above, on the immediately preceding dealing day on which the same can be so determined or as an Independent Financial Adviser might otherwise determine in good faith to be appropriate;

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

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

"**Conversion Calculation Agent**" has the meaning given in Condition 6.14.

"**Conversion Price**" means, in respect of the Trigger Event Notice Date, if the Ordinary Shares are:

(a) then admitted to trading on a Relevant Stock Exchange, the higher of:

(i) the Current Market Price of an Ordinary Share;

(ii) the Floor Price; and

(iii) the nominal value of an Ordinary Share (being €1.00 on the Closing Date),

in each case on the Trigger Event Notice Date; or

(b) not then admitted to trading on a Relevant Stock Exchange, the higher of subparagraph (ii) or (iii) of paragraph (a) above;

"**Conversion Settlement Date**" means the date on which the relevant Ordinary Shares are to be delivered on Trigger Conversion, which shall be as soon as practicable and in any event not later than one month following (or such other period as Applicable Banking Regulations or the Competent Authority may require) the Trigger Event Notice Date;

"**Conversion Shares**" has the meaning given in Condition 6.2;

"**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, as amended or replaced from time to time including by the CRD V Directive;

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

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

"**CRR**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on the prudential requirements for credit institutions and investment firms, as amended or replaced from time to time including by CRR II;

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

"**Current Market Price**" means, in respect of an Ordinary Share at a particular date, the average of the daily Volume Weighted Average Price of an Ordinary Share on each of the five consecutive dealing days ending on the dealing day immediately preceding such date (the "**Relevant Period**") provided that for

the purposes of determining the Current Market Price pursuant to Condition 6.3(d) or (f) in circumstances where the relevant event relates to an issue of Ordinary Shares if at any time during the Relevant Period the Volume Weighted Average Price shall have been based on a price ex Dividend (or ex-any other entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum-any other entitlement), then:

(a) if the Ordinary Shares to be issued and delivered do not rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price cum- such Dividend (or cum- such other entitlement) shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend (or other entitlement) per Ordinary Share as at the Ex Date of such Dividend or entitlement; or

(b) if the Ordinary Shares to be issued and delivered do rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price ex- such Dividend (or ex- such other entitlement) shall for the purposes of this definition be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of any such Dividend (or entitlement) per Ordinary Share as at the Ex Date of such Dividend (or entitlement),

provided further that:

(i) for the purposes of determining the Current Market Price pursuant to Condition 6.3(d) or (f) in circumstances where the relevant event relates to an issue of Ordinary Shares if on each of the dealing days in the Relevant Period the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum-any other entitlement) in respect of a Dividend (or other entitlement) which has been declared or announced but the Ordinary Shares to be issued and delivered do not rank for that Dividend (or other entitlement) the Volume Weighted Average Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such Dividend or entitlement;

(ii) if the Volume Weighted Average Price of an Ordinary Share is not available on one or more of the dealing days in the Relevant Period (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices which are available in the Relevant Period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the Relevant Period, or if the Ordinary Shares are not admitted to trading on a Relevant Stock Exchange at any relevant time for these purposes, the Current Market Price shall be determined in good faith by an Independent Financial Adviser; and

(iii) for the purposes of any calculation or determination required to be made pursuant to paragraphs (a)(i) or (a)(ii) of the definition of "Dividend", if on each of the said five consecutive dealing days the Volume Weighted Average Price shall have been based on a price cum the relevant Dividend or capitalisation giving rise to the requirement to make such calculation or determination, the Volume Weighted Average Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of the relevant Dividend or capitalisation.

"**dealing day**" means, in relation to Ordinary Shares, Securities, Spin-Off Securities, options, warrants or other rights or assets, as the context may require, a day on which the Relevant Stock Exchange in

respect thereof is open for business and on such Ordinary Shares, Securities, Spin-Off Securities, options, warrants or other rights or assets (as the case may be) may be dealt in (other than a day on which such Relevant Stock Exchange is scheduled to or does close prior to its regular weekday closing time);

"**Delivery Notice**" means a notice to be provided by the relevant Holder in accordance with Condition 6.10 which contains the relevant account and related details for the delivery of any Ordinary Shares in connection with a conversion of the Preferred Securities;

According to the Iberclear procedures applicable as of the Closing Date, Delivery Notices will take the form of a Swift MT565 communication.

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

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

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

"**Distribution Payment Date**" means each of 9 January, 9 April, 9 July and 9 October, in each year, with the first Distribution Payment Date falling on 9 January 2021;

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

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

"**Dividend**" means any dividend or distribution to Shareholders in respect of the Ordinary Shares (including a Spin-Off) whether of cash, assets or other property (and for these purposes a distribution of assets includes without limitation an issue of Ordinary Shares or other Securities credited as fully or partly paid up by way of capitalisation of profits or reserves), and however described and whether payable out of a share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to Shareholders upon or in connection with a reduction of capital, provided that:

(a) where:

(i) (x) a Dividend in cash is announced which may (at the election of a Shareholder or Shareholders) be satisfied by the issue or delivery of Ordinary Shares or other property or assets, or (y) an issue of Ordinary Shares or other property or assets by way of a capitalisation of profits or reserves is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the payment of cash (including without limitation where Shareholders have the option to transfer, sell or renounce all or a portion

of their entitlement to receive Ordinary Shares to the Bank for a payment of cash by the Bank pursuant to a purchase commitment assumed by the Bank), then the Dividend in question shall be treated as a Cash Dividend of an amount equal to the greater of:

(A) the Fair Market Value of such cash amount as at the Ex Date of such Dividend or capitalisation; and

(B) the Current Market Price of such Ordinary Shares or, as the case may be, the Fair Market Value of such other property or assets, in each case as at the Ex Date of such Dividend or capitalisation or, in any such case, if later, the date on which the number of Ordinary Shares (or amount of such other property or assets, as the case may be) which may be issued and delivered is determined; or

(ii) (x) there shall be any issue of Ordinary Shares or other property or assets by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) where such issue is or is expressed to be in lieu of a Dividend (whether or not a Cash Dividend equivalent or amount is announced) or (y) a Dividend is announced that is to be satisfied by the issue or delivery of Ordinary Shares or other property or assets or (z) any issue of Ordinary Shares or other property or assets by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) that is to be satisfied by the payment of cash, in each case other than in the circumstances the subject of sub-paragraph (i) above), the Dividend or capitalisation in question shall be treated as a Cash Dividend of an amount equal to the Current Market Price of such Ordinary Shares or, as the case may be, the Fair Market Value of such other property or assets, in each case as at the Ex Date of such Dividend or capitalisation or, in any such case, if later, the date on which the number of Ordinary Shares (or amount of other property or assets) to be issued and delivered is determined;

(b) any issue of Ordinary Shares falling within Condition 6.3(a) or 6.3(b) shall be disregarded;

(c) a purchase or redemption or buy-back of share capital of the Bank by or on behalf of the Bank in accordance with any general authority for such purchases or buy-backs approved by a general meeting of Shareholders and otherwise in accordance with the limitations prescribed under the Spanish Companies Law for dealings generally by a company in its own shares shall not constitute a Dividend and any other purchase or redemption or buy-back of share capital of the Bank by or on behalf of the Bank or any member of the Group shall not constitute a Dividend unless, in the case of a purchase or redemption or buy-back of Ordinary Shares by or on behalf of the Bank or any member of the Group, the weighted average price per Ordinary Share (before expenses) on any one day (a "**Specified Share Day**") in respect of such purchases or redemptions or buy-backs (translated, if not in the Share Currency, into the Share Currency at the Prevailing Rate on such day) exceeds by more than 5 per cent. of the Current Market Price of an Ordinary Share on the Specified Share Day or, where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases, redemptions or buy-backs approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase, redeem or buy back Ordinary Shares at some future date at a specified price or where a tender offer is made, on the date of such announcement or the date of first public announcement of such tender offer (and regardless of whether or not a price per Ordinary Share, a minimum price per Ordinary Share or a price range or a formula for the determination thereof is or is not announced at such time), as the case may be, in which case such purchase, redemption or buy-back shall be deemed to constitute a Dividend in the Share Currency in an amount equal to the amount by which the aggregate price paid (before

expenses) in respect of such Ordinary Shares purchased, redeemed or bought back by or on behalf of the Bank or, as the case may be, any member of the Group (translated where appropriate into the Share Currency as provided above) exceeds the product of:

(i) 105 per cent. of the Current Market Price of an Ordinary Share determined as aforesaid; and

(ii) the number of Ordinary Shares so purchased, redeemed or bought back;

(d) if the Bank or any member of the Group shall purchase, redeem or buy-back any depositary or other receipts or certificates representing Ordinary Shares, the provisions of paragraph (c) above shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined in good faith by an Independent Financial Adviser; and

(e) where a dividend or distribution is paid or made to Shareholders pursuant to any plan implemented by the Bank for the purpose of enabling Shareholders to elect, or which may require Shareholders, to receive dividends or distributions in respect of the Ordinary Shares held by them from a person other than (or in addition to) the Bank, such dividend or distribution shall for the purposes of these Conditions be treated as a dividend or distribution made or paid to Shareholders by the Bank, and the foregoing provisions of this definition, and the provisions of these Conditions, including references to the Bank paying or making a dividend, shall be construed accordingly;

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

"**Equity Share Capital**" means, in relation to any entity, its issued share capital excluding any part of that capital which, in respect of dividends and capital, does not carry any right to participate beyond a specific amount in a distribution;

"**EUR**", "**€**" and "**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 or replaced from time to time;

"**EURIBOR 6-month**" means:

(a) the rate for deposits in euro for a six-month period which appears on the relevant Screen Page as of 11.00 a.m. (CET) on the Reset Determination Date for the relevant Reset Date; or

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

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

"**Existing Shareholders**" has the meaning given in the definition of "Newco Scheme";

"**Extraordinary Resolution**" has the meaning given to such term in Condition 12;

"**Ex Date**" means, in relation to any Dividend, capitalisation or other entitlement, unless otherwise defined herein, the first dealing day on which the Ordinary Shares are traded ex- the relevant Dividend, capitalisation or other entitlement on the Relevant Stock Exchange;

"**Fair Market Value**" means, with respect to any property on any date:

(a) in the case of a Cash Dividend, the amount of such Cash Dividend;

(b) in the case of any other cash amount, the amount of such cash;

(c) in the case of Securities or Spin-Off Securities, options, warrants or other rights or assets that are publicly traded on a Relevant Stock Exchange of adequate liquidity (as determined by the Conversion Calculation Agent in good faith):

(i) in the case of Securities or Spin-Off Securities (in each case to the extent constituting equity share capital), the average of the daily Volume Weighted Average Prices of such Securities or Spin-Off Securities; and

(ii) in the case of Securities or Spin-Off Securities (in each case other than to the extent constituting equity share capital), options, warrants or other rights or assets, the arithmetic mean of the daily Closing Prices of such Securities, Spin-Off Securities, options, warrants or other rights or assets,

in the case of both (i) and (ii) above during the period of five consecutive dealing days on the Relevant Stock Exchange commencing on such date (or, if later, the first such dealing day such Securities, Spin-Off Securities, options, warrants or other rights or assets are publicly traded on the Relevant Stock Exchange) or such shorter period as such Securities, Spin-Off Securities, options, warrants or other rights or assets are publicly traded on the Relevant Stock Exchange; and

(d) in the case of Securities, Spin-Off Securities, options, warrants or other rights or assets that are not publicly traded on a Relevant Stock Exchange of adequate liquidity (as aforesaid), the fair market value of such Securities, Spin-Off Securities, options, warrants or other rights or assets as shall be determined by an Independent Financial Adviser in good faith, on the basis of a commonly accepted market valuation method and taking into account such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of such Securities, Spin-Off Securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof.

Such amounts shall, in the case of (a) above, be translated into the Share Currency (if such Cash Dividend is declared or paid or payable in a currency other than the Share Currency) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the Cash Dividend in the Share Currency; and in any other case, shall be translated into the Share Currency (if expressed in a currency other than the Share Currency) at the Prevailing Rate on that date. In addition, in the case of (a) and (b) above, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit;

"**First Reset Date**" means on 9 April 2028;

"**Floor Price**" means €1.209 per Ordinary Share, subject to adjustment in accordance with Condition 6.3;

"**Further Preferred Securities**" means any substantively similar instrument ranking by law or by its terms, to the extent permitted by law, *pari passu* with the Preferred Securities that is contingently convertible into Ordinary Shares other than at the option of the holders thereof;

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

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

"**Iberclear**" means the Spanish clearing and settlement system (*Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., Sociedad Unipersonal*);

"**Iberclear Members**" means the respective participating entities (*entidades participantes*) in Iberclear;

"**Independent Financial Adviser**" means an independent financial firm or financial adviser with appropriate expertise or financial institution of international repute, which may include without limitation the Conversion Calculation Agent, appointed by the Bank at its own expense;

"**Initial Margin**" means 6.346 per cent. per annum;

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

"**Law 10/2014**" has the meaning given to such term in the introductory paragraph of the Conditions;

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

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

"**Liquidation Preference**" means €200,000 per Preferred Security;

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

"**Newco Scheme**" means a scheme of arrangement or an analogous proceeding ("**Scheme of Arrangement**") which effects the interposition of a limited liability company ("**Newco**") between the Shareholders of the Bank immediately prior to the Scheme of Arrangement (the "**Existing Shareholders**") and the Bank, provided that:

(a) only ordinary shares of Newco or depositary or other receipts or certificates representing ordinary shares of Newco are issued to Existing Shareholders;

(b) immediately after completion of the Scheme of Arrangement, the only shareholders of Newco or, as the case may be, the only holders of depositary or other receipts or certificates representing ordinary shares of Newco are Existing Shareholders, and the Voting Rights in respect of Newco are held by Existing Shareholders in the same proportion as their respective holdings of such Voting Rights immediately prior to the Scheme of Arrangement;

(c) immediately after completion of the Scheme of Arrangement, Newco is (or one or more wholly-owned Subsidiaries of Newco are) the only ordinary shareholder (or shareholders) of the Bank;

(d) all Subsidiaries of the Bank immediately prior to the Scheme of Arrangement (other than Newco, if Newco is then a Subsidiary) are Subsidiaries of the Bank (or of Newco) immediately after completion of the Scheme of Arrangement; and

(e) immediately after completion of the Scheme of Arrangement, the Bank (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those Subsidiaries as was held by the Bank immediately prior to the Scheme of Arrangement;

"**Non-Cash Dividend**" means any Dividend which is not a Cash Dividend, and shall include a Spin Off;

"**Ordinary Shares**" means ordinary shares in the capital of the Bank, each of which confers on the holder one vote at general meetings of Shareholders of the Bank and is credited as fully paid up;

"**outstanding**" means, in relation to the Preferred Securities, all the Preferred Securities issued other than those Preferred Securities:

(a) that have been redeemed pursuant to Condition 7 or otherwise pursuant to the Conditions;

(b) that have been or are in the process of being converted into Ordinary Shares following a Trigger Event under Condition 6;

(c) that have been purchased and cancelled under Condition 9; and

(d) that have become void under Condition 15,

provided that for each of the following purposes, namely:

(a) the right to attend and vote at any meeting of Holders; and

(b) the determination of how many and which Preferred Securities are for the time being outstanding for the purposes of Condition 12,

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

"**Preferred Securities**" means the €750,000,000 Perpetual Non-Cumulative Contingent Convertible Additional Tier 1 Preferred Securities issued by the Bank on the Closing Date;

"**Prevailing Rate**" means, in respect of any currencies on any day, the mid-spot rate of exchange between the relevant currencies prevailing as at 12 noon (CET) on that date as appearing on or derived from the Reference Page or, if such a rate cannot be determined at such time, the mid-spot rate prevailing as at 12 noon (CET) on the immediately preceding day on which such rate can be so determined or, if such rate cannot be so determined by reference to the Reference Page, the mid-spot rate of exchange determined in such other manner as an Independent Financial Adviser in good faith shall prescribe;

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

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

(a) have terms not otherwise materially less favourable to the Holders than the terms of the Preferred Securities with any differences between their terms and conditions and these Conditions being those strictly necessary to (in the case of a Capital Event) comply with the requirements of the Competent Authority in relation to Additional Tier 1 Capital in accordance with the Applicable

Banking Regulations and/or (in the case of a Tax Event) cure the relevant Tax Event (provided that the Bank shall have delivered a certificate signed by two authorised signatories of the Bank to that effect to the Holders in accordance with Condition 14 not less than five Business Days prior to (x) in the case of a substitution of the Preferred Securities, the issue date of the relevant securities or (y) in the case of a variation of the Preferred Securities, the date such variation becomes effective); and

(b) subject to (a) above, shall (i) carry the same (or higher) Distribution Rates and the same Distribution Payment Dates as those from time to time applying to the Preferred Securities; (ii) have the same currency, denomination and aggregate outstanding Liquidation Preference as the Preferred Securities prior to the relevant substitution or variation; (iii) have the same redemption rights as the Preferred Securities, provided that (if and only to the extent required in order for the Preferred Securities to qualify, or to continue to qualify, as Additional Tier 1 Capital of either the Bank and/or the Group pursuant to the Applicable Banking Regulations) the optional redemption rights provided in Condition 7.2.1 may be disapplied; (iv) preserve any existing rights under the Preferred Securities to any accrued Distribution which has not been paid in respect of the period from (and including) the Distribution Payment Date immediately preceding the date of substitution or variation; (v) subject as set out in the proviso below, have at least the same ranking as the Preferred Securities as set out in Condition 3; (vi) be assigned (or maintain) at least the same credit ratings as were assigned to the Preferred Securities immediately prior to such variation or substitution; (vii) not, immediately following such substitution or variation, be subject to a Capital Event and/or Tax Event; (viii) be listed and admitted to trading on AIAF or any other Recognised Stock Exchange as selected by the Bank, if the Preferred Securities were listed and admitted to trading immediately prior to such variation or substitution; and (ix) comply with the then current requirements of the Applicable Banking Regulations in relation to Additional Tier 1 Capital,

provided that any variation in the ranking of the Preferred Securities as set out in Condition 3 resulting from any such substitution or variation shall be deemed not to be materially less favourable to the interests of the Holders where the ranking of such Preferred Securities following such substitution or variation is at least the same ranking as is applicable to the Preferred Securities under Condition 3 on the issue date of the Preferred Securities;

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

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

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

"**Reference Date**" means, in relation to a Retroactive Adjustment, the date as of which the relevant Retroactive Adjustment takes effect or, in any such case, if that is not a dealing day, the next following dealing day;

"**Reference Page**" means Bloomberg page BFIX, or if such page is not available, the relevant page (as determined in good faith by an Independent Financial Adviser) on Reuters or such other information service provider that displays the relevant information;

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

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

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

"**Relevant Resolution Authority**" means the Fund for Orderly Bank Restructuring (*Fondo de Restructuración Ordenada Bancaria*), the Single Resolution Board, the Bank of Spain, the CNMV or any other entity with the authority to exercise any of the resolutions tools and powers contained in Law 11/2015 from time to time that performs the role of primary bank resolution authority";

"**Relevant Stock Exchange**" means (i) in the case of Ordinary Shares, the Spanish Stock Exchanges or if at the relevant time the Ordinary Shares are not at that time listed and admitted to trading on any of the Spanish Stock Exchanges, the principal stock exchange or securities market on which the Ordinary Shares are then listed, admitted to trading or quoted or accepted for dealing and (ii) in the case of Securities (other than Ordinary Shares), Spin-Off Securities, options, warrants or other rights or assets, the principal stock exchange or securities market on which such Securities, Spin-Off Securities, options, warrants or other rights or assets are then listed, admitted to trading or quoted or accepted for dealing;

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

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

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

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

"**Reset Reference Bank Rate**" means, in relation to a Reset Date and the Reset Period commencing on that Reset Date, the percentage determined on the basis of the 5-year Mid-Swap Rate Quotations provided by the Reference Banks at approximately 11.00 a.m. (CET) on the Reset Determination Date for such Reset Date. The Bank will request the principal offices of each of the Reference Banks to provide a quotation of its rate. If three or more quotations are provided, the Reset Reference Bank Rate for such Reset Period will be the percentage reflecting the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, it will be the arithmetic mean of the quotations provided. If only one quotation is provided, it will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate for the Reset Period will be:

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

(b) in the case of the Reset Period commencing on the First Reset Date, -0.432 per cent. per annum;

"**Retroactive Adjustment**" has the meaning given in Condition 6.4;

"**Risk-Weighted Assets Amount**" means at any time, with respect to the Bank or the Group, as the case may be, the aggregate amount (in the Accounting Currency) of the risk-weighted assets of the Bank or the Group, respectively, calculated in accordance with CRR and/or Applicable Banking Regulations at such time;

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

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

"**Scheme of Arrangement**" has the meaning given in the definition of "Newco Scheme";

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

(a) in the case of the 5-year Mid-Swap Rate, the "ICESWAP2" page; or

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

"**Securities**" means any securities including, without limitation, shares in the capital of the Bank, or options, warrants or other rights to subscribe for or purchase or acquire shares in the capital of the Bank;

"**Settlement Shares Depository**" means any reputable independent financial institution, trust company or similar entity to be appointed by the Bank, on or prior to any date when a function ascribed to the Settlement Shares Depository in these Conditions is required to be performed, to perform such functions and who will hold Ordinary Shares in Iberclear or any Iberclear Members in a designated custody account for the benefit of the Holders and otherwise on terms consistent with these Conditions;

"**Share Currency**" means euro or such other currency in which the Ordinary Shares are quoted or dealt in on the Relevant Stock Exchange at the relevant time or for the purposes of the relevant calculation or determination;

"**Shareholders**" means the holders of Ordinary Shares;

"**Spanish Companies Law**" means the Royal Legislative Decree 1/2010, of 2 July, approving the consolidated text of the Spanish Companies Law (*Ley de Sociedades de Capital*) as amended or replaced from time to time;

"**Spanish Stock Exchanges**" means the Madrid, Barcelona, Bilbao and Valencia stock exchanges and the Automated Quotation System – Continuous Market (*Sistema de Interconexión Bursátil– Mercado Continuo (SIB)*) (**AQS**);

"**Specified Date**" has the meanings given in Conditions 6.3(d), 6.3(f), 6.3(g) and 6.3(h), as applicable;

"**Spin-Off**" means:

(a) a distribution of Spin-Off Securities by the Bank to the Shareholders as a class; or

(b) any issue, transfer or delivery of any property or assets (including cash or shares or other securities of or in or issued or allotted by any entity) by any entity (other than the Bank) to Shareholders as a class or, in the case of or in connection with a Newco Scheme, Existing Shareholders as a class (but excluding the issue and allotment of ordinary shares (or depositary or other receipts or certificates representing such ordinary shares) by Newco to Existing Shareholders as a class), pursuant in each case to any arrangements with the Bank or any member of the Group;

"**Spin-Off Securities**" means equity share capital of an entity other than the Bank or options, warrants or other rights to subscribe for or purchase equity share capital of an entity other than the Bank;

"**SRM Regulation**" means Regulation (EU) No 806/2014 of the European Parliament and 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 replaced from time to time, including by the SRM Regulation II;

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

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

"**Subsidiary**" means any entity over which the Bank has, directly or indirectly, control in accordance with Article 42 of the Spanish Commercial Code (*Código de Comercio*) and Applicable Banking Regulations;

"**Successor Rate**" means a successor to or replacement of the 5-year Mid-Swap Rate which is formally recommended by any Relevant Nominating Body;

"**TARGET Business Day**" means any day on which the Trans-European Automated Real Time Gross Settlement Transfer (TARGET 2) system is open;

"**Tax Event**" means, at any time on or after the Closing Date, a change in, or amendment to, the laws or regulations of the Kingdom of Spain, or any change in the application of such laws or regulations that results in:

(a) the Bank not being entitled to claim a deduction in computing taxation liabilities in Spain in respect of any Distribution to be made on the next Distribution Payment Date or the value of such deduction to the Bank being materially reduced; or

(b) the Bank being obliged to pay additional amounts pursuant to Condition 13 below; or

(c) the applicable tax treatment of the Preferred Securities being materially affected,

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

"**Trigger Conversion**" has the meaning given in Condition 6.1;

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

"**Trigger Event Notice**" has the meaning given in Condition 6.1;

"**Trigger Event Notice Date**" means the date on which a Trigger Event Notice is given in accordance with Condition 6.1;

"**Volume Weighted Average Price**" means, in respect of an Ordinary Share, Security or, as the case may be, a Spin-Off Security on any dealing day, the order book volume-weighted average price of an Ordinary Share, Security or, as the case may be, a Spin-Off Security on the Relevant Stock Exchange on such dealing day published by or derived from Bloomberg page HP (using the setting labelled "Weighted Average Line" or any successor thereto) for such Ordinary Share, Security or, as the case may be, Spin-Off Security in respect of the Relevant Stock Exchange and such dealing day (and for the avoidance of doubt, such Bloomberg page for the Ordinary Shares as at the Closing Date is CABK SM Equity HP), or, if the Volume Weighted Average Price cannot be determined as aforesaid, such other source (if any) as shall be determined in good faith to be appropriate by an Independent Financial Adviser on such dealing day, provided that if on any such dealing day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share, Security or a Spin-Off Security, as the case may be, in respect of such dealing day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding dealing day on which the same can be so determined or as an Independent Financial Adviser might otherwise determine in good faith to be appropriate.

As of the Closing Date, the price of the Ordinary Shares, which are listed and admitted to trading on the Relevant Stock Exchange, is published on such Bloomberg page as aforesaid on each dealing day.

"**Voting Right**" means the right generally to vote at a general meeting of Shareholders of the Bank (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the occurrence of any contingency).

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

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

1.3 References to any issue or offer or grant to Shareholders or Existing Shareholders as a class or by way of rights shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders or Existing Shareholders, as the case may be, other than Shareholders or Existing Shareholders, as the case may be, to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

1.4 In making any calculation or determination of Current Market Price or Volume Weighted Average Price, such adjustments (if any) shall be made as the Conversion Calculation Agent or an Independent Financial Adviser determines in good faith appropriate to reflect any consolidation or sub division of the Ordinary Shares or any issue of Ordinary Shares by way of capitalisation of profits or reserves, or any like or similar event.

1.5 For the purposes of Condition 6.3 only:

(a) references to the issue of Ordinary Shares or Ordinary Shares being issued shall, if not otherwise expressly specified in these Conditions, include the transfer and/or delivery of Ordinary Shares,

whether newly issued and allotted or previously existing or held by or on behalf of the Bank or any member of the Group; and

(b) Ordinary Shares held by or on behalf of the Bank or any member of the Group (and which, in the case of Conditions 6.3(d) and 6.3(f), do not rank for the relevant right or other entitlement) shall not be considered as or treated as in issue or issued or entitled to receive any Dividend, right or other entitlement.

2 Form, Denomination and Title

2.1 The Preferred Securities have been issued in uncertificated, dematerialised book-entry form (*anotaciones en cuenta*) in euro in an aggregate nominal amount of €750,000,000 and denominations of €200,000.

2.2 The Preferred Securities have been registered with Iberclear as managing entity of the central registry of the Spanish clearance and settlement system (the "**Spanish Central Registry**"). Holders of a beneficial interest in the Preferred Securities who do not have, directly or indirectly through their custodians, a participating account with Iberclear may participate in the Preferred Securities through bridge accounts maintained by each of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream Luxembourg**") with Iberclear.

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

The Spanish National Numbering Agency (*Agencia Nacional de Codificación de Valores Mobiliarios*) has assigned the following International Securities Identification Number (ISIN) to identify the Preferred Securities: ES0840609020. The Common Code for this issue is 224230885.

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

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

The Preferred Securities are issued without any restrictions on their transferability. Consequently, the Preferred Securities may be transferred and title to the Preferred Securities may pass (subject to Spanish law and to compliance with all applicable rules, restrictions and requirements of Iberclear or, as the case may be, the relevant Iberclear Member) upon registration in the relevant registry of each Iberclear Member and/or Iberclear itself, as applicable. Each Holder will be (except as otherwise required by Spanish law) treated as the absolute owner of the relevant Preferred Securities for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest, or any writing on, or

the theft or loss of, the Certificate issued in respect of it), and no person will be liable for so treating the Holder.

3 Status of the Preferred Securities

Unless previously converted into Ordinary Shares pursuant to Condition 6, the payment obligations of the Bank under the Preferred Securities on account of principal constitute direct, unconditional, unsecured and subordinated obligations (*créditos subordinados*) of the Bank in accordance with Article 281.1.2º of the Insolvency Law and, in accordance with Additional Provision 14.3º of Law 11/2015 or any other Spanish law provisions which replace them from time to time, 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 Bank, for so long as the obligations of the Bank under the Preferred Securities qualify as Additional Tier 1 Instruments of the Bank, rank:

(a) *pari passu* among themselves and with:

(i) any claims for principal in respect of other contractually subordinated obligations (*créditos subordinados*) of the Bank in accordance with Article 281.1.2º of the Insolvency Law or any other Spanish law provisions which replace them from time to time, qualifying as Additional Tier 1 Instruments; and

(i) any other subordinated obligations (*créditos subordinados*) of the Bank which by law and/or by their terms, to the extent permitted by Spanish law, rank *pari passu* with the Bank's obligations under the Preferred Securities;

(b) junior to:

(i) any claims for principal in respect of unsubordinated obligations of the Bank;

(ii) any subordinated obligations (*créditos subordinados*) of the Bank under Article 281.1.1º of the Insolvency Law or any other Spanish law provisions which replace them from time to time;

(iii) any claims for principal in respect of other contractually subordinated obligations (*créditos subordinados*) of the Bank in accordance with Article 281.1.2º of the Insolvency Law or any other Spanish law provisions which replace them from time to time, not qualifying as Additional Tier 1 Instruments; and

(iv) any other subordinated obligations (*créditos subordinados*) of the Bank which by law and/or by their terms, to the extent permitted by Spanish law, rank senior to the Bank's obligations under the Preferred Securities; and

(c) senior to:

(i) any claims for the liquidation amount of the Ordinary Shares; and

(ii) any other subordinated obligations (*créditos subordinados*) of the Bank which by law and/or by their terms, to the extent permitted by Spanish law, rank junior to the Bank´s obligations under the Preferred Securities.

4 Distributions

4.1 The Preferred Securities accrue Distributions:

(a) in respect of the period from (and including) the Closing Date to (but excluding) the First Reset Date at the rate of 5.875 per cent. per annum; and

(b) in respect of each Reset Period, at the rate per annum equal to the aggregate of the Initial Margin and the 5-year Mid-Swap Rate (quoted on an annual basis) for such Reset Period, first calculated on an annual basis and then converted to a quarterly rate in accordance with market convention (rounded to four decimal places, with 0.00005 rounded down), all as determined by the Bank on the relevant Reset Determination Date.

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

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

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

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

4.3 The Bank may elect, in its sole and absolute discretion, to cancel the payment of any Distribution (including any additional amounts pursuant to Condition 13) in whole or in part at any time that it deems necessary or desirable and for any reason.

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

(a) Payments of Distributions (including any additional amounts pursuant to Condition 13) in any financial year of the Bank shall be made only to the extent the Bank has sufficient Distributable Items. To the extent that the Bank has insufficient Distributable Items to make Distributions (including any additional amounts pursuant to Condition 13) on the Preferred Securities scheduled for payment in the then current financial year and any interest payments, distributions or other payments on own funds items that have been paid or made or are scheduled or required to be paid out of or conditional to sufficient Distributable Items in the then current financial year,

in each case excluding any portion of such payments already accounted for in determining the Distributable Items of the Bank or which are not required to be made conditional upon Distributable Items, the Bank will only make partial or, as the case may be, no payment of the relevant Distribution (including any additional amounts pursuant to Condition 13) on the Preferred Securities.

(b) If the Competent Authority, in accordance with Article 68 of Law 10/2014 and/or Article 16 of the SSM Regulation and/or with Applicable Banking Regulations, requires the Bank to cancel a relevant Distribution (including any additional amounts pursuant to Condition 13) in whole or in part, the Bank will only make partial or, as the case may be, no payment of the relevant Distribution (including any additional amounts pursuant to Condition 13) on the Preferred Securities.

(c) The Bank may make partial or, as the case may be, no payment of the relevant Distribution (including any additional amounts pursuant to Condition 13) on the Preferred Securities (whether by way of a repayment of the Liquidation Preference, the payment of any Distribution or otherwise) if and to the extent that payment of any Distribution (including any additional amounts pursuant to Condition 13) would cause, when aggregated together with other distributions of the kind referred to in Article 141(2) of the CRD IV Directive (or, as the case may be, any provision of Spanish law transposing or implementing CRD IV, which will include Article 48 of Law 10/2014 and any of its development provisions), the Maximum Distributable Amount to be exceeded or otherwise would cause any other breach of any regulatory restriction or prohibition on payments on Additional Tier 1 Capital pursuant to Applicable Banking Regulations;

(d) If the Trigger Event occurs at any time on or after the Closing Date, the Bank will not make any further Distribution (including any additional amounts pursuant to Condition 13) on the Preferred Securities and any accrued and unpaid Distributions up to a Trigger Event (whether or not such distributions have become due for payment) shall be automatically cancelled in accordance with Condition 6.1(b).

4.5 Distributions on the Preferred Securities will be non-cumulative. Accordingly, if any Distribution (or part thereof) is not made in respect of the Preferred Securities as a result of any election of the Bank to cancel such Distribution pursuant to Condition 4.3 above or the limitations on payment set out in Condition 4.4 above and Condition 6.1(b) below then the right of the Holders to receive the relevant Distribution (or part thereof) in respect of the relevant Distribution Period will be extinguished and the Bank will have no obligation to pay such Distribution (or part thereof) accrued for such Distribution Period or to pay any interest thereon, whether or not Distributions on the Preferred Securities are paid in respect of any future Distribution Period.

4.6 No such election to cancel the payment of any Distribution (or part thereof) pursuant to Condition 4.3 above or non-payment of any Distribution (or part thereof) as a result of the limitations on payment set out in Condition 4.4 above and Condition 6.1(b) below will constitute an event of default or the occurrence of any event related to the insolvency of the Bank or entitle Holders to take any action to cause the liquidation or winding-up of the Bank or in any way limit or restrict the Bank from making any distribution or equivalent payment in connection with any instrument ranking junior to the Preferred Securities (including, without limitation, any CET1 Capital of the Bank or the Group, respectively) or in respect of any other instrument ranking by law or by its terms, to the extent permitted by law, *pari passu* with Preferred Securities. If the Bank does not pay a Distribution or part thereof on the relevant Distribution Payment Date, such non-payment shall evidence the cancellation of such Distribution (or relevant part thereof) or, as appropriate, the Bank's exercise of its discretion to cancel such Distribution (or relevant part thereof) and accordingly, such Distribution shall not in any such case be due and

payable. Notwithstanding the previous sentence, the Bank will give notice to the Holders in accordance with Condition 14 of any election under Condition 4.3 and of any limitation set out in Condition 4.4 occurring or applying and for avoidance of doubt, failure to deliver such notice shall not affect the validity of the cancellation.

4.7 The Bank will at, or as soon as practicable after, the relevant time on each Reset Determination Date at which the Distribution Rate is to be determined, determine the Distribution Rate for the relevant Reset Period. The Bank will cause the Distribution Rate for each Reset Period to be notified to any stock exchange or other relevant authority on which the Preferred Securities are for the time being listed or by which they have been admitted to listing and notice thereof is to be published in accordance with Condition 14 as soon as possible after its determination but in no event later than the fourth Business Day thereafter.

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

4.9 If the Bank determines that a Benchmark Event has occurred when the Distribution Rate (or any component part thereof) remains to be determined by reference to the 5-year Mid-Swap Rate, then the Bank shall use its reasonable endeavours to appoint an Independent Financial Adviser, as soon as reasonably practicable, with a view to the Bank and the Independent Financial Adviser (acting in good faith and in a commercially reasonable manner) determining, no later than three Business Days prior to the Reset Determination Date, a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.9(a)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4.9(b)) and any Benchmark Amendments (in accordance with Condition 4.9(c)).

(a) Successor Rate or Alternative Rate

If the Bank and the Independent Financial 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 4.9(b)) subsequently be used in place of the 5-year Mid-Swap Rate to determine the Distribution Rate (or the relevant component part thereof) for all future Distributions (subject to the operation of this Condition 4.9); or

(ii) 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 4.9(b)) subsequently be used in place of the 5-year Mid-Swap Rate to determine the Distribution Rate (or the relevant component part thereof) for all future Distributions (subject to the operation of this Condition 4.9).

If (i) the Bank is unable to appoint an Independent Financial Adviser, (ii) the Bank and the Independent Financial 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 prior to the relevant Reset Determination Date, or (iii) the last paragraph of this Condition 4.9 applies, the Distribution Rate applicable to the next succeeding Reset Period shall be equal to the Distribution Rate last determined or applicable in relation to the Preferred Securities in respect of the immediately preceding Reset Period. If the Bank fails to make such determination prior to the first Reset Determination Date, the Distribution Rate applicable to the next succeeding Reset Period shall be 5.875 per cent. per annum. For the avoidance of doubt, this Condition 4.9(a) shall apply to the

relevant next succeeding Reset Period only and any subsequent Reset Period are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4.9(a).

(b) Adjustment Spread

If the Bank and the Independent Financial 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 and/or Adjustment Spread is determined in accordance with this Condition 4.9 and the Bank and the Independent Financial Adviser agree: (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Bank shall, subject to giving notice thereof in accordance with Condition 4.9(d), without any requirement for consent or approval of the Holders, vary these Conditions to give effect to such Benchmark Amendments with the date specified in such notice.

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

(d) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4.9 will be notified promptly by the Bank to the Holders in accordance with Condition 14. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any, and will be binding on the Bank and the Holders.

(e) Survival of 5-year Mid-Swap Rate

Without prejudice to the obligations of the Bank under this Condition 4.9, the 5-year Mid-Swap Rate and the fallback provisions otherwise provided for in these Conditions will continue to apply unless and until a Benchmark Event has occurred.

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

5 Liquidation Distribution

5.1 Subject as provided in Condition 5.2 below, in the event of any voluntary or involuntary liquidation or winding-up of the Bank, the Preferred Securities (unless previously converted into Ordinary Shares pursuant to Condition 6 below) will confer an entitlement to receive out of the assets of the Bank available for distribution to Holders, the Liquidation Distribution. Such entitlement will arise before any distribution of assets is made to holders of Ordinary Shares or any other instrument of the Bank ranking junior to the Preferred Securities.

5.2 If, before such liquidation or winding-up of the Bank described in Condition 5.1, the Trigger Event occurs but the relevant conversion of the Preferred Securities into Ordinary Shares pursuant to Condition 6 below is still to take place, the entitlement conferred by the Preferred Securities for the purposes of Condition 5.1, will be an entitlement to receive out of the relevant assets of the Bank a monetary amount equal to that which holders of such Preferred Securities would have received on any distribution of the assets of the Bank if such conversion had taken place immediately prior to such liquidation or winding-up.

5.3 After payment of the relevant entitlement in respect of a Preferred Security as described in Conditions 5.1 and 5.2, such Preferred Security will confer no further right or claim to any of the remaining assets of the Bank.

6 Conversion

6.1 If the Trigger Event occurs at any time on or after the Closing Date, then the Bank will:

(a) notify the Competent Authority and Holders thereof immediately in accordance with Condition 14 below (together, the "**Trigger Event Notice**");

(b) not make any further Distribution on the Preferred Securities, including any accrued and unpaid Distributions which shall be cancelled by the Bank in accordance with Condition 4.4 above; and

(c) irrevocably and mandatorily (and without any requirement for the consent or approval of Holders) convert all the Preferred Securities into Ordinary Shares (the "**Trigger Conversion**") to be delivered on the relevant Conversion Settlement Date.

The Bank shall also notify Holders of the expected Conversion Settlement Date and of the Conversion Price in accordance with Condition 14 not more than ten Business Days following the Trigger Event Notice Date. Notwithstanding the previous sentence, failure to provide such notifications shall not have any impact on the effectiveness of or otherwise affect the Trigger Conversion or give Holders any rights as a result of such failure.

Holders shall have no claim against the Bank in respect of (A) any Liquidation Preference of Preferred Securities converted into Ordinary Shares or (B) any accrued and unpaid Distributions cancelled or otherwise unpaid, in each case pursuant to any Trigger Conversion.

The Bank will (x) calculate the CET1 ratio based on information (whether or not published) available to management of the Bank, including information internally reported within the Bank pursuant to its procedures for ensuring effective on-going monitoring of the capital ratios of the Bank and/or Group and (y) calculate and publish the CET1 ratio on at least a quarterly basis.

6.2 Subject as provided in Condition 6.9, the number of Ordinary Shares to be issued on Trigger Conversion in respect of each Preferred Security to be converted (the "**Conversion Shares**") shall be determined by dividing the Liquidation Preference of such Preferred Security by the Conversion Price in effect on the Trigger Event Notice Date.

The obligation of the Bank to issue and deliver Conversion Shares on the Conversion Settlement Date shall be satisfied by the delivery of the Conversion Shares either directly to the Holders or, alternatively, to the Settlement Shares Depository on behalf of them, all in accordance with Condition 6.10. Receipt of the Conversion Shares by the Holders or the Settlement Shares Depository, as appropriate, shall discharge the Bank's obligations in respect of the Preferred Securities.

Holders shall have recourse to the Bank only for the issue and delivery of Conversion Shares pursuant to these Conditions. After the delivery of any Conversion Shares to the Settlement Shares Depository in

accordance with Condition 6.10, the relevant Holders shall have recourse to the Settlement Shares Depository only for the delivery to them of any cash amounts or Conversion Shares to which such Holders are entitled under such Condition.

6.3 Upon the occurrence of any of the events described below, the Floor Price shall be adjusted as follows:

(a) If and whenever there shall be a consolidation, reclassification/redesignation or subdivision affecting the number of Ordinary Shares, the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to such consolidation, reclassification/redesignation or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Ordinary Shares in issue immediately before such consolidation, reclassification/redesignation or subdivision, as the case may be; and

B is the aggregate number of Ordinary Shares in issue immediately after, and as a result of, such consolidation, reclassification/redesignation or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation, reclassification/redesignation or subdivision, as the case may be, takes effect.

(b) If and whenever the Bank shall issue any Ordinary Shares credited as fully paid to Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than where such issue constitutes a Cash Dividend pursuant to limb (b) of the definition thereof, the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Ordinary Shares in issue immediately before such issue; and

B is the aggregate number of Ordinary Shares in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such Ordinary Shares.

(c)

(i) If and whenever the Bank shall pay any Extraordinary Dividend to Shareholders, the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the Ex Date of the Extraordinary Dividend; and

B is the portion of the Fair Market Value of the aggregate Extraordinary Dividend attributable to one Ordinary Share, with such portion being determined by dividing

the Fair Market Value of the aggregate Extraordinary Dividend by the number of Ordinary Shares entitled to receive the relevant Dividend.

Such adjustment shall become effective on the date (in respect of this Condition 6.3(c)(i), the "**Effective Date**") which is the Ex Date of the Extraordinary Dividend, or, if later, the first date upon which the Fair Market Value of the relevant Extraordinary Dividend can be determined.

"**Extraordinary Dividend**" means any Cash Dividend which is expressly declared by the Bank to be a capital distribution, extraordinary dividend, extraordinary distribution, special dividend, special distribution or return of value to Shareholders or any analogous or similar term, in which case the Extraordinary Dividend shall be such Cash Dividend.

(ii) If and whenever the Bank shall pay or make any Non-Cash Dividend to Shareholders, the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the Non-Cash Dividend Effective Date; and

B is the portion of the Fair Market Value of the aggregate Non-Cash Dividend attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Non-Cash Dividend by the number of Ordinary Shares entitled to receive the relevant Non-Cash Dividend (or, in the case of a purchase, redemption or buy-back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares by or on behalf of the Bank or any member of the Group, by the number of Ordinary Shares in issue immediately following such purchase, redemption or buy-back, and treating as not being in issue any Ordinary Shares, or any Ordinary Shares represented by depositary or other receipts or certificates, purchased, redeemed or bought back).

Such adjustment shall become effective on the date (in respect of this Condition 6.3(c)(ii), the "**Effective Date**") which is the Non-Cash Dividend Effective Date or, if later, the first date upon which the Fair Market Value of the relevant Non-Cash Dividend is capable of being determined as provided herein.

"**Non-Cash Dividend Effective Date**" means, in respect of this Condition 6.3(c)(ii), the Ex Date of the Non-Cash Dividend or, in the case of a purchase, redemption or buy back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares by or on behalf of the Bank or any member of the Group, the date on which such purchase, redemption or buy back is made (or, in any such case if later, the first date upon which the Fair Market Value of the relevant Dividend is capable of being determined as provided herein).

(iii) For the purposes of the above, Fair Market Value shall (subject as provided in paragraph (a) of the definition of "Dividend" and in the definition of "Fair Market Value") be

determined as at the Ex Date of the relevant Extraordinary Dividend, or, as the case may be, the Non-Cash Dividend Effective Date.

(iv) In making any calculations for the purposes of this Condition 6.3(c), such adjustments (if any) shall be made as the Conversion Calculation Agent or an Independent Financial Adviser may determine in good faith to be appropriate to reflect:

(A) any consolidation or subdivision of any Ordinary Shares; or

(B) the issue of Ordinary Shares by way of capitalisation of profits or reserves (or any like or similar event); or

(C) any increase in the number of Ordinary Shares in issue in the relevant year in question.

(d) If and whenever the Bank shall issue Ordinary Shares to Shareholders as a class by way of rights, or the Bank or any member of the Group or (at the direction or request or pursuant to any arrangements with the Bank or any member of the Group) any other company, person or entity shall issue or grant to Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase or otherwise acquire any Ordinary Shares, or any Securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or the right to acquire, any Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued), in each case at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the Effective Date, the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Ordinary Shares in issue on the Effective Date;

B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares issued by way of rights, or for the Securities issued by way of rights, or for the options or warrants or other rights issued or granted by way of rights and for the total number of Ordinary Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Ordinary Share; and

C is the number of Ordinary Shares to be issued or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase or other rights of acquisition in respect thereof at the initial conversion, exchange, subscription, purchase or acquisition price or rate,

provided that if at the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange (as used in this Condition 6.3(d), the "**Specified Date**") such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this Condition 6.3(d), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified

Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

"**Effective Date**" means, in respect of this Condition 6.3(d), the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.

(e) If and whenever the Bank or any member of the Group or (at the direction or request or pursuant to any arrangements with the Bank or any member of the Group) any other company, person or entity shall issue any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase or otherwise acquire any Ordinary Shares or Securities which by their terms carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or rights to otherwise acquire, Ordinary Shares) to Shareholders as a class by way of rights or grant to Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase or otherwise acquire any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase or otherwise acquire Ordinary Shares or Securities which by their term carry (directly or indirectly) rights of conversion into, or exchange or subscription for, rights to otherwise acquire, Ordinary Shares), the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the Effective Date; and

B is the Fair Market Value on the Effective Date of the portion of the rights attributable to one Ordinary Share.

Such adjustment shall become effective on the Effective Date.

"**Effective Date**" means, in respect of this Condition 6.3(e), the first date on which the Ordinary Shares are traded ex-the relevant Securities or ex-rights, ex-option or ex-warrants on the Relevant Stock Exchange.

(f) If and whenever the Bank shall issue (otherwise than as mentioned in Condition 6.3(d) above) wholly for cash or for no consideration any Ordinary Shares (other than Ordinary Shares issued on conversion of the Preferred Securities or on the exercise of any rights of conversion into, or exchange or subscription for or purchase of, or right to otherwise acquire Ordinary Shares) or if and whenever the Bank or any member of the Group or (at the direction or request or pursuance to any arrangements with the Bank or any member of the Group) any other company, person or entity shall issue or grant (otherwise than as mentioned in Condition 6.3(d) above) wholly for cash or for no consideration any options, warrants or other rights to subscribe for or purchase or otherwise acquire any Ordinary Shares (other than the Preferred Securities, which terms shall for this purpose include any Further Preferred Securities), in each case at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the terms of such issue or grant, the Floor Price shall be adjusted by

multiplying the Floor Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A+B}{A+C}$$

where:

A is the number of Ordinary Shares in issue immediately before the issue of such Ordinary Shares or the grant of such options, warrants or rights;

B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the issue of such Ordinary Shares or, as the case may be, for the Ordinary Shares to be issued or otherwise made available upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per Ordinary Share; and

C is the number of Ordinary Shares to be issued pursuant to such issue of such Ordinary Shares or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights,

provided that if at the time of issue of such Ordinary Shares or date of issue or grant of such options, warrants or rights (as used in this Condition 6.3(f), the "**Specified Date**"), such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this Condition 6.3(f), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

"**Effective Date**" means, in respect of this Condition 6.3(f), the date of issue of such Ordinary Shares or, as the case may be, the grant of such options, warrants or rights.

(g) If and whenever the Bank or any member of the Group or (at the direction or request of or pursuant to any arrangements with the Bank or any member of the Group) any other company, person or entity (otherwise than as mentioned in Condition 6.3(d), 6.3(e) or 6.3(f) above) shall issue wholly for cash or for no consideration any Securities (other than the Preferred Securities, which term for this purpose shall include any Further Preferred Securities) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, purchase of, or rights to otherwise acquire, Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued) or Securities which by their terms might be reclassified/redesignated as Ordinary Shares, and the consideration per Ordinary Share receivable upon conversion, exchange, subscription, purchase, acquisition or redesignation is less than 95 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the terms of issue of such Securities (or the terms of such grant), the Floor Price

shall be adjusted by multiplying the Floor Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A+B}{A+C}$$

where:

A is the number of Ordinary Shares in issue immediately before such issue or grant (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for, purchase of, or rights to otherwise acquire Ordinary Shares which have been issued, purchased or acquired by the Bank or any member of the Group (or at the direction or request or pursuant to any arrangements with the Bank or any member of the Group) for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued, purchased or acquired);

B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription, purchase or acquisition attached to such Securities or, as the case may be, for the Ordinary Shares to be issued or to arise from any such reclassification/redesignation would purchase at such Current Market Price per Ordinary Share; and

C is the maximum number of Ordinary Shares to be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such right of subscription attached thereto at the initial conversion, exchange, subscription, purchase or acquisition price or rate or, as the case may be, the maximum number of Ordinary Shares which may be issued or arise from any such reclassification/redesignation,

provided that if at the time of issue of the relevant Securities or date of grant of such rights (as used in this Condition 6.3(g), the "**Specified Date**") such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription, purchase or acquisition are exercised or, as the case may be, such Securities are reclassified/redesignated or at such other time as may be provided), then for the purposes of this Condition 6.3(g), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition or, as the case may be, reclassification/redesignation had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

"**Effective Date**" means, in respect of this Condition 6.3(g), the date of issue of such Securities or, as the case may be, the grant of such rights.

(h) If and whenever there shall be any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any such Securities (other than the Preferred Securities, which term shall for this purpose include any Further Preferred Securities) as are mentioned in Condition 6.3(g) above (other than in accordance with the terms (including terms as to adjustment) applicable to such Securities upon issue) so that following such modification the consideration per Ordinary Share receivable has been reduced and is less than 95 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the

proposals for such modification, the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A+B}{A+C}$$

where:

A is the number of Ordinary Shares in issue immediately before such modification (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for, or purchase or acquisition of, Ordinary Shares which have been issued, purchased or acquired by the Bank or any member of the Group (or at the direction or request or pursuant to any arrangements with the Bank or any member of the Group) for the purposes of or in connection with such Securities, less the number of such Ordinary Shares so issued, purchased or acquired);

B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription, purchase or acquisition attached to the Securities so modified would purchase at such Current Market Price per Ordinary Share or, if lower, the existing conversion, exchange, subscription, purchase or acquisition price or rate of such Securities; and

C is the maximum number of Ordinary Shares which may be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription, purchase or acquisition price or rate but giving credit in such manner as an Independent Financial Adviser in good faith shall consider appropriate for any previous adjustment under this Condition 6.3(h) or Condition 6.3(g) above,

provided that if at the time of such modification (as used in this Condition 6.3(h), the "**Specified Date**") such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription, purchase or acquisition are exercised or at such other time as may be provided) then for the purposes of this Condition 6.3(h), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

"**Effective Date**" means, in respect of this Condition 6.3(h), the date of modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to such Securities.

(i) If and whenever the Bank or any member of the Group or (at the direction or request of or pursuant to any arrangements with the Bank or any member of the Group) any other company, person or entity shall offer any Securities in connection with which Shareholders as a class are entitled to participate in arrangements whereby such Securities may be acquired by them (except where the Floor Price falls to be adjusted under Condition 6.3(b), 6.3(c), 6.3(d), 6.3(e) or 6.3(f) above or Condition 6.3(j) below (or would fall to be so adjusted if the relevant issue or grant was at less than 95 per cent. of the Current Market Price per Ordinary Share on the relevant dealing

day under Condition 6.3(e) above) the Floor Price shall be adjusted by multiplying the Floor Price in force immediately before the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the Effective Date; and

B is the Fair Market Value on the Effective Date of the portion of the relevant offer attributable to one Ordinary Share.

Such adjustment shall become effective on the Effective Date.

"**Effective Date**" means, in respect of this Condition 6.3(i), the first date on which the Ordinary Shares are traded ex-rights on the Relevant Stock Exchange.

(j) If the Bank determines that a reduction to the Floor Price should be made for whatever reason, the Floor Price will be reduced (either generally or for a specified period as notified to Holders) in such manner and with effect from such date as the Bank shall determine and notify to the Holders.

Notwithstanding the foregoing provisions:

(i) where the events or circumstances giving rise to any adjustment pursuant to this Condition 6.3 have already resulted or will result in an adjustment to the Floor Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Floor Price or where more than one event which gives rise to an adjustment to the Floor Price occurs within such a short period of time that, in the opinion of the Bank, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be determined in good faith by an Independent Financial Adviser to be in its opinion appropriate to give the intended result; and

(ii) such modification shall be made to the operation of these Conditions as may be determined in good faith by an Independent Financial Adviser to be in its opinion appropriate:

(A) to ensure that an adjustment to the Floor Price or the economic effect thereof shall not be taken into account more than once; and

(B) to ensure that the economic effect of a Dividend is not taken into account more than once.

For the purpose of any calculation of the consideration receivable or price pursuant to Conditions 6.3(d), 6.3(f), 6.3(g) and 6.3(h), the following provisions shall apply:

(A) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;

(B) (I) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any

Securities shall be deemed to be the consideration or price received or receivable for any such Securities; and

(II) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights which are attributed by the Bank to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the relevant Effective Date as referred to in Condition 6.3(d), 6.3(f), 6.3(g) or 6.3(h), as the case may be, plus in the case of each of (I) and (II) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights or subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights; and

(III) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to in (I) or (II) above (as the case may be) divided by the number of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;

(C) if the consideration or price determined pursuant to (A) or (B) above (or any component thereof) shall be expressed in a currency other than the Share Currency, it shall be converted into the Share Currency at the Prevailing Rate on the relevant Effective Date (in the case of (A) above) or the relevant date of first public announcement (in the case of (B) above);

(D) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or Securities or options, warrants or rights, or otherwise in connection therewith; and

(E) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable regardless of whether all or part thereof is received, receivable, paid or payable by or to the Bank or another entity.

6.4 If the Conversion Settlement Date in relation to the conversion of any Preferred Security shall be after the record date in respect of any consolidation, reclassification/redesignation or subdivision as is mentioned in Condition 6.3 above, or after the record date or other due date for the establishment of entitlement for any such issue, distribution, grant or offer (as the case may be) as is mentioned in Conditions 6.3(b), 6.3(c), 6.3(d), 6.3(e) or 6.3(i) above, or after the date of the first public announcement

of the terms of any such issue or grant as is mentioned in Conditions 6.3(f) and 6.3(g) above or of the terms of any such modification as is mentioned in Condition 6.3(h) above, and the Trigger Event Notice Date falls before the relevant adjustment to the Floor Price (if applicable) becomes effective under Condition 6.3 above (such adjustment, a "**Retroactive Adjustment**"), then the Bank shall (conditional upon the relevant adjustment becoming effective) procure that there shall be issued and delivered to the Holders, in accordance with the instructions contained in the relevant Delivery Notices received by the Bank, or failing the relevant Delivery Notices, to the Settlement Shares Depository, such additional number of Ordinary Shares (if any) (the "**Additional Ordinary Shares**") as, together with the Ordinary Shares issued on conversion of the Preferred Securities (together with any fraction of an Ordinary Share not so delivered to any relevant Holder), is equal to the number of Ordinary Shares which would have been required to be issued and delivered on such conversion if the relevant adjustment to the Floor Price had been made and become effective immediately prior to the relevant Trigger Event Notice Date, provided that if the Settlement Shares Depository and/or the Holders, as the case may be, shall be entitled to receive the relevant Dividend in respect of the Ordinary Shares to be issued or delivered to them, then no such Retroactive Adjustment shall be made in relation to such Dividend, and Additional Ordinary Shares shall not be issued and delivered to the Settlement Shares Depository and Holders in relation thereto.

6.5 If any doubt shall arise as to whether an adjustment falls to be made to the Floor Price or as to the appropriate adjustment to the Floor Price, and following consultation between the Bank and an Independent Financial Adviser, a written determination of such Independent Financial Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error.

6.6 No adjustment will be made to the Floor Price where Ordinary Shares or other Securities (including rights, warrants and options) are issued, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive or non-executive office or the personal service company of any such person) or their spouses or relatives, in each case, of the Bank or any member of the Group or any associated company or to a trustee or trustees to be held for the benefit of any such person, in any such case pursuant to any share or option or similar scheme.

6.7 On any adjustment, the resultant Floor Price shall be rounded down to the nearest integral multiple of €0.0001. No adjustment shall be made to the Floor Price where such adjustment (rounded down if applicable) would be less than 1 per cent. of the Floor Price then in effect. Any adjustment not required to be made and/or any amount by which the Floor Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

Notice of any adjustments to the Floor Price shall be given by the Bank to Holders through the filing of an announcement of inside information (*comunicación de información privilegiada*) or of other relevant information (*comunicación de otra información relevante*), as the case may be, with the CNMV and its publication in accordance with the rules and regulations of any applicable stock exchange or other relevant authority and Condition 14 promptly after the determination thereof.

6.8 On any Trigger Conversion of the Preferred Securities and upon the Trigger Event Notice Date, the Bank shall give instructions in accordance with the Iberclear procedures applicable from time to time so that all the Preferred Securities outstanding are blocked by Iberclear and the Iberclear Members at the relevant securities accounts on the Trigger Event Notice Date and the Ordinary Shares to be issued and delivered shall be issued and delivered subject to, and as provided in, Condition 6.10 below. Immediately

on such conversion the Preferred Securities shall cease to be outstanding for all purposes and shall be cancelled.

6.9 Fractions of Ordinary Shares will not be issued on Trigger Conversion or pursuant to Condition 6.4 and no cash payment or other adjustment will be made in lieu thereof. Without prejudice to the generality of the foregoing, the number of Conversion Shares or Additional Ordinary Shares to be delivered in respect of Holders of more than one Preferred Security, shall be calculated on the basis of the aggregate Liquidation Preference of the corresponding Preferred Securities being so converted and rounded down to the nearest whole number of Ordinary Shares.

6.10 On the Conversion Settlement Date, the Bank shall deliver to the Holders or the Settlement Shares Depository, as set out below, such number of Ordinary Shares as is required to satisfy in full the Bank's obligation to deliver Ordinary Shares in respect of the Trigger Conversion of the aggregate number of Preferred Securities outstanding on the Trigger Event Notice Date.

In order to obtain direct delivery of the relevant Ordinary Shares upon any Trigger Conversion from the Bank, Holders will have to deliver a duly completed Delivery Notice to the Bank through the relevant Iberclear Members and in accordance with the Iberclear procedures applicable from time to time no later than the moment on or before the Conversion Settlement Date which the said procedures permit (the "**Notice Cut-off Date**"). The Bank shall then give the relevant instructions, in accordance with the Iberclear procedures applicable from time to time, for the relevant Ordinary Shares corresponding to the Preferred Securities in respect of which duly completed Delivery Notices have been delivered not later than the Notice Cut-off Date, to be delivered on the Conversion Settlement Date in accordance with the instructions given in the relevant Delivery Notices through Iberclear.

The Ordinary Shares corresponding to the Preferred Securities in respect of which no duly completed Delivery Notices have been delivered on or before the Notice Cut-off Date shall be delivered by the Bank to the Settlement Shares Depository on the Conversion Settlement Date through Iberclear.

Within ten Business Day following the Conversion Settlement Date, the Settlement Shares Depository shall procure that all Ordinary Shares so received are sold as soon as reasonably practicable based on advice from an independent financial firm or financial adviser with appropriate expertise or financial institution of international repute to be appointed by the Settlement Shares Depository after consultation with the Bank and, subject to the deduction by or on behalf of the Settlement Shares Depository of any amount payable in respect of its liability to taxation and the payment of any capital, stamp, issue, registration and/or transfer taxes and duties (if any) and any fees or costs (including in respect of such independent financial firm or financial adviser with appropriate expertise or financial institution of international repute as aforesaid) incurred by or on behalf of the Settlement Shares Depository in connection with the sale and allotment thereof, the net proceeds of sale shall as soon as reasonably practicable be distributed rateably to the relevant Holders in accordance with Condition 4.2 or in such other manner and at such time as the Bank shall determine and notify to the Holders. Such payment shall for all purposes discharge the obligations of the Bank and the Settlement Shares Depository in respect of the relevant Trigger Conversion.

The Settlement Shares Depository will be deemed to be acting on behalf of the relevant Holders of the Preferred Securities in respect of which no duly completed Delivery Notices are delivered on or before the Notice Cut-off Date for the purposes set out above and to that effect Holders of the Preferred Securities by virtue of the subscription and/or purchase and holding of the Preferred Securities will be

deemed to be accepting and giving express instructions to the Settlement Shares Depository to do so in accordance with these Conditions.

The Bank and the Settlement Shares Depository shall have no liability in respect of any sale of any Ordinary Shares pursuant to these Conditions, whether for the timing of any such sale or the price at or manner in which any such Ordinary Shares are sold or the inability to sell any such Ordinary Shares.

If any Ordinary Shares could not be sold for any reasons by the Settlement Shares Depository in accordance with this Condition 6.10, such Ordinary Shares shall continue to be held by the Settlement Shares Depository until the relevant Holder delivers a duly completed Delivery Notice.

Any Delivery Notice shall be irrevocable. Failure to properly complete and deliver a Delivery Notice may result in such Delivery Notice being treated as null and void, and the Bank shall be entitled to procure the sale of any applicable Ordinary Shares to which the relevant Holder may be entitled in accordance with this Condition 6.10. Any determination as to whether any Delivery Notice has been properly completed and delivered as provided in this Condition 6.10 shall be made by the Bank in its sole discretion, acting in good faith, and shall, in the absence of manifest error, be conclusive and binding on the relevant Holders.

6.11 A Holder or the Settlement Shares Depository must pay (in the case of the Settlement Shares Depository by means of deduction from the net proceeds of sale referred to in Condition 6.10 above) all taxes arising on Trigger Conversion other than:

(a) any taxes payable by the Bank; and

(b) any capital, issue and registration and transfer taxes or stamp duties;

in each case payable in Spain and in respect of the conversion of the Preferred Securities and the issue and delivery of the Ordinary Shares (including any Additional Ordinary Shares) in accordance with a Delivery Notice delivered pursuant to these Conditions which shall be paid by the Bank. For the avoidance of doubt, such Holder or the Settlement Shares Depository (as the case may be) must pay (in the case of the Settlement Shares Depository, by way of deduction from the net proceeds of sale as aforesaid) all, if any, taxes arising by reference to any disposal or deemed disposal of a Preferred Security or interest therein.

If the Bank shall fail to pay any capital, stamp, issue, registration and transfer taxes and duties for which it is responsible as provided above, the Holder or the Settlement Shares Depository, as the case may be, shall be entitled (but shall not be obliged) to tender and pay the same and the Bank as a separate and independent obligation, undertakes to reimburse and indemnify each Holder or Settlement Shares Depository, as the case may be, in respect of any payment thereof and any penalties payable in respect thereof.

6.12 The Ordinary Shares (including any Additional Ordinary Shares) issued on Trigger Conversion will be fully paid and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the Trigger Event Notice Date or, in the case of Additional Ordinary Shares, on the relevant Reference Date, except in any such case for any right excluded by mandatory provisions of applicable law and except that such Ordinary Shares or, as the case may be, Additional Ordinary Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the Trigger Event Notice Date or, as the case may be, the relevant Reference Date.

6.13 Notwithstanding any other provision of this Condition 6 and subject to compliance with the provisions of the Spanish Companies Law and/or with any Applicable Banking Regulations, the Bank or any

member of the Group may exercise such rights as it may from time to time enjoy to purchase or redeem or buy back any shares of the Bank (including Ordinary Shares) or any depositary or other receipts or certificates representing the same without the consent of the Holders.

6.14 So long as any Preferred Securities are outstanding, there shall at all times be a conversion calculation agent (the "**Conversion Calculation Agent**"), which may be the Bank or another person appointed by the Bank to serve in such capacity, who shall be responsible, in consultation with the Bank, for the calculation of all adjustments to the Floor Price and all related determinations required to be made in connection therewith. All such calculations and determinations performed by the Conversion Calculation Agent shall be conclusive and binding on the Holders, save in the case of bad faith or manifest error. If any provision in these Conditions at any time calls for any calculation or determination to be made by an Independent Financial Adviser, which may include the Conversion Calculation Agent appointed by the Bank to act in such Independent Financial Adviser capacity, and the person then serving as Conversion Calculation Agent is not wholly independent of the Bank, the Bank shall use commercially reasonable efforts to appoint an Independent Financial Adviser which is wholly independent of the Bank to make such calculation or determination. A written opinion of such Independent Financial Adviser in respect of such calculation or determination shall be conclusive and binding on the Bank and any Holders, save in the case of manifest error. The Bank has appointed Conv-Ex Advisors Limited as the initial Conversion Calculation Agent. The Bank may change the Conversion Calculation Agent at any time without prior notice to any Holder.

The Conversion Calculation Agent (if not the Bank) shall act solely upon request from, and solely as agent of, the Bank and will not thereby assume any obligations towards or relationship of agency or trust with, and it shall not be liable and shall incur no liability as against, the Holders.

7 Optional redemption

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

7.2 Subject to Conditions 7.3 and 7.4 below, the Preferred Securities shall not be redeemable prior to 9 October 2027. All, and not some only, of the Preferred Securities may be redeemed at the option of the Bank:

7.2.1 at any time in the period commencing on (and including) 9 October 2027 and ending on (and including) the First Reset Date; or

7.2.2 on any Distribution Payment Date thereafter,

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

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

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

7.5 The decision to redeem the Preferred Securities must be, subject to Condition 6.1 above, irrevocably notified by the Bank to the Holders not less than 15 and not more than 60 days prior to the relevant redemption date through the filing of an announcement of inside information (*comunicación de*

información privilegiada) or of other relevant information (*comunicación de otra información relevante*), as the case may be, with the CNMV and its publication in accordance with the rules and regulations of any applicable stock exchange or other relevant authority and Condition 14.

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

7.6 If the notice of redemption has been given, and the funds deposited and instructions and authority to pay given as required above, then on the date of such deposit:

(a) Distributions on the Preferred Securities shall cease;

(b) such Preferred Securities will no longer be considered outstanding; and

(c) the Holders will no longer have any rights as Holders except the right to receive the Redemption Price.

7.7 The Bank may not give a notice of redemption pursuant to this Condition 7 if a Trigger Event Notice has been given. If any notice of redemption of the Preferred Securities is given pursuant to this Condition 7 and a Trigger Event occurs prior to such redemption, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, there shall be no redemption of the Preferred Securities on such redemption date and, instead, the conversion of the Preferred Securities shall take place as provided under Condition 6. The Bank shall give notice of any such automatic rescission of a redemption notice to the Holders in accordance with Condition 14 as soon as possible thereafter.

7.8 If either the notice of redemption has been given and the funds are not deposited as required on the date of such deposit or if the Bank improperly withholds or refuses to pay the Redemption Price of the Preferred Securities, Distributions will continue to accrue in accordance with Condition 4 above from (and including) the redemption date to (but excluding) the date of actual payment of the Redemption Price.

8 Substitution and Variation

8.1 Subject to the prior consent of the Competent Authority (and/or otherwise in accordance with the Applicable Banking Regulations then in force) and having given no less than 15 nor more than 60 calendar days' notice to the Holders in accordance with Condition 14 (which notice shall be irrevocable and specify the date for substitution or, as applicable, variation), if a Capital Event or Tax Event has occurred and is continuing, the Bank may, at any time, substitute all (but not some only) of the Preferred Securities or vary the terms of all (but not some only) of the Preferred Securities without the consent or approval of the Holders, so that they are substituted for, or varied to, become, or remain, Qualifying Preferred Securities. Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Holders can inspect or obtain copies of the new terms and conditions of the Preferred Securities. Such substitution or variation will be effected without any cost or charge to the Holders.

8.2 Holders shall, by virtue of subscribing and/or purchasing the Preferred Securities, be deemed to accept the substitution or variation of the terms of such Preferred Securities and to grant the Bank full power and authority to take any action and/or execute and deliver any document in the name and/or on behalf of the Holders which is necessary or convenient to complete the substitution or variation of the terms of the Preferred Securities.

8.3 The Bank will not give a notice of substitution or variation after a Trigger Event has occurred. If the Bank has given a notice of substitution or variation in accordance with these Conditions but prior to such substitution or variation a Trigger Event has occurred, the relevant substitution or variation notice shall be automatically rescinded and shall be of no force and effect. The Bank shall give notice thereof to the Holders in accordance with Condition 14 as soon as possible following any such automatic rescission of a substitution or variation notice.

9 Purchases of Preferred Securities

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

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

10 Waiver of Set-off

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

For the avoidance of doubt, nothing in this Condition 10 is intended to provide, or shall be construed as acknowledging, any right of deduction, set-off, netting, compensation, retention or counterclaim or that any such right is or would be available to any Holder of any Preferred Security but for this Condition 10.

11 Undertakings

So long as any Preferred Security remains outstanding, the Bank will, save as otherwise permitted or required pursuant to an Extraordinary Resolution:

(a) not make any issue, grant or distribution or take or omit to take any other action if the effect thereof would be that, on Trigger Conversion, Ordinary Shares could not, under any applicable law then in effect, be legally issued as fully paid;

(b) if any offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) such Shareholders other than the offeror and/or any associates of the offeror) to acquire all or a majority of the issued Ordinary Shares, or if a scheme is proposed with regard to such acquisition (other than a Newco Scheme), give notice of such offer or scheme to the Holders at the same time as any notice thereof is sent to the Shareholders (or as soon as practicable thereafter) that details concerning such offer or scheme may be obtained from the registered office of the Bank and, where such an offer or scheme has been recommended by the Board of Directors of the Bank, or where such an offer has become or been declared unconditional in all respects or such scheme has become effective, use all reasonable endeavours to procure that a like offer or scheme is extended to the holders of any Ordinary

Shares issued during the period of the offer or scheme arising out of any Trigger Conversion and/or to the Holders;

(c) in the event of a Newco Scheme, take (or shall procure that there is taken) all necessary action to ensure that such amendments are made to these Conditions immediately after completion of the Scheme of Arrangement as are necessary to ensure that the Preferred Securities may be converted into or exchanged for ordinary shares in Newco (or depositary or other receipts or certificates representing ordinary shares of Newco) mutatis mutandis in accordance with and subject to these Conditions and the ordinary shares of Newco are:

(i) admitted to the Relevant Stock Exchange; or

(ii) listed and/or admitted to trading on another Recognised Stock Exchange,

and the Holders irrevocably authorise the Bank to make such amendments to these Conditions;

(d) issue, allot and deliver Ordinary Shares upon Trigger Conversion subject to and as provided in Condition 6;

(e) use all reasonable endeavours to ensure that its issued and outstanding Ordinary Shares and any Ordinary Shares issued upon Trigger Conversion will be admitted to listing and trading on the Relevant Stock Exchange or will be listed and/or admitted to trading on another Recognised Stock Exchange;

(f) at all times keep in force the relevant resolutions needed for issue, free from pre-emptive rights, sufficient authorised but unissued Ordinary Shares to enable Trigger Conversion of the Preferred Securities, and to satisfy in full all rights that Holders may have hereunder; and

(g) where the provisions of Condition 6 require or provide for a determination by an Independent Financial Adviser or a role to be performed by a Settlement Shares Depository, use all reasonable endeavours promptly to appoint such person for such purpose.

12 Meetings of Holders

12.1 Convening meetings

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

12.2 Procedures for convening meetings

(a) At least 21 clear days' notice specifying the place, day and hour of the meeting shall be given to the Holders in the manner provided in Condition 14. The notice, which shall be in the English language, shall state generally the nature of the business to be transacted at the meeting and, in the case of an Extraordinary Resolution only, shall either:

(i) specify the terms of the Extraordinary Resolution to be proposed; or

(ii) inform Holders that the terms of the Extraordinary Resolution are available free of charge from the Bank or an agent thereof, provided that, in the case of this (ii), such resolution is so available in its final form with effect on and from the date on which the notice convening such meeting is given as aforesaid.

The notice shall:

(i) include statements as to the manner in which Holders are entitled to attend and vote at the meeting; or

(ii) inform Holders that details of the voting arrangements are available free of charge from the Bank or an agent thereof, provided that, in the case of this (ii) the final form of such details are available with effect on and from the date on which the notice convening such meeting is given as aforesaid.

A copy of the notice shall be sent by post to the Bank (unless the meeting is convened by the Bank).

(b) Notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given in the same manner as notice of an original meeting but as if ten were substituted for 21 in Condition 12.2(a) and the notice shall state the relevant quorum. Subject to the foregoing it shall not be necessary to give any notice of an adjourned meeting.

12.3 Chairman

The person (who may but need not be a Holder) nominated in writing by the Bank (the "**Chairman**") shall be entitled to take the chair at each meeting but if no nomination is made or if at any meeting the person nominated is not present within 15 minutes after the time appointed for holding the meeting, the Holders present shall choose one of their number to be Chairman, failing which the Bank may appoint a Chairman. The Chairman of an adjourned meeting need not be the same person as was Chairman of the meeting from which the adjournment took place.

12.4 Quorums

(a) At any meeting one or more Eligible Persons present and holding or representing in the aggregate not less than 5 per cent. in Liquidation Preference of the Preferred Securities for the time being outstanding shall (except for the purpose of passing an Extraordinary Resolution) form a quorum for the transaction of business, and no business (other than the choosing of a Chairman in accordance with Condition 12.3) 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 Liquidation Preference of the Preferred Securities for the time being outstanding provided that at any meeting the business of which includes any of the following matters (each of which shall only be capable of being effected after having been approved by Extraordinary Resolution):

(i) a reduction or cancellation of the Liquidation Preference of the Preferred Securities; or

(ii) without prejudice to the provisions of Condition 4 (including, without limitation, the right of the Bank to cancel the payment of any Distributions on the Preferred Securities), a reduction or cancellation of the amount payable or modification of the payment date in respect of any Distributions or variation of the method of calculating the Distribution Rate; or

(iii) a modification of the currency in which payments under the Preferred Securities are to be made; or

(iv) a modification of the majority required to pass an Extraordinary Resolution; or

(v) the sanctioning of any scheme or proposal described in Condition 12.7(b)(vi) below; or

(vi) alteration of this proviso or the proviso to Condition 12.4(b) below,

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

(b) If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the meeting shall, if convened by Holders or if the Bank was required by Holders to convene such meeting pursuant to Condition 12.1, be dissolved. In any other case it shall be adjourned to the same day of the next week (or if that day is not a Business Day the next following Business Day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it shall be adjourned for a period being not less than 14 clear days nor more than 42 clear days and at a place appointed by the Chairman and approved by the Bank). If within 15 minutes (or a longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any adjourned meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the Chairman may either dissolve the meeting or adjourn it for a period, being not less than 14 clear days (but without any maximum number of clear days) and to a place as may be appointed by the Chairman (either at or after the adjourned meeting) and approved by the Bank, and the provisions of this sentence shall apply to all further adjourned meetings.

(c) At any adjourned meeting one or more Eligible Persons present (whatever the Liquidation Preference of the Preferred Securities so held or represented by them) shall (subject as provided below) form a quorum and shall (subject as provided below) have power to pass any Extraordinary Resolution or other resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the required quorum been present, provided that at any adjourned meeting the business of which includes any of the matters specified in the proviso to Condition 12.4(a) the quorum shall be one or more Eligible Persons present and holding or representing in the aggregate not less than one-third in Liquidation Preference of the Preferred Securities for the time being outstanding.

12.5 Right to attend and vote

(a) The provisions governing the manner in which Holders may attend and vote at a meeting of the holders of Preferred Securities must be notified to Holders in accordance with Condition 14 and/or at the time of service of any notice convening a meeting.

(b) Any director or officer of the Bank and its lawyers and financial advisers may attend and speak at any meeting. Subject to this, but without prejudice to the proviso to the definition of "outstanding", no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of the Holders or join with others in requiring the convening of a meeting unless he is an Eligible Person.

(c) Subject as provided in Condition 12.6(b), at any meeting:

(i) on a show of hands every Eligible Person present shall have one vote; and

(ii) on a poll every Eligible Person present shall have one vote in respect of each Preferred Security.

12.6 Holding of meetings

(a) Every question submitted to a meeting shall be decided in the first instance by a show of hands and in the case of an equality of votes the Chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as an Eligible Person.

(b) At any meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or the Bank or by any Eligible Person present (whatever the Liquidation Preference of the Preferred Securities held by him), a declaration by the Chairman that a resolution has been carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

(c) Subject to Condition 12.6(e) if at any meeting a poll is demanded, it shall be taken in the manner and, subject as provided below, either at once or after an adjournment as the Chairman may direct and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded as 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.

(d) The Chairman may, with the consent of (and shall if directed by) any meeting, adjourn the meeting from time to time and from place to place. No business shall be transacted at any adjourned meeting except business, which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.

(e) Any poll demanded at any meeting on the election of a Chairman or on any question of adjournment shall be taken at the meeting without adjournment.

12.7 Approval of the resolutions

(a) Any resolution passed at a meeting of the Holders duly convened and held shall be binding upon all the Holders whether present or not present at the meeting and whether or not voting and each of them shall be bound to give effect to the resolution accordingly and the passing of any resolution shall be conclusive evidence that the circumstances justify its passing. Notice of the result of voting on any resolution duly considered by the Holders shall be published in accordance with Condition 14 by the Bank within 14 days of the result being known provided that non-publication shall not invalidate the resolution.

(b) The expression "**Extraordinary Resolution**" when used in this Condition 12 means a resolution passed at a meeting of the Holders duly convened and held in accordance with the provisions of this Condition 12 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.

(c) A meeting of the Holders shall in addition to the powers set out above have the following powers exercisable only by Extraordinary Resolution (subject to the provisions relating to the quorum contained in Conditions 12.4(a) and 12.4(c)), namely:

(i) power to approve any compromise or arrangement proposed to be made between the Bank and the Holders;

(ii) power to approve any abrogation, modification, compromise or arrangement in respect of the rights of the Holders against the Bank or against any of its property whether these rights arise under these Conditions or the Preferred Securities or otherwise;

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

(iv) power to give any authority or approval which under the provisions of this Condition 12 or the Preferred Securities is required to be given by Extraordinary Resolution;

(v) power to appoint any persons (whether Holders or not) as a committee or committees to represent the interests of the Holders and to confer upon any committee or committees any powers or discretions which the Holders could themselves exercise by Extraordinary Resolution;

(vi) power to approve any scheme or proposal for the exchange or sale of the Preferred Securities for, or the conversion of the Preferred Securities into, or the cancellation of the Preferred Securities in consideration of, shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Bank 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

(vii) power to approve the substitution of any entity in place of the Bank (or any previous substitute) as the principal debtor in respect of the Preferred Securities.

(d) Subject to Condition 12.7(a), to be passed at a meeting of the Holders duly convened and held in accordance with the provisions of this Condition 12, a resolution (other than an Extraordinary Resolution) shall require a majority of the persons voting on the resolution upon a show of hands or, if a poll was duly demanded, a majority of the votes given on the poll.

12.8 Miscellaneous

(a) Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Bank and any minutes signed by the Chairman of the meeting at which any resolution was passed or proceedings had transpired shall be conclusive evidence of the matters contained in them and, until the contrary is proved, every meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had transpired at the meeting to have been duly passed or had.

(b) For the purposes of calculating a period of clear days, no account shall be taken of the day on which a period commences or the day on which a period ends.

(c) Any modification or waiver of the Conditions in accordance with this Condition 12 will be effected in accordance with the Applicable Banking Regulations and conditional upon any prior approval from the Competent Authority, to the extent required thereunder.

13 Taxation

13.1 All payments of Distributions and other amounts payable (excluding, for the avoidance of doubt, repayment of principal) in respect of the Preferred Securities by or on behalf of the Bank will be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes,

duties, assessments or governmental charges of whatever nature unless such withholding or deduction is required by law. In the event that any such withholding or deduction is imposed or levied by or on behalf of the Kingdom of Spain or any political subdivision thereof or any authority or agency therein or thereof having power to tax in respect of payments of Distributions (but not any Liquidation Preference or other amount), the Bank shall (to the extent such payment can be made on the same basis as for payment of any Distribution in accordance with Condition 4) pay such additional amounts as will result in Holders receiving such amounts as they would have received in respect of such Distributions had no such withholding or deduction been required.

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

(a) presented for payment by or on behalf of a Holder who is liable for such taxes, duties, assessments or governmental charges in respect of the Preferred Securities by reason of his having some connection with Spain other than:

(i) the mere holding of Preferred Securities; or

(ii) the receipt of any payment in respect of Preferred Securities; or

(b) where taxes are imposed by the Kingdom of Spain (or any political subdivision thereof or any authority or agency therein or thereof having power to tax) that are (i) any estate, inheritance, gift, sales, transfer, personal property or similar taxes or (ii) solely due to the appointment by any Holder, or any person through which such Holder holds such Preferred Security, of a custodian, collection agent, person or entity acting on its behalf or similar person in relation to such Preferred Security; or

(c) to, or to a third party on behalf of, a Holder who is an individual resident for tax purposes in Spain (or any political subdivision or any authority thereof or therein having power to tax); or

(d) to, or to a third party on behalf of, a Holder in respect of whom the Bank (or an agent acting on behalf of the Bank) has not received such information it may be required in order to comply with Spanish tax reporting requirements, as may be necessary to allow payments on such Preferred Securities to be made free and clear of withholding tax or deduction on account of any taxes imposed by Spain, including when the Bank (or an agent acting on behalf of the Bank) does not receive such information concerning such Holder'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.

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

For the purposes of this Condition 13, the "**Relevant Date**" means, in respect of any payment, the date on which such payment first becomes due, and is available for payment to Holders, notice to that effect is duly given to the Holders in accordance with Condition 14 below.

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

14 Notices

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

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

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

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

15 Prescription

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

16 Governing Law and Jurisdiction

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

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

USE AND ESTIMATED NET AMOUNT OF PROCEEDS

The estimated net amount of the proceeds of the issue of the Preferred Securities is €744,272,093. CaixaBank intends to use the net proceeds from the issue of the Preferred Securities for its general corporate purposes.

See "*Additional Information—Expenses related to the admission to trading*" for the estimated expenses related to the admission of the Preferred Securities.

As further explained in "*Capital Requirements and Loss Absorbing Powers—Capital Requirements—Overview of applicable capital requirements*", the changes introduced by CRD V and to the ECB's decisions on 12 March 2020 related to the COVID-19 pandemic, allow banks under the ECB supervision to meet 2PR requirements partially with AT1 and Tier 2 capital. The intention of CaixaBank is to benefit from this flexibility by using the Preferred Securities to meet part of its P2R requirements.

TAXATION

Spanish tax considerations

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

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

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

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this Prospectus and is subject to any change in law that may take effect after such date:

(a) of general application, Additional Provision One of Law 10/2014, as well as Royal Decree 1065/2007, of 27 July, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes, as amended by Royal Decree 1145/2011 of 29 July ("**Royal Decree 1065/2007**");

(b) for individuals resident for tax purposes in Spain who are PIT taxpayers, Law 35/2006, of 28 November, on the PIT and on the partial amendment of the Corporate Income Tax Law, Non-Resident Income Tax Law and Wealth Tax Law, as amended (the "**PIT Law**"), and Royal Decree 439/2007, of 30 March, approving the PIT Regulations, as amended (the "**PIT Regulations**"), along with Law 19/1991, of 6 June, on Wealth Tax, as amended, and Law 29/1987, of 18 December, on Inheritance and Gift Tax, as amended;

(c) for legal entities resident for tax purposes in Spain which are Corporate Income Tax ("**CIT**") taxpayers, Law 27/2014, of 27 November, on CIT, as amended (the "**CIT Law**"), and Royal Decree 634/2015, of 10 July, promulgating the CIT Regulations, as amended (the "**CIT Regulations**"); and

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

Tax treatment of the Preferred Securities

Indirect taxation

Whatever the nature and residence of the Holder, the acquisition and transfer of Preferred Securities will be exempt from indirect taxes in Spain, i.e. exempt from Transfer Tax and Stamp Duty, in accordance with the Consolidated Text of such tax promulgated by Royal Legislative Decree 1/1993, dated 24 September 1993 and exempt from Value Added Tax, in accordance with Law 37/1992, dated 28 December 1992 regulating such tax.

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

Direct taxation

(a) Individuals with tax residency in Spain

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

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

Income from the transfer of the Preferred Securities is computed as the difference between their transfer value and their acquisition or subscription value. Also, ancillary acquisition and disposal charges are taken into account, insofar as adequately evidenced, in calculating the income.

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

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

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

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

(i) registered by way of book entries (*anotaciones en cuenta*); and

(ii) negotiated in a Spanish official secondary market (*mercado secundario oficial*), such as AIAF.

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

(i) the acquirer would be a non-resident or a CIT taxpayer;

(ii) the explicit yield derived from the Preferred Securities being transferred is exempt from withholding tax.

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

Reporting Obligations

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

Wealth Tax (*Impuesto sobre el Patrimonio*)

Individuals with tax residency in Spain are subject to Wealth Tax to the extent that their net worth exceeds €700,000 (subject to any exceptions provided under relevant legislation in an autonomous region (*Comunidad Autónoma*). Therefore, they should take into account the value of the Preferred Securities which they hold as of 31 December in each year, the applicable rates ranging between 0.2% and 2.5% although the final tax rates may vary depending on any applicable regional tax laws, and some reductions may apply.

In accordance with second section of article 1 of the Royal Decree 13/2011, of 16 September, as amended by article 3 of Royal Decree-Law 18/2019, of 27 December, a full exemption (*bonificación del 100%*) on Wealth Tax will apply in 2021 and onwards unless such exemption is revoked in the future.

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

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

(b) Spanish tax resident legal entities

Corporate Income Tax (*Impuesto sobre Sociedades*)

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

However, this general rate will not be applicable to all corporate income 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).

No withholding on account of CIT will be imposed on interest payments or on income derived from the redemption or repayment of the Preferred Securities, by Spanish CIT taxpayers provided that certain requirements are met (including that the Iberclear Members that have the Preferred Securities registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, provide the Issuer, in a timely manner, with a duly executed and completed Payment Statement, as defined below). See "*—Compliance with certain requirements in connection with income payments*".

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

(i) registered by way of book entries (*anotaciones en cuenta*); and

(ii) negotiated in a Spanish official secondary market (*mercado secundario oficial*), such as AIAF.

Reporting Obligations

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

Wealth Tax (*Impuesto sobre el Patrimonio*)

Legal entities resident in Spain for tax purposes that acquire ownership or other rights over the Preferred Securities are not subject to Spanish Wealth Tax.

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

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

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

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

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

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

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

Reporting Obligations

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

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

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

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

In order to be eligible for the exemption from NRIT, certain requirements must be met (including that, in respect of interest payments from the Preferred Securities carried out by the Issuer, the Iberclear Members that have the Preferred Securities registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, provide the Issuer, in a timely manner, with a duly executed and completed Payment Statement, as defined below), as set forth in Article 44.4 of Royal Decree 1065/2007. See "*—Compliance with certain requirements in connection with income payments*".

If the Iberclear Members fail or for any reason are unable to deliver a duly executed and completed Payment Statement to the Issuer in a timely manner in respect of a payment of interest

under the Preferred Securities, the Issuer will withhold Spanish withholding tax at the applicable rate (currently 19%) on such payment of income on the Preferred Securities and the Issuer will not pay additional amounts with respect to any such withholding tax.

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

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

Wealth Tax (*Impuesto sobre el Patrimonio*)

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to the Wealth Tax would generally not be subject to such tax. Otherwise, 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 during the tax year 2020, the applicable rates ranging between 0.2% and 2.5% although some reductions may apply.

However, non-Spanish resident individuals will be exempt from Wealth Tax in respect of the Preferred Securities which income is exempt from NRIT as described above.

In accordance with second section of article 1 of the Royal Decree 13/2011, of 16 September, as amended by article 3 of Royal Decree-Law 18/2019, of 27 December, a full exemption (*bonificación del 100%*) on Wealth Tax will apply in 2021 and onwards unless such exemption is revoked in the future.

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

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

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

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

If the provisions of the foregoing paragraph do not apply, such individuals will be subject to inheritance and gift tax in accordance with Spanish legislation.

However, if the deceased, heir or the donee are resident in an EU or EEA Member State, depending on the specific situation, the applicable rules will be those corresponding to the relevant autonomous regions according to the law. Moreover, the Spanish Supreme Court in its recent judgments dated 19th February, 2018, 21st March 2018 and 22nd March, 2018 has declared that the application of state regulations when the deceased, heir or donee is resident outside of a Member State of the EU or the EEA violates Community law to the free movement of capital, so even in that case it would be appropriate to defend the application of regional

regulations in the same cases as if the deceased, heir or donee was resident in a Member State of the EU or the EEA. The General Directorate for Taxation has recently ruled in accordance with those judgements (V3151-18 and V3193-18).

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

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

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

(i) Identification of the Preferred Securities.

(ii) The date on which the relevant payment is made.

(iii) Total amount of the income paid by the Issuer.

(iv) Amount of the income corresponding to individual residents in Spain that are PIT taxpayers.

(v) Amount of the income that must be paid on a gross basis.

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

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

(e) Conversion of the Preferred Securities into Ordinary Shares

(i) Individuals with tax residency in Spain

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

Income earned on the conversion of the Preferred Securities to Ordinary Shares, computed as the difference between the Conversion Price of the newly-issued Ordinary Shares received and the acquisition or subscription value of the Preferred Securities delivered in exchange, will be considered as a return on investment obtained from the transfer of own capital to third parties in accordance with the provisions of Section 25.2 of the PIT Law.

Also, ancillary acquisition and disposal charges are taken into account, insofar as adequately evidenced, in calculating the income obtained.

Any income obtained in the conversion will not be subject to withholding tax.

The tax treatment will be the one referred to under "Tax treatment of the Preferred Securities – Individuals with tax residency in Spain – Personal Income Tax (*Impuesto sobre la Renta de las Personas Físicas*)".

(ii) Spanish tax resident legal entities

Subject to the applicable accounting regulations, income derived from the conversion of the Preferred Securities will be computed as the difference between the Conversion Price of the newly-issued Ordinary Shares received and the book value of the Preferred Securities delivered in exchange.

Such income will be subject to CIT at the general rate applicable from time to time (currently 25%) in accordance with the rules for this tax. Any income derived from the conversion will not be subject to withholding tax.

The tax treatment will be the one referred to under "Tax treatment of the Preferred Securities – Spanish tax resident legal entities – Corporate Income Tax (*Impuesto sobre Sociedades*)".

(iii) Individuals and legal entities that are not tax resident in Spain

(a) Non-Spanish resident investors acting though a permanent establishment in Spain

Non-Spanish resident investors operating through a permanent establishment in Spain are subject to the same tax treatment that applies to Spanish CIT taxpayers.

(b) Non-Spanish resident investors not acting though a permanent establishment in Spain

Income obtained by non-Spanish resident investors not acting though a permanent establishment in Spain on the conversion of the Preferred Securities to Ordinary Shares will be computed as the difference between the Conversion Price of the newly-issued Ordinary Shares received and the book value of the Preferred Securities delivered in exchange.

The tax treatment applicable to the income obtained will be the one described above under "Taxes treatment of the Preferred Securities – Individuals and legal entities that are not tax resident in Spain".

Taxation on ownership and transfer of the Ordinary Shares

Indirect Taxation

The subscription, acquisition and any subsequent transfer of the Ordinary Shares will be exempt from Transfer Tax, Stamp Duty and Value Added Tax, under the terms and with the exemption set out in Article 314 of the Securities Market Act. Additionally, no Stamp Duty will be levied on such subscription, acquisition and transfer.

Direct Taxation

(a) Individuals with tax residency in Spain

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

(i) Taxation on dividends

According to the PIT Law, the following, among others, shall be treated as gross capital income: income received by a Spanish holder in the form of dividends, shares in profits, consideration paid for attendance at shareholders' meetings, income from the creation or assignment of rights of use or enjoyment of the shares and any other income received in his capacity as shareholder.

Gross capital income shall be reduced by any administration and custody expenses (but not by those incurred in individualised portfolio management) and the net amount shall be included in the relevant Spanish holder's savings taxable base and taxed at the tax rate applicable from time to time, currently 19% for taxable income up to €6,000, 21% for taxable income between €6,000.01 to €50,000 and 23% for taxable income in excess of €50,000.

The payment of dividends or any other distribution will be generally subject to a withholding tax at the rate of 19%. Such withholding tax will be deductible from the final PIT liability, and if the amount of tax withheld is greater than the amount of the final PIT liability, the taxpayer will be entitled to a refund of the excess withheld in accordance with the PIT Law.

(ii) Taxation on capital gains

Gains or losses recorded by a Spanish holder, as a result of the transfer of listed shares which represent a participation in a company's equity, will qualify for the purposes of the PIT Law as capital gains or losses and will be subject to taxation according to the general rules applicable to capital gains. The amount of capital gains or losses shall be the difference between the shares' acquisition value (plus any fees or taxes incurred) and the transfer value, which is the listed value of the share as of the transfer date or, if higher, the agreed transfer price (less any fees or taxes incurred).

Capital gains arising from the transfer of shares, shall be included in such Spanish holder's savings taxable base corresponding to the period in which the transfer takes place, and any such gains will be taxed at the tax rate applicable from time to time, currently 19% for taxable income up to €6,000, 21% for taxable income between €6,000.01 to €50,000 and 23% for taxable income in excess of €50,000. Exceptionally, capital gains arising from the transfer of shares are not subject to withholding tax on account of PIT.

Losses arising from the transfer of shares admitted to trading on certain official stock exchanges will not be treated as capital losses if securities of the same kind have been acquired during the period between two months before and two months after the date of the transfer which originated the loss. In these cases, the capital losses will be included in the taxable base upon the transfer of the remaining shares of the taxpayer.

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 (subject to any exceptions provided under relevant legislation in an autonomous region (*Comunidad Autónoma*). Therefore, they should take into account the value of the Ordinary Shares which they hold as of 31 December in each year, the applicable rates ranging between 0.2% and 2.5% although the final tax rates may vary depending on any applicable regional tax laws, and some reductions may apply.

In accordance with second section of article 1 of the Royal Decree 13/2011, of 16 September, as amended by article 3 of Royal Decree-Law 18/2019, of 27 December, a full exemption (*bonificación del 100%*) on Wealth Tax will apply in 2021 and onwards unless such exemption is revoked in the future.

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

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

(b) Legal entities with tax residency in Spain and non-Spanish resident investors acting through a permanent establishment in Spain to which the Ordinary Shares are attributable

Corporate Income Tax (*Impuesto sobre Sociedades*)

(i) Taxation on dividends

According to Section 10 of the CIT Law, dividends from the Issuer or a share of the Issuer's profits received by CIT taxpayers, or by NRIT taxpayers who operate, with respect to the Issuer's shares, through a permanent establishment in Spain, to which such shares are attributable, less any expenses inherent to holding the shares, shall be included in the CIT taxable base. The general CIT tax rate is currently 25% (30% in case of banking institutions). Special rates apply in respect of certain types of entities (such as qualifying collective investment institutions).

Dividends or profit distributions in respect of the shares obtained by Spanish CIT taxpayers that: (i) hold, directly or indirectly, at least 5% in the Issuer's share capital or an acquisition cost higher than €20 million; and (ii) hold such participation without interruption for at least one year prior to the relevant distribution date or it commits to hold the participation for the time needed to complete such one-year holding period, will be exempt as a general rule.

In case the Issuer obtains dividends, profit distributions or income derived from transfer of shares in entities in an amount higher than 70% of the Issuer's income, this exemption shall only be applicable provided that certain complex requirements are fulfilled. Mainly, Spanish CIT taxpayers must have an indirect stake in those entities that complies with the requirements described in the previous paragraph. Certain exceptions to this rule apply if those entities comply with the requirements of Article 42 of the Spanish Commercial Code of 22 August 1885, as amended (the "**Spanish Commercial Code**"), for being part of the same group of companies of the Issuer, and prepare consolidated financial statements. Prospective investors should consult their own tax advisers in order to determine whether those requirements are complied with by the relevant corporate Spanish Holders.

Should that be the case and provided that the minimum one-year holding period requirement is complied with on the distribution date, dividends will not be subject to withholding tax.

Otherwise, dividends will be taxed at the applicable CIT tax rate of the taxpayer and a 19% withholding will apply. This CIT withholding will be credited against the taxpayer's annual CIT due, and if the amount of tax withheld is greater than the amount of the annual CIT due, the taxpayer will be entitled to a refund of the excess withheld.

(ii) Taxation of capital gains

The gain or loss arising on transfer of the shares or from any other change in net worth relating to the shares will be included in the tax base of CIT taxpayers, or of NRIT taxpayers who operate through a permanent establishment in Spain to which such shares are attributable, in the manner contemplated in Section 10 of the CIT Law, being taxed generally at a rate of 25% (30% in case of banking institutions). Special rates apply in respect of certain types of entities (such as qualifying collective investment institutions).

CIT payers that: (i) hold, directly or indirectly, at least 5% in the Issuer's share capital or an acquisition cost higher than €20 million; and (ii) hold such participation without interruption for at least one year prior to the relevant transfer date, capital gains will be exempt as a general rule. Otherwise, capital gains will be taxed at the applicable tax rate of the taxpayer.

In case the Issuer obtains dividends, profit distributions or income derived from transfer of shares in entities in an amount higher than 70% of the Issuer's income, this exemption shall only be applicable provided that certain complex requirements are fulfilled. Mainly, Spanish CIT taxpayers must have an indirect stake in those entities that complies with the requirements described in the precedent paragraph. Certain exceptions to this rule apply if those entities comply with the requirements of Article 42 of the Spanish Commercial Code for being part of the same group of companies of the Issuer and prepare consolidated financial statements. Prospective investors should consult their own tax advisers in order to determine whether those requirements are complied with by the relevant corporate Spanish Holders.

Income deriving from share transfers is not subject to withholding on account of CIT.

Wealth Tax (*Impuesto sobre el Patrimonio*)

Spanish resident legal entities are not subject to Wealth Tax.

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

In the event of acquisition of shares free of charge by the CIT taxpayer, the income generated for the latter will likewise be taxed according to the CIT rules, the Inheritance and Gift Tax not being applicable.

(c) Non-Spanish resident investors not acting through a permanent establishment in Spain to which the Ordinary Shares are attributable

Non-Resident Income Tax (*Impuesto sobre la Renta de No Residentes*)

(i) Taxation on dividends

Under Spanish law, dividends paid by a Spanish resident company to a non-Spanish holder are subject to NRIT, and thus the Spanish resident company will withhold at the source on the gross amount of dividends, currently at a tax rate of 19%. However, certain corporate holders resident in an EU Member State (other than a tax haven jurisdiction for Spanish tax purposes) may be entitled to an exemption from NRIT dividend withholding tax to the extent that they are entitled to the benefits of the NRIT provisions that implement the regime of the Council Directive (EU) 2015/121, of 27 January 2015, amending Directive 2011/96/EU on the common system of taxation applicable in the case of parent companies and subsidiaries of different member states.

Such exemption may be available to the extent that the recipient of the dividends has held, directly or indirectly, at least 5% of the shares of the distributing entity, or an acquisition cost higher than €20 million, without interruption for at least one year prior to the distribution date, and provided that other requirements (including specific anti-abuse rules that need to be analysed on a case-by-case basis and procedural formalities, such as the supply of a government-issued tax residence certificate) are met. Holders claiming the applicability of such exemption that have not met a minimum one-year holding period as of a given dividend distribution date (but who could meet such requirement afterwards) should be aware that the NRIT Law requires the Issuer to withhold the applicable NRIT on such dividends, and that such holders will need to request a direct refund of such withholding tax from the Spanish tax authorities pursuant to the Spanish refund procedure described below under "Spanish Direct Refund from Spanish tax authorities".

In addition, holders resident in certain countries will be entitled to the benefits of a double taxation treaty, in effect between Spain and their country of tax residence. Such holders may benefit from a reduced tax rate or an exemption under an applicable treaty with Spain, subject to the satisfaction of any conditions specified in the relevant treaty, including providing evidence of the tax residence of the non-Spanish holder by means of a valid certificate of tax residence within the meaning of the relevant double taxation treaty duly issued by the tax authorities of the country of tax residence of the non-Spanish holder or, as the case may be, the equivalent document specified in the Spanish Order which further develops the applicable treaty.

According to the Order of the Ministry of Economy and Finance of 13 April 2000, upon distribution of a dividend, the Issuer or its paying agent will withhold an amount equal to the tax amount required to be withheld according to the general rules set forth above (e.g, applying the general withholding tax rate of 19%), transferring the resulting net amount to the depositary. For this purpose, the depositary is the financial institution with which the non-Spanish holder has entered into a contract of deposit or management with respect to shares in the Issuer held by such holders. If the depositary of the non-Spanish holder is resident, domiciled or represented in Spain and it provides timely evidence (e.g., a valid certificate of tax residence issued by the relevant tax authorities of the non-Spanish holder's country of residence stating that, for the records of such authorities, the non-Spanish holder is a resident of such country within the meaning of the relevant double taxation treaty, or as the case may be, the equivalent document regulated in the Order which further develops the applicable treaty) of the non-Spanish holder's right to obtain the treaty-reduced rate or the exemption, it will immediately receive the surplus amount withheld, which will be credited to the non-Spanish holder. For these purposes, the relevant certificate of residence must be provided before the tenth day following the end of the month in which the dividends were paid. The tax certificate is generally valid only for a period of one year from the date of issuance.

If this certificate of tax residence, or as the case may be, the equivalent document referred to above, is not provided within this time period or if the depositary of the non-Spanish holder is not resident, domiciled or represented in Spain, the non-Spanish holder may subsequently obtain a refund of the amount withheld in excess from the Spanish tax authorities, following the standard refund procedure established by the Royal Decree 1776/2004, promulgating the NRIT Regulations and an Order dated 17 December 2010, as amended.

(ii) Taxation of capital gains

Capital gains derived from the transfer or sale of the shares will be deemed income arising in Spain, and, therefore, are taxable in Spain at a general tax rate of 19%

Capital gains and losses will be calculated separately for each transaction. It is not possible to offset losses against capital gains. However, capital gains derived from the transfer of shares in the Issuer will be exempt from taxation in Spain in either of the following cases:

- Capital gains derived from the transfer of the shares on an official Spanish secondary stock market (such as the Barcelona, Madrid, Bilbao or Valencia stock exchanges) by any non-Spanish holder who is tax resident of a country that has entered into a double taxation treaty with Spain containing an "exchange of information" clause. This exemption is not applicable to capital gains obtained by a non-Spanish holder through a country or territory that is defined as a tax haven by Spanish regulations.
- Capital gains obtained directly by any non-Spanish holder resident of another EU Member State or indirectly through a permanent establishment of such non-Spanish holder in a EU Member State other than Spain, provided that:
    - the Issuer's assets do not mainly consist of, directly or indirectly, Spanish real estate;
    - during the preceding 12 months in case of individuals non-Spanish holder has not held a direct or indirect interest of at least 25% in the Issuer's capital or net equity;
    - in the case of non-resident legal entities, the transfer fulfils all the requirements to benefit from the exemption on dividends and capital gains established for Spanish resident entities, passed by the CIT Law and described in paragraph (a) under "*Legal entities with tax residency in Spain and non-Spanish resident investors acting through a permanent establishment in Spain to which the Ordinary Shares are attributable – Corporate Income Tax (Impuesto sobre Sociedades)*"; and
    - the gain is not obtained through a country or territory defined as a tax haven under applicable Spanish regulations.
- Capital gains realised by non-Spanish holders who benefit from a double taxation treaty that provides for taxation only in such non-Spanish holder's country of residence.

Holders must submit a Spanish tax form (currently, Form 210) within the time periods set out in the applicable Spanish regulations to settle the corresponding tax obligations or qualify for an exemption. In order for the exemptions mentioned above to apply, a non-Spanish holder must provide a certificate of tax residence issued by the tax authority of its country of residence (which, if applicable, must state that, to the best knowledge of such authority, the non-Spanish holder is resident of such country within the meaning of the relevant double taxation treaty) or equivalent document meeting the requirements of the Order which further develops the applicable double taxation treaty, together with the Spanish tax form. The non-Spanish holder's tax representative in Spain and the depositary of the shares are also entitled to carry out such filing.

The certificate of tax residence mentioned above will be generally valid for a period of one year after its date of issuance.

Wealth Tax (*Impuesto sobre el Patrimonio*)

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to the Wealth Tax would generally not be subject to such tax. Otherwise, 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% although some reductions may apply.

In accordance with second section of article 1 of the Royal Decree 13/2011, of 16 September, as amended by article 3 of Royal Decree-Law 18/2019, of 27 December, a full exemption (*bonificación del 100%*) on Wealth Tax will apply in 2021 and onwards unless such exemption is revoked in the future.

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

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

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

Unless otherwise provided under an applicable double taxation agreement in relation to Inheritance and Gift Tax, transfers of shares upon death and by gift to individuals not resident in Spain for tax purposes are subject to Spanish Inheritance and Gift Tax if the shares are located in Spain (as is the case with shares in the Issuer) or the rights attached to such shares are exercisable in Spain, regardless of the residence of the heir or the beneficiary. The taxpayer is the transferee. The applicable tax rate, after applying all relevant factors, ranges between 7.65% and 81.6% for individuals, although the final tax rates may vary depending on any applicable regional tax laws.

However, if the deceased, heir or the donee are resident in an EU or EEA Member State, depending on the specific situation, the applicable rules will be those corresponding to the relevant autonomous regions according to the law. Moreover, the Spanish Supreme Court in its recent judgments dated 19 February, 2018, 21 March 2018 and 22 March 2018 has declared that the application of state regulations when the deceased, heir or donee is resident outside of a Member State of the EU or the EEA violates Community law to the free movement of capital, so even in that case it would be appropriate to defend the application of regional regulations in the same cases as if the deceased, heir or donee was resident in a Member State of the EU or the EEA. The General Directorate for Taxation has recently ruled in accordance with those judgements (V3151-18 and V3193-18).

Non-Spanish legal entities which acquire ownership or other rights over the Ordinary Shares by inheritance, gift or legacy are not subject to Inheritance and Gift Tax. They will be generally subject to Spanish NRIT as capital gains, without prejudice to the exemptions referred to above under "—*Taxation of capital gains*".

Spanish Direct Refund from Spanish tax authorities

Beneficial owners entitled to receive income payments in respect of the Preferred Securities or in respect of the Ordinary Shares free of Spanish withholding taxes or at the reduced withholding tax rate contained in any applicable double taxation treaty, but in respect of whom income payments have been made net of Spanish withholding tax at the general withholding tax rate, may apply directly to the Spanish tax authorities for any refund to which they may be entitled.

Beneficial owners may claim any excess amount withheld by the Issuer from the Spanish Treasury following the 1 February of the calendar year following the year in which the relevant payment date takes place, and within the first four years following the last day on which the Bank may pay any amount so withheld to the Spanish Treasury (which is generally the 20th calendar day of the month immediately following the relevant payment date), by filing with the Spanish tax authorities (i) the relevant Spanish tax form, (ii) proof of beneficial ownership, and (iii) a certificate of residence issued by the tax authorities of the country of tax residence of such beneficial owner, among other documents.

For further details, prospective Holders should consult their tax advisors.

THE PROPOSED FINANCIAL TRANSACTIONS TAX (THE EU FTT)

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common EU FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). However, Estonia has since stated that it will not participate.

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

Under the Commission's Proposal the EU FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Preferred Securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) when the financial instrument which is subject to the dealings is issued in a participating Member State.

In the ECOFIN meeting of 17 June 2016, the EU FTT was discussed between the EU Member States. It has been reiterated in this meeting that participating Member States envisage introducing an FTT by the so-called enhanced cooperation process.

The proposed Directive defines how the EU FTT would be implemented in participating Member States. It involves a minimum 0.1% tax rate for transactions in all types of financial instruments, except for derivatives that would be subject to a minimum 0.01% tax rate.

On 3 December 2018, the finance ministers of France and Germany outlined a joint proposal for a limited FTT based on a system already in place in France. Under the new proposal, the tax obligation would apply only to transactions involving shares issued by domestic companies with a market capitalisation of over €1 billion.

However, the Commission's Proposal remains subject to negotiation between participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and participating Member States may decide not to participate.

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

THE PROPOSED SPANISH FINANCIAL TRANSACTIONS TAX

On 28 February 28, 2020 the Draft Bill on the Spanish Financial Transaction Tax (the "**Draft Bill**") has been published in the official Gazette of the Spanish Parliament. The Bill was approved at the council of ministers meeting of 18 February 2020.

A similar bill on a Spanish Financial Transaction Tax had been approved during the previous legislature but its passage through parliament was not completed due to the end of that legislature.

As indicated in the preamble to the Draft Bill, since 2013, Spain has participated in the enhanced cooperation procedure to adopt a Directive on the uniform implementation of a Financial Transaction Tax ("**FTT**") with a group of European Union countries that includes Germany, France, Austria, Belgium, Slovakia, Slovenia, Greece, Italy and Portugal.

This procedure has not resulted in a final agreement on the approval of such a Directive. Consequently, the Spanish Government has considered appropriate to propose the introduction of a domestic FTT in Spain, in line with the position taken by other EU countries such as France and Italy.

According to the Draft Bill, the Spanish FTT is to be aligned with the French and Italian financial transactions taxes. Specifically, it is proposed that a Spanish FTT, at a rate of 0.2%, would apply to certain acquisitions of listed shares issued by Spanish companies whose market capitalisation exceeds €1 billion, regardless of the jurisdiction of residence of the parties involved in the transaction.

The list of Spanish companies with a market capitalisation exceeding €1 billion at 1 December of each year will be published on the Spanish tax authorities' website before 31 December each year. For the first year of application, the list will be determined one month before the entry into force of the tax and will also be published on the Spanish tax authorities' website.

If the Draft Bill is finally approved in its current terms through the legislative procedure, there is also a risk of the FTT arising on any conversion of the Preferred Securities into Common Shares, as this would be considered as an acquisition of shares subject to the FTT.

However, some of the proposed measures could be substantially modified (or even abandoned) during the legislative process.

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

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the Issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Preferred Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Preferred Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Preferred Securities, such withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Preferred Securities. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Preferred Securities, neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

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

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

ANNEX I

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

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

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

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

Don (nombre), con número de identificación fiscal [●][(1)], en nombre y representación de (entidad declarante), con número de identificación fiscal [●][(1)] y domicilio en [●] en calidad de (marcar la letra que proceda):

Mr. (name), with tax identification number [●][(1)], in the name and on behalf of (entity), with tax identification number [●][(1)] and address in [●] as (function – mark as applicable):

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

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

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

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

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

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

(d) Agente de pagos designado por el emisor.

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

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

Makes the following statement, according to its own records:

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

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

1.1 Identificación de los valores .....

1.1 Identification of the securities .....

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

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

1.3 Importe total de los rendimientos (o importe total a reembolsar, en todo caso, si son valores emitidos al descuento o segregados).....

1.3 Total amount of income (or total amount to be refunded, in any case, if the securities are issued at discount or are segregated) .....

1.4 Importe de los rendimientos correspondiente a contribuyentes del Impuesto sobre la Renta de las Personas Físicas, excepto cupones segregados y principales segregados en cuyo reembolso intervenga una Entidad Gestora .....

1.4 Amount of income corresponding to Personal Income Tax taxpayers, except segregated coupons and segregated principals for which reimbursement an intermediary entity is involved.....

1.5 Importe de los rendimientos que conforme al apartado 2 del artículo 44 debe abonarse por su importe íntegro (o importe total a reembolsar si son valores emitidos al descuento o segregados).

1.5 Amount of income which according to paragraph 2 of Article 44 must be paid gross (or total amount to be refunded if the securities are issued at discount or are segregated).

2 En relación con el apartado 5 del artículo 44.

2. In relation to paragraph 5 of Article 44.

2.1 Identificación de los valores.....

2.1 Identification of the securities .....

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

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

2.3 Importe total de los rendimientos (o importe total a reembolsar si son valores emitidos al descuento o segregados.....

2.3 Total amount of income (or total amount to be refunded if the securities are issued at discount or are segregated) .....

2.4 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero A.

2.4 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country A.

2.5 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero B.

2.5 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country B.

2.6 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero C.

2.6 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country C.

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

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

(1) **En caso de personas, físicas o jurídicas, no residentes sin establecimiento permanente se hará constar el número o código de identificación que corresponda de conformidad con su país de residencia**

(1) In case of non-residents (individuals or corporations) without permanent establishment in Spain it shall be included the number or identification code which corresponds according to their country of residence.

SUBSCRIPTION AND SALE

Pursuant to the terms and conditions set forth in a subscription agreement dated 2 October 2020 (the "**Subscription Agreement**"), the Bank agreed to issue the Preferred Securities on the Closing Date, and the Joint Lead Managers agreed to procure subscribers, or (with the exception of CaixaBank, S.A.) subscribe and pay for the Preferred Securities on the Closing Date at their issue price of 100% of the aggregate principal amount.

The Bank paid to the Joint Lead Managers a customary combined management and underwriting commission.

The Subscription Agreement provides that the Bank will indemnify each Joint Lead Manager against certain liabilities.

The Preferred Securities are newly issued securities for which there is currently no market. The Issuer will use all reasonable endeavours to procure that the Preferred Securities are admitted to listing on AIAF within 30 days of the Closing Date and to maintain such admission until none of the Preferred Securities is outstanding.

Selling Restrictions

General

Each Joint Lead Manager has undertaken to the Bank that it will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Preferred Securities or has in its possession or distributes the Prospectus or any related offering material, in all cases at its own expense.

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

United States

The Preferred Securities have not been and will not be registered under the Securities Act and have not been and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Capitalised terms used in this paragraph have the meanings given to them under Regulation S.

The Preferred Securities are subject to U.S. tax law requirements and have not been 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 regulations thereunder.

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

In addition, until 40 days after the commencement of the Offering, an offer or sale of Preferred Securities within the United States by any dealer that is not participating in the Offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager has represented, warranted and undertaken to the Issuer and each other Joint Lead Manager that:

(i) ***Financial Promotion*****:** it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services Markets Act 2000 —FSMA) received by it in connection with the issue or sale of any Preferred Securities in circumstances in which section 21(1) of the FSMA would not, if the Issuer were not an authorised person, apply to the Issuer; and

(ii) ***General Compliance*****:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Preferred Securities in, from or otherwise involving the United Kingdom.

Spain

Each of the Joint Lead Managers has represented and agreed that the Preferred Securities may not be offered or sold in Spain other than by institutions authorised under Securities Market Act, and related legislation, to provide investment services in Spain, and as agreed between the Issuer and the Joint Lead Managers, offers of the Preferred Securities in Spain shall only be directed specifically at or made to professional investors (*clientes profesionales*) as defined in Article 205 of the Securities Market Act or eligible counterparties (*contrapartes elegibles*) as defined in Articles 203 and 207 of the Securities Market Act.

Prohibition of sales to EEA and UK Retail Investors

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

(i) the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and

(ii) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Preferred Securities to be offered so as to enable an investor to decide to purchase or subscribe the Preferred Securities.

Singapore

Each Joint Lead Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Preferred Securities or caused the Preferred Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Preferred Securities or cause the Preferred Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Preferred Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in

accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Preferred Securities pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Republic of Italy

The offering of the Preferred Securities has not been registered pursuant to Italian securities legislation and, accordingly, each Joint Lead Manager has agreed that no Preferred Securities may be offered, sold or delivered, nor may copies of the Prospectus or of any other offering material relating to the Preferred Securities be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation and any applicable provision of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and/or Italian CONSOB regulations; or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Preferred Securities or distribution of copies of the Prospectus or any other document relating to the Preferred Securities in the Republic of Italy under (i) or (ii) above must:

(i) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the Banking Act); and

(ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including, the reporting requirements, where applicable, pursuant to Article 129 of the Italian

Consolidated Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Preferred Securities (except for Preferred Securities which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (the "**SFO**") other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Preferred Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Preferred Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO

Switzerland

The offering of the Preferred Securities in Switzerland is exempt from requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("**FinSA**"). This Prospectus does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the Preferred Securities.

Prohibition of sales to consumers in Belgium

Each Joint Lead Manager has represented and agreed that an offering of Preferred Securities may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1, 2º 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 Preferred Securities, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Preferred Securities, directly or indirectly, to any Belgian Consumer.

Canada

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

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

MARKET INFORMATION

Summary of Clearance and Settlement Procedures

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

Notwithstanding this summary, it should be noted that the Spanish clearing, settlement and recording system of securities transactions is undergoing a significant reform to align it with the EU practices and standards and prepare it for the implementation of future integration projects.

Law 32/2011 of 4 October which amended Law 24/1988 of 28 July on the securities market ("**Law 32/2011**"), anticipated and set the master plan of the future Spanish clearing, and recording system providing for certain changes that are being implemented and that will modify the system and allow for the integration of the post-trading Spanish systems into the system TARGET2 Securities. Law 24/1988 was repealed by the restated text of the Securities Market Act but the amendments introduced by Law 32/2011 are duly reflected in this restated law.

In any case, it should be emphasised that, as of the date of this Prospectus, the procedures established for fixed-income securities remain practically the same.

Additionally, Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July on improving securities settlement in the EU and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 ("**Regulation 909/2014**") provides that the maximum settlement period as regards transactions in transferable securities which are executed on trading venues must be settled by no later than the second business day following the relevant transaction, subject to certain exemptions. In this regard, since October 2014 transactions affecting debt securities settled through Iberclear are generally settled two business days after they have been made.

In this regard, the Spanish clearing, settlement and recording system was adapted by Law 11/2015 and Royal Decree 878/2015 to the provisions set forth in Regulation 909/2014.

Following this reform, which implementation was completed by 18 September 2017, the Spanish clearing, settlement and registry procedures of securities transactions allows the connection of the post-trading Spanish systems to the European system TARGET2 Securities (the "**Reform**").

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

The Reform was implemented in two phases:

- The first phase was implemented on 27 April 2016 and set up the new clearance and settlement system for equity securities, including the creation of BME Clearing, a CCP for post-trade operations compatible with the TARGET2 Securities system (messages, account structure, definition of operations, etc.). From 3 October 2016, with respect to transactions carried out on 29 September 2016, the new settlement and registration platform (ARCO) operates under a "T+2 Settlement Standard" by which any transactions must be settled within two stock-exchange business days following the date on which the relevant transaction was completed.

- The second phase was implemented in September 2017 upon Iberclear's connection to the TARGET2 Securities system. As a result, fixed-income securities were transferred to the new ARCO platform.

  Since that date the settlement and registration system for both equity and fixed-income securities are unified.

Iberclear and BME Clearing

Iberclear is the Spanish central securities depository in charge of both the register of securities held in book-entry form, and the settlement of all trades from the Spanish Stock Exchanges, Latibex (the Latin American stock exchange denominated in Euro), the Book-Entry Public Debt Market, the Alternative Stock Market (MAB), Alternative Fixed Income Market (MARF) and AIAF. Following the implementation of the Reform, transactions carried out on the AQS (*Sistema de Interconexión Bursátil or Mercado Continuo*) (see "*Market Information – Market Information in relation to the Ordinary Shares – AQS*") continue to be settled by Iberclear, as central securities depository, and are cleared by BME Clearing as central counterparty.

Iberclear and BME Clearing are owned by Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A., a holding company, which holds a 100% interest in each of the Spanish official secondary markets and settlement systems.

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

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

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

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

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

BME Clearing is the CCP in charge of the clearing of transactions closed on the Spanish Stock Exchanges. BME Clearing interposes itself on its own account as seller in every purchase and as buyer in every sale. It calculates the buy and sell positions vis-à-vis the participants designated in such buy or sell instructions. The CCP then generates and send to Iberclear the relevant settlement instructions.

The settlement and book-entry registration platform managed by Iberclear, which operates under the trade name of ARCO (for both equity securities and fixed-income securities as from September 2017), receives the

settlement instructions from BME Clearing and forwards them to the relevant participating entities involved in each transaction. ARCO operates under a T+2 settlement standard, by which any transactions must be settled within two business days following the date on which the transaction was completed.

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

Market Information in relation to the Preferred Securities

Iberclear Settlement of securities traded in AIAF

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

Securities traded in AIAF are private fixed income securities, including corporate bonds (for example, medium term notes and mortgage bonds), represented either in a dematerialised form or by certificates.

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

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

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

The ARCO Platform

The ARCO platform offers both settlement in cycles and in real-time.

Night-time settlement cycle (Madrid time):

(a) Night-time settlement: from 20.00 p.m. to 03.00 a.m.

Night-time settlement cycle begins the day before, T-1, to the settlement date, T. The night-time settlement period is divided into two batch settlement cycles, each comprised of a number of sequences, one of which is partial settlement. The second cycle finalizes before 3:00, when a real-time settlement period opens until the morning maintenance window cycle commences.

Real-time settlement (Madrid time):

(b) Against payment trades: from 05:00 a.m. (T) to 4:00 p.m. (T);

(c) Free of payment trades: from 05:00 a.m. (T) to 6:00 p.m. (T)

The settlement of transactions that settle via real-time procedure will take place every 8 minutes.

Throughout real-time settlement, there will be five partial settlement windows with the following schedules (Madrid time):

- from 08.00 (T) to 08.30 (T)
- from 10:00 (T) to 10:15 (T)
- from 12:00 (T) to 12:15 (T)

- from 14:00 (T) to 14:15 (T)
- from 15:30 (T) to 16:00 (T)

During the period in which these windows are open, all the real-time settlement processes are available. These windows are applicable for partial settlement of instructions, since, in the case of settlement restrictions, partial settlement will be executed when it is detected that the securities positions is insufficient for settling the total.

Euroclear and Clearstream

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

Market Information in relation to the Ordinary Shares

The Ordinary Shares of CaixaBank are listed on the Spanish Stock Exchanges of Barcelona, Madrid, Bilbao and Valencia, which are regulated markets for the purposes of MiFID II, under the ticker symbol "*CABK*". Shares of listed Spanish companies are represented in book entry form.

The Spanish securities market for equity securities consists of the Spanish Stock Exchanges (as defined in the Conditions) and the Automated Quotation System ("**AQS**"). The AQS links the four Spanish Stock Exchanges, providing those securities listed on it with a uniform continuous market that eliminates certain of the differences among the local exchanges. The Spanish securities markets are regulated by the CNMV.

AQS

The AQS was founded in 2 November 1995, substituting the computer assisted trading system known as *Sistema de Interconexión Bursátil or Mercado Continuo*, which had been in place since 1989. The principal feature of the system is the computerised matching of bid and offer orders at the time of placement. Each order is completed as soon as a matching order occurs, but can be modified or cancelled until completion. The activity of the market can be continuously monitored by investors and brokers. The AQS is operated and regulated by Sociedad de Bolsas, S.A. ("***Sociedad de Bolsas***"), a company owned by the companies that manage the Spanish Stock Exchanges. All trades on the AQS must be placed through a brokerage firm, a dealer firm or a credit entity that is a member of one of the Spanish Stock Exchanges.

In a pre-opening session held from 8:30 to 9:00 a.m. (Madrid time) each trading day, an opening price is established for each equity security traded on the AQS based on a real-time auction in which orders can be placed, modified or cancelled, but not completed. During this pre-opening session, the system continuously displays the price at which orders would be completed if trading were to begin. Market participants only receive information relating to the auction price (if applicable) and trading volume permitted at the current bid and offer price. If an auction price cannot be determined, the best bid and offer price and their respective associated trading volumes are disclosed instead. The auction terminates with a random period of 30 seconds in which share allocation takes place. Until the allocation process has finished, orders cannot be entered, modified or cancelled. In exceptional circumstances (including the admission of new securities to trade on the AQS) and subject to prior notice to the CNMV, Sociedad de Bolsas may establish an opening price disregarding the reference price (the previous trading day's closing price), alter the price range for permitted orders with respect to the reference price or modify the reference price.

The computerised trading hours, known as the open session, range from 9.00 a.m. to 5.30 p.m. (Madrid time). The AQS sets out two ranges of prices for each security named "static" and "dynamic" in order to monitor the volatility of the trading price of each security. During the open session, the trading price of a security is

permitted to fluctuate up to a maximum so-called "*static*" range of the reference price (the price resulting from the closing auction of the immediately preceding trading day or the immediately preceding volatility auction in the current trading session), provided that the trading price for each trade of such security is not permitted to vary in excess of a maximum so-called "*dynamic*" range with respect to the trading price of the immediately preceding trade of the same security. If, during the trading session, there are matching bid and ask orders for a security within the computerised system which exceed any of the above "*static*" and/or "*dynamic*" ranges, trading on the security is automatically suspended and a new auction, or volatility auction, is held where a new reference price is set, and the "*static*" and "*dynamic*" ranges will apply over such new reference price. The "*static*" and "*dynamic*" ranges applicable to each specific security are set up and reviewed periodically by Sociedad de Bolsas. From 5:30 p.m. to 5:35 pm (Madrid time), known as the closing auction, orders can be placed, modified or cancelled, but no trades can be completed.

Between 9:00 p.m. and 5:30 p.m. (Madrid time), trades may occur in the Block System. The system will allow trading with the following minimum turnover, according to the Commission Delegated Regulation (EU) 2017/587 of 14.7.2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on transparency requirements for trading venues and investment firms in respect of shares, depositary receipts, exchange-traded funds, certificates and other similar financial instruments and on transaction execution obligations in respect of certain shares on a trading venue or by a systematic internaliser.

Between 5:40 p.m. and 8:00 p.m. (Madrid time), trades may occur in the Special Operations Market. This is a market for operations that must fulfil certain cash and price requirements. The special operations market is open from 5:40 p.m. to 8:00 p.m. Operations involving the exercise or expiration of futures and options contracts are also entered on this market.

Information with respect to the computerised trades between 9:00 a.m. and 5:30 p.m. (Madrid time) is made public immediately, and information with respect to off-system trades is reported to the Sociedad de Bolsas by the end of the trading day and published in the Stock Exchange Official Gazette (*Boletín de Cotización*) and on the computer system by the beginning of the next trading day.

Euroclear and Clearstream, Luxembourg

Shares deposited with depositories for Euroclear Bank, S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, Société Anonyme, Luxembourg ("**Clearstream**") and credited to the respective securities clearance account of purchasers in Euroclear or Clearstream against payment to Euroclear or Clearstream will be held in accordance with the Terms and Conditions Governing Use of Euroclear and Clearstream, the operating procedures of the Euroclear System, as amended from time to time, the Management Regulations of Clearstream and the instructions to Participants of Clearstream, as amended from time to time, as applicable. Subject to compliance with such regulations and procedures, those persons on whose behalf accounts at Euroclear or Clearstream are maintained and to which shares have been credited ("**investors**") shall have the right to receive the number of shares equal to the number of shares credited in their accounts, upon compliance with the foregoing regulations and procedures of Euroclear or Clearstream.

With respect to the shares that are deposited with depositories for Euroclear or Clearstream, such shares will be initially recorded in the name of Euroclear or one of its nominees or in the name of Clearstream or one of its nominees, as the case may be. Thereafter, investors may withdraw shares credited to their respective accounts if they wish to do so, upon payment of the applicable fees, as described below, if any, and once the relevant recording in the book-entry registries kept by the members of Iberclear has occurred.

Under Spanish law, only the holder of the shares according to the registry kept by Iberclear is entitled to receive dividends and other distributions and to exercise voting, pre-emptive and other rights in respect of such shares. Euroclear, or its nominees, or Clearstream, or its nominees, will, respectively, be the sole record holder of the

shares that are deposited with the depositories for Euroclear and Clearstream, respectively, until investors exercise their rights to withdraw such shares and record their ownership rights over them in the book-entry records kept by the members of Iberclear.

Cash dividends or cash distributions, as well as stock dividends or other distributions of securities, received in respect of the shares that are deposited with the depositories for Euroclear and Clearstream will be credited to the cash accounts maintained on behalf of the investors at Euroclear and Clearstream, as the case may be, after deduction of any applicable withholding taxes, in accordance with the applicable regulations and procedures of Euroclear and Clearstream. See "*Taxation*".

Each of Euroclear and Clearstream will endeavour to inform investors of any significant events of which they become aware affecting the shares recorded in the name of Euroclear, or its nominees, and Clearstream, or its nominees, and requiring action to be taken by investors. Each of Euroclear and Clearstream may, at its discretion, take such action as they shall deem appropriate in order to assist investors to direct the exercise of voting rights in respect of the shares. Such actions may include (i) acceptance of instructions from investors to execute or to arrange for the execution of proxies, powers of attorney or other similar certificates for delivery to the Bank, or its agent; or (ii) exercise by Euroclear or its nominees and Clearstream or its nominees of voting rights in accordance with the instructions provided by investors.

If the Bank offers or causes to be offered to Euroclear, or its nominees, and Clearstream, or its nominees, acting in their capacity as record holders of the shares that are deposited with the depositories for Euroclear and Clearstream, respectively, any rights to subscribe for additional shares or rights of any other nature, each of Euroclear and Clearstream will endeavour to inform investors of the terms of any such rights issue of which it has notice in accordance with the provisions of its regulations and procedures referred to above. Such rights will be exercised, insofar as practicable and permitted by applicable law, according to written instructions received from investors, or alternatively, such rights may be sold and, in such event, the net proceeds will be credited to the cash account maintained on behalf of the investor with Euroclear or Clearstream.

ADDITIONAL INFORMATION

Responsibility statement

The Issuer and the undersigned, Mr. Javier Pano Riera, in his capacity as Chief Financial Officer of the Issuer and acting under a special power of attorney granted by the Board of Directors of the Issuer, accepts responsibility for the information contained in this Prospectus and declares, to the best of his knowledge, that the information contained in this Prospectus is in accordance with the facts and the Prospectus contains no omissions likely to affect its import.

Listing

This Prospectus has been approved by the CNMV in its capacity as competent authority under the Prospectus Regulation.

Application has been made for the Preferred Securities to be admitted to trading on AIAF, which is a regulated market for the purposes of MiFID II. The Issuer will use all reasonable endeavours to procure that the Preferred Securities are admitted to listing on AIAF within 30 days of the Closing Date and to maintain such admission until none of the Preferred Securities is outstanding.

The Preferred Securities may also be admitted to trading on any other secondary market as may be agreed by the Issuer.

Authorisation

The creation and issue of the Preferred Securities have been authorised by resolutions of the Board of Directors dated 30 July 2020 acting by delegation of a resolution of the general shareholders' meeting 28 April 2016.

Significant/Material change and trend information

Save as disclosed in this Prospectus, there has been no material adverse change in the prospects of the Issuer since 31 December 2019.

Save as disclosed in this Prospectus, there has been no significant change in the financial performance or position of the Group since 30 June 2020.

Working capital

In the opinion of the Issuer, the working capital available to the Issuer is sufficient for CaixaBank's present requirements.

Independent auditors

The consolidated financial statements of the Issuer have been audited without qualification for the years ended 31 December 2018 and 31 December 2019 by PricewaterhouseCoopers Auditores, S.L. with registered address at Paseo de la Castellana 259B, Torre PwC, 28046 Madrid, Spain, independent auditors who are members of the Official Registry of Auditors of Accounts (*Registro Oficial de Auditores de Cuentas*). The reports in respect of such annual financial statements were unqualified.

The consolidated financial statements of the Issuer have been audited without qualification for the year ended 31 December 2017 by Deloitte, S.L., Plaza Pablo Ruiz Picasso, 1, 28020 Madrid, Spain, independent auditors

who are members of the Official Registry of Auditors of Accounts (*Registro Oficial de Auditores de Cuentas*). The report in respect of such annual financial statements was unqualified.

Third party information

Information included in this Prospectus (including in the documents incorporated by reference) sourced from a third party has been accurately reproduced and, so far as the Issuer is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Documents on display

For so long as any of the Preferred Securities are outstanding, copies of the following documents will be available on CaixaBank's website (www.caixabank.com):

(a) the bylaws (*estatutos sociales*) of the Bank (with an English translation thereof);

(b) the Interim Consolidated Financial Statements;

(c) the 2019 Consolidated Annual Financial Statements, the 2018 Consolidated Annual Financial Statements and the 2017 Consolidated Annual Financial Statements; and

(d) this Prospectus.

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

Interests of natural and legal persons involved in the Offer of the Preferred Securities

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

Statement of the capacity in which the advisers have acted

In addition to the Joint Lead Managers, the following entities have provided advisory services in relation with the Offering of the Preferred Securities:

- Linklaters, S.L.P. has acted as legal adviser to the Issuer on Spanish and English laws; and
- Allen & Overy has acted as legal adviser to the Joint Lead Managers on Spanish and English laws.

Paying agency

All payments under the Conditions will be carried out directly by the Issuer through Iberclear. The corporate address of Iberclear is Plaza de la Lealtad 1, 28014, Madrid, Spain.

Conversion calculation agency

The Issuer has appointed Conv-Ex Advisors Limited as the initial Conversion Calculation Agent. The Issuer may change the Conversion Calculation Agent at any time without prior notice to any Holder.

Yield

On the basis of the issue price of the Preferred Securities of 100% of their principal amount, the annual yield of the Preferred Securities for the period from (and including) the Closing Date to (but excluding) the First Reset Date is 5.875%. This yield is calculated on the Closing Date and is not an indication of future yield.

Clearing: ISIN and Common Code

The Preferred Securities will be admitted to listing on AIAF and have been accepted for clearance through Iberclear. The Preferred Securities bear the ISIN ES0840609020 and the common code 224230885.

Listing of the Ordinary Shares

The Ordinary Shares are listed on the Spanish Stock Exchanges of Barcelona, Madrid, Bilbao and Valencia, which are regulated markets for the purposes of MiFID II, and are quoted on the AQS, under the symbol "*CABK*". The ISIN for the Ordinary Shares is ES0140609019. Information about the past and future performance of the Ordinary Shares and their volatility can be obtained from the respective websites of each of the relevant Spanish Stock Exchanges.

Stabilisation

In connection with the issue of the Preferred Securities, Barclays Bank Ireland PLC (the "**Stabilising Manager**") (or any person acting on behalf of the Stabilising Manager) may over-allot Preferred Securities or effect transactions with a view to supporting the market price of the Preferred Securities at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Preferred Securities is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Preferred Securities and 60 days after the date of the allotment of the Preferred Securities. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) in accordance with EU Regulation on Market Abuse and any other applicable laws and rules.

Other relationships

Certain Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their 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 its affiliates. Certain Joint Lead Managers 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 Joint Lead Managers 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 Preferred Securities issued under the Prospectus. Any such short positions could adversely affect future trading prices of Preferred Securities issued under the Prospectus. The Joint Lead Managers 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.

Expenses related to the admission to trading

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

	Euro (estimated amount)
Type of expense	
Charges and fees of AIAF and Iberclear	31,500
CNMV fees (listing)	71,407
Other	5,625,000
Total	5,727,907

Ratings of the Preferred Securities

The Preferred Securities are rated BB by S&P Global.

In accordance with S&P Global's definitions, a rating of "BB" indicates an obligation that is less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation.

S&P Global is a rating agency established in the EU and registered under the CRA Regulation. S&P Global appears on the latest update of the list of registered credit rating agencies (as of 14 November 2019) on the ESMA website.

SIGNATURES

In witness to their knowledge and approval of the contents of this Prospectus drawn up according to Annexes 2, 11 (sections 3.1 and 3.2), 15 and 18 of Commission Delegated Regulation (EU) 2019/980, it is hereby signed by Javier Pano Riera, Chief Financial Officer of the Bank, in Barcelona, on 9 October 2020.

REGISTERED OFFICE OF THE ISSUER

CaixaBank, S.A.
Calle Pintor Sorolla, 2-4
46002 Valencia
Spain

SOLE STRUCTURING ADVISOR AND LEAD MANAGER

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Ireland DO2RF29

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Canary Wharf
London E 14 4QA
United Kingdom

Société Générale
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75009 Paris
France

LEGAL ADVISERS

To the Issuer as to Spanish law and as to English law:

Linklaters, S.L.P.
Calle Almagro, 40
28010 Madrid
Spain

To the Joint Lead Managers as to Spanish law and as to English law:

Allen & Overy
Serrano 73
28006 Madrid
Spain

AUDITORS TO THE ISSUER

Pricewaterhousecoopers Auditores, S.L.
Paseo de la Castellana 259B, Torre PwC,
28046 Madrid
Spain

CONVERSION CALCULATION AGENT

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United Kingdom