



# Banco Bilbao Vizcaya Argentaria, S.A.

*(incorporated with limited liability in Spain)*

€40,000,000,000

## Global Medium Term Note and Covered Bond Programme

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Under this €40,000,000,000 Global Medium Term Note and Covered Bond Programme (the **Programme**), Banco Bilbao Vizcaya Argentaria, S.A. (the **Issuer** or **BBVA**) may from time to time issue medium term notes (the **MTNs**) and covered bonds (the **Covered Bonds** and, together with the MTNs, the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The Issuer and its consolidated subsidiaries are referred to herein as the **Group**.

Notes may be issued in bearer or registered form (respectively, **Bearer Notes** and **Registered Notes**) as Senior Notes, Subordinated Notes or Covered Bonds. Senior Notes may be Senior Preferred Notes or Senior Non-Preferred Notes. Subordinated Notes may be Senior Subordinated Notes or Tier 2 Subordinated Notes. Covered Bonds shall be issued in accordance with the provisions of Royal Decree-Law 24/2021 (as defined in Condition 3(e)) and may be Mortgage Covered Bonds, Public Sector Covered Bonds and Internationalisation Covered Bonds. The Notes may be governed by English law or Spanish law. The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €40,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described in this Offering Circular.

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

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

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or any U.S. state securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. See “*Form of the Notes*” for a description of the manner and form in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see “*Subscription and Sale and Transfer and Selling Restrictions*”.

**Potential investors should note the statements on pages 208 to 212 regarding the tax treatment in Spain of income obtained in respect of the Notes and the disclosure requirements imposed by the First Additional Provision of Law 10/2014 of 26th June, 2014.**

The Issuer and the Senior Preferred Notes issued under the Programme have been rated A by Standard & Poor’s Credit Market Services Europe Limited (**S&P**), A3 by Moody’s Investors Services España, S.A. (**Moody’s**) and A- by Fitch Ratings Ireland Limited (**Fitch**). The Senior Non-Preferred Notes issued under the Programme have been rated BBB+ by S&P, Baa2 by Moody’s and BBB+ by Fitch. Certain Series of Covered Bonds issued under the Programme will be rated by Moody’s and DBRS Ratings GmbH (**DBRS**). Each of S&P, Moody’s, Fitch and DBRS is established in the European Economic Area (the **EEA**) and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, each of S&P, Moody’s, Fitch and DBRS is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. Ratings issued by S&P have been endorsed by S&P Global Ratings UK Limited, ratings issued by Moody’s have been endorsed by Moody’s Investors Service Ltd, ratings issued by Fitch have been endorsed by Fitch Ratings Limited and ratings issued by DBRS have been endorsed by DBRS Ratings Limited, each of which is a credit rating agency established in the United Kingdom (the **UK**) and registered under the CRA Regulation as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**) (the **UK CRA Regulation**), each in accordance with the UK CRA Regulation and have not been withdrawn. As such, the ratings issued by S&P, Moody’s, Fitch and DBRS may be used for regulatory purposes in the UK in accordance with the UK CRA Regulation. Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Amounts payable on Floating Rate Notes and Fixed Reset Notes may be calculated by reference to one of EURIBOR, SOFR or SONIA as specified in the relevant Final Terms. As at the date of this Offering Circular, (i) the administrator of EURIBOR, European Money Markets Institute, is included in the ESMA register (the **EU Benchmarks Register**) of administrators under Article 36 of Regulation (EU) No. 2016/1011 (as amended, the **EU Benchmarks Regulation**) but not the register (the **UK Benchmarks Register**) of administrators established and maintained by the United Kingdom Financial Conduct Authority (the **FCA**) pursuant to Article 36 of Regulation (EU) No. 2016/1011 as it forms part of UK domestic law by virtue of the EUWA (the **UK Benchmarks Regulation**); and (ii) the administrators of SOFR and SONIA are not included in such registers. As far as the Issuer is aware, under Article 2 of the EU Benchmarks Regulation and the UK Benchmarks Regulation, the administrator of SONIA, the Bank of England and the administrator of SOFR, the Federal Reserve Bank of New York, are not required to obtain authorisation or registration as of the date of this Offering Circular.

This Offering Circular is issued in replacement of the Offering Circular dated 21st July, 2021 and accordingly supersedes that Offering Circular. This does not affect any Notes issued under the Programme prior to the date of this Offering Circular.

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Arranger

UBS Investment Bank

Dealers

Banco Bilbao Vizcaya Argentaria

BNP PARIBAS

Barclays

BofA Securities

Citigroup	Commerzbank
Crédit Agricole CIB	Credit Suisse
Deutsche Bank	Goldman Sachs Bank Europe SE
HSBC	ING
J.P. Morgan	Morgan Stanley
Natixis	NatWest Markets
Nomura	Société Générale Corporate & Investment Banking
UBS Investment Bank	UniCredit
Wells Fargo Securities	

The date of this Offering Circular is 9th August, 2022.

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This Offering Circular has been approved as a base prospectus by the Central Bank of Ireland (the **CBI**) as competent authority under the Prospectus Regulation (as defined below). The CBI only approves this Offering Circular as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CBI should not be considered as an endorsement of the Issuer or of the quality of the Notes. Investors should make their own assessment as to the suitability of investing in the Notes. Such approval relates only to Notes that are to be admitted to trading on the regulated market (the **Regulated Market**) of the Irish Stock Exchange plc, trading as Euronext Dublin (**Euronext Dublin**) or on another regulated market for the purposes of Directive 2014/65/EU (as amended, **MiFID II**) and/or that are to be offered to the public in any Member State of the EEA in circumstances that require the publication of a prospectus. Application has been made to Euronext Dublin for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to its official list (the **Official List**) and trading on the Regulated Market. The Regulated Market is a regulated market for the purposes of the Markets in Financial Instruments Directive.

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

References in this Offering Circular to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to the Official List and trading on the Regulated Market.

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

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under “*Terms and Conditions of the Notes*”) of Notes will be set out in a final terms document (the **Final Terms**) which will be delivered to the CBI and, where listed, Euronext Dublin on or before the date of issue of the Notes of such Tranche.

Copies of the Final Terms in relation to Notes to be listed on Euronext Dublin will also be published on the website of Euronext Dublin. This Offering Circular constitutes a base prospectus for the purposes of Article 8 of the Prospectus Regulation. When used in this Offering Circular, **Prospectus Regulation** means Regulation (EU) 2017/1129, and includes any relevant implementing measure in a relevant Member State of the EEA.

The language of this Offering Circular is English. Certain legal references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under the applicable laws.

The Issuer accepts responsibility for the information contained in this Offering Circular and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

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 Offering Circular refers does not form part of this Offering Circular and has not been scrutinised or approved by the CBI.

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

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

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

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

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

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in this Offering Circular. Any representation to the contrary is unlawful.

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Neither the Issuer nor any of the Dealers makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

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

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

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

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# PRESENTATION OF FINANCIAL AND OTHER INFORMATION

## ACCOUNTING PRINCIPLES

Under Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19th July, 2002, all companies governed by the law of a Member State of the EU and whose securities are admitted to trading on a regulated market of any Member State must prepare their consolidated financial statements for the years beginning on or after 1st January, 2005 in conformity with International Financial Reporting Standards adopted by the EU (**EU-IFRS**).

The Issuer's consolidated financial statements as at and for each of the years ending 31st December, 2021, 31st December, 2020 and 31st December, 2019 (the **Consolidated Financial Statements**), as included in the annual report of BBVA on Form 20-F for the fiscal year ended 31st December, 2021 filed with the U.S. Securities and Exchange Commission (the **SEC**) on 4th March, 2022 (the **Form 20-F**) and incorporated by reference in this Offering Circular are in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board (**IFRS-IASB**) and in accordance with EU-IFRS applicable as of 31st December, 2021, reflecting the Bank of Spain's Circular 4/2017, of 27th November (as amended) and any other legislation governing financial reporting applicable to the Group and with the format and mark-up requirements established in EU Delegated Regulation 2019/815 of the European Commission.

All references in this document to:

- **euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;
- **U.S. dollars, USD** and **U.S.\$** refer to United States dollars;
- **Sterling** and **£** refer to pounds sterling;
- **Renminbi, RMB** and **CNY** refer to the lawful currency of the People's Republic of China (the **PRC**) which, for the purposes of this Offering Circular, excludes Hong Kong Special Administrative Region of the PRC (**Hong Kong**), the Macau Special Administrative Region of the People's Republic of China and Taiwan;
- **HK\$** refers to the lawful currency of Hong Kong;
- **Mexican peso** refers to the lawful currency of the United Mexican States; and
- **Turkish Lira** and **TL** refer to the lawful currency of the Republic of Turkey.

In this Offering Circular, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

## FINANCIAL INFORMATION

The following principles should be noted in reviewing the financial information contained in this Offering Circular:

- Unless otherwise stated, any reference to loans refers to both loans and leases.
- All references to any financial information in this Offering Circular are to the consolidated financial information of the Group, unless otherwise stated.
- Interest income figures, when used, do not include interest income on non-accruing loans to the extent that cash payments have been received in the period in which they are due.

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- Financial information with respect to segments or subsidiaries may not reflect consolidation adjustments.
  - Certain numerical information in this Offering Circular may not compute due to rounding. In addition, information regarding period-to-period changes is based on numbers which have not been rounded.

## SPANISH TAX RULES

Article 44 of the regulations approved by Royal Decree 1065/2007 of 27th July, as amended by Royal Decree 1145/2011 of 29th July (as so amended, **RD 1065/2007**), sets out the reporting obligations applicable to preference shares and debt instruments (including debt instruments issued at a discount for a period equal to or less than twelve months) issued under the First Additional Provision of Law 10/2014, of 26th June, on the organisation, supervision and solvency of credit entities (*Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de crédito*), as amended (**Law 10/2014**).

### *General*

The procedure described in this Offering Circular for the provision of information required by Spanish law and regulation is a summary only, and may be updated and/or amended at any time as a result of any change in, or amendment to, the laws or regulations applicable in Spain or any change in the application or binding official interpretation or administration of any such laws or regulations. Neither the Issuer nor any of the Dealers assumes any responsibility therefor.

## IMPORTANT – EEA RETAIL INVESTORS

In the case of all Notes (other than Senior Preferred Notes), the Notes are not intended to and shall not be offered, sold or otherwise made available to any retail investor in the EEA. This prohibition shall also apply in the case of any Senior Preferred Notes for which a legend to this effect entitled “*Prohibition of Sales to EEA Retail Investors*” is included in the applicable Final Terms. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation EU No. 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling these Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling such Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

## IMPORTANT – UK RETAIL INVESTORS

In the case of all Notes (other than Senior Preferred Notes), the Notes are not intended to and shall not be offered, sold or otherwise made available to any retail investor in the UK. This prohibition shall also apply in the case of any Senior Preferred Notes for which a legend to this effect entitled “*Prohibition of Sales to UK Retail Investors*” is included in the applicable Final Terms. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of UK domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the **FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, as amended or superseded, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of UK domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling these Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or

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selling such Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

## MIFID II PRODUCT GOVERNANCE/TARGET MARKET

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

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

## UK MIFIR PRODUCT GOVERNANCE/TARGET MARKET

The Final Terms in respect of any Notes will include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of such Notes and which channels for distribution of such Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

This Offering Circular has been prepared on the basis that the minimum denomination of each Note will be €100,000 (or equivalent in another currency).

## PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 (2020 Revised Edition)

In connection with Section 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (as amended or modified, the **SFA**) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), unless otherwise stated in the applicable Final Terms in respect of any Notes, all Notes shall be ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in the Monetary Authority of Singapore (the **MAS**) Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## U.S. INFORMATION

This Offering Circular is being submitted in the United States to a limited number of QIBs and Institutional Accredited Investors (each as defined under “*Form of the Notes*”) for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised.



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The Notes have not been nor will be registered under the Securities Act. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, 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 and the Treasury regulations promulgated thereunder.

Registered Notes may be offered or sold within the United States only to QIBs or to Institutional Accredited Investors, in either case in transactions exempt from registration under the Securities Act in reliance on Rule 144A under the Securities Act (**Rule 144A**) or any other applicable exemption. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Purchasers of Definitive IAI Registered Notes (as defined under “*Form of the Notes – Registered Notes*”) will be required to execute and deliver an IAI Investment Letter (as defined under “*Terms and Conditions of the Notes*”). Each purchaser or holder of Definitive IAI Registered Notes, Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together **Legended Notes**) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in “*Subscription and Sale and Transfer and Selling Restrictions*”. Unless otherwise stated, terms used in this paragraph have the meanings given to them in “*Form of the Notes*”.

## AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are “restricted securities” within the meaning of the Securities Act, the Issuer has undertaken in a deed poll dated 18th December, 2015 (the **Deed Poll**) to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as “restricted securities” within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the **Exchange Act**), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

## SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a corporation organised under the laws of Spain. All or most of the officers and directors of the Issuer named herein reside outside the United States and all or a substantial portion of the assets of the Issuer and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside Spain upon the Issuer or such persons, or to enforce judgments against them obtained in courts outside Spain predicated upon civil liabilities of the Issuer or such directors and officers under laws other than the laws of Spain, including any judgment predicated upon United States federal securities laws.

## STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) acting as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes of the Series (as defined below) of which such Tranche forms part 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 final terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at

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any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

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## RISK FACTORS

*In purchasing Notes, investors expose themselves to the risk that the Issuer may become insolvent, subject to early intervention or resolution, or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. The Issuer may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer believes that the factors described below represent the principal factors which could materially adversely affect its businesses and ability to make payments due under the Notes. In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*Prospective investors should also read the detailed information set out elsewhere in, or incorporated by reference into, this Offering Circular and reach their own views prior to making any investment decision.*

*Unless otherwise stated, terms used in this section have the meanings given to them in “Regulatory Framework”.*

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

#### **Macroeconomic and Geopolitical Risks**

***A deterioration in economic conditions or the institutional environment in the countries where the Group operates could have a material adverse effect on the Group's business, financial condition and results of operations***

The Group is sensitive to the deterioration of economic conditions or the alteration of the institutional environment of the countries in which it operates, and especially Spain, Mexico and Turkey, which represented 57.7 per cent., 18.7 per cent and 8.6 per cent. of the Group's subtotal of assets by operating segment as of 30th June, 2022, respectively (60.4 per cent., 17.3 per cent and 8.2 per cent as of 31st December, 2021, respectively, 61.0 per cent., 16.5 per cent. and 8.9 per cent., as of 31st December, 2020, respectively, and 58.4 per cent., 17.3 per cent. and 10.2 per cent. as of 31st December, 2019, respectively). For the period ended 30th June, 2022 and 31st December, 2021, the Group's attributable profit amounted to €3,001 million and €4,653 million, respectively (€3,203 million and €5,069 million, respectively, being the Group's adjusted attributable profit). The share of adjusted attributable profit of Spain, Mexico, Turkey and South America within the Group's adjusted attributable profit amounted to 31.5 per cent., 56.8 per cent., 1.9 per cent. and 12.9 per cent., for the period ended 30th June, 2022, and 31.2 per cent., 50.7 per cent., 14.6 per cent. and 9.7 per cent. for the period ended 31st December, 2021, respectively. The share of the gross margin of Spain, Mexico, Turkey and South America within the Group's gross margin was 26.7 per cent., 42.5 per cent., 11.7 per cent. and 17.2 per cent., for the period ended 30th June, 2022 and 28.1 per cent., 36.1 per cent., 16.2 per cent. and 15.0 per cent. for the period ended 31st December, 2021, respectively. Additionally, the Group is exposed to sovereign debt, particularly sovereign debt related to these geographies. Furthermore, the Group has recently increased its shareholding stake in Türkiye Garanti Bankası A.Ş. (**Garanti BBVA**) by an additional 36.12 per cent. (reaching 85.97 per cent.) as a result of the voluntary takeover bid for the shares of Garanti BBVA not already owned by BBVA announced in November 2021.

In addition to the significant macroeconomic problems triggered by the COVID-19 pandemic, the global economy is currently facing a number of extraordinary challenges. Russia's invasion of Ukraine, the largest military attack on a European state since World War II, has led to significant disruption, instability and volatility in global markets, as well as higher inflation (including by contributing to further increases in the prices of oil, gas and other commodities and further disrupting supply chains) and lower growth. The European Union, United Kingdom, the United States and other governments have imposed significant

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sanctions and export controls against Russia and Russian interests and threatened additional sanctions and controls.

The conflict represents a significant supply shock for the global economy, which is likely to reinforce the moderating trend in economic growth and add to ongoing inflationary pressures, mainly in European countries, due to their relatively significant economic ties with Ukraine and Russia. The economic effects of the war are being reflected mainly through higher commodity prices, but also through financial markets and confidence levels, as well as a through a further deterioration of the problems in global supply chains.

The impact of these challenges and measures, as well as potential responses to these measures by Russia, is currently unknown and, while the Group's direct exposure to Ukraine and Russia is immaterial, they could adversely affect the Group's business, financial condition and results of operations. Geopolitical and economic risks have also increased over the past few years as a result of trade tensions between the United States and China, Brexit, the rise of populism and tensions in the Middle East. Growing tensions may lead, among others things, to a deglobalisation of the world economy, an increase in protectionism or barriers to immigration, a general reduction of international trade in goods and services and a reduction in the integration of financial markets, any of which could materially and adversely affect the Group's business, financial condition and results of operations.

Moreover, the world economy could be vulnerable to other factors such as the withdrawal of monetary stimulus due to growing and widespread inflationary pressures, which could cause a significant slowdown in economic growth as well as volatility in financial markets. The central banks of many developed and emerging economies have begun to withdraw the monetary stimulus introduced in previous years and the process of tightening monetary conditions is likely to continue going forward in most economies. In the United States, the Federal Reserve has begun in March 2022 to adjust up the policy rate, which, according to BBVA Research, could converge towards around 3.50 per cent. by the end of 2022. In the Eurozone, the European Central Bank (the **ECB**) has completed the extraordinary purchase programme designed to deal with the pandemic (PEPP) as well as the standard programme (APP), and has announced in July 2022 a rise of 50 basis points in its reference interest rates. According to BBVA Research, the interest rate on refinancing operations could converge to around 2.0 per cent. in the coming months.

Another risk is a sharp slowdown in the global GDP growth caused by a deceleration in the Chinese economy due to potential restrictions on mobility to try to control new waves of coronavirus infections or other idiosyncratic factors.

The Group bears, among others, the following general risks with respect to the economic and institutional environment in which it operates: a deterioration in economic activity in the countries in which it operates; more persistent inflationary pressures (annual inflation has recently reached 10.2 per cent. in Spain, 7.7 per cent. in Mexico, 73.5 per cent. in Turkey, 60.7 per cent. in Argentina, 8.1 per cent. in Peru and 9.1 per cent. in Colombia), which could trigger a more severe tightening of monetary conditions; stagflation due to more intense or prolonged supply crises; changes in exchange rates (from 31st December, 2021 to 30th June, 2022 the balance recognised under the heading of "accumulated other comprehensive income (loss) - foreign currency translation" in the balance sheet decreased from €14,988 million to €12,881 million, explained by the appreciation against the euro of some of the currencies of the main geographies where the Group operates against the euro such as the Peruvian sol (14.8 per cent.), the Mexican peso (10.4 per cent.) and Colombian peso (5.2 per cent.); partially offset by the depreciation against the euro of the Turkish lira (12.1 per cent.), and Argentine peso (10.4 per cent.); an unfavourable evolution of the real estate market, to which the Group continues to be significantly exposed; very high oil and gas prices could have a negative impact on disposable income levels in areas that are solely energy importers, such as Spain or Turkey, to which the Group is particularly exposed; changes in the institutional environment of the countries in which the Group operates could give rise to sudden and sharp drops in GDP and/or changes in regulatory or government policy, including in terms of exchange controls and restrictions on the distribution of dividends; a growth in the public debt or in the external deficit could lead to a downward revision of the credit ratings of the sovereign debt and even a possible default or restructuring of such debt; and episodes of volatility in the markets, which could cause the Group significant losses.

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### ***Risk associated with pandemics like the COVID-19 pandemic could have a material adverse effect on the Group's business, financial condition and results of operations***

The COVID-19 (coronavirus) pandemic has adversely affected the world economy, and economic activity and conditions in the countries in which the Group operates. New waves of contagion continue to be a source of concern and the emergence of new strains remains a risk, although increasing vaccination rates will likely continue to reduce its impact on economic activity. Among other challenges, these countries are still dealing with high unemployment levels, relatively weak activity, supply disruptions and increasing inflationary pressures, while public debt has increased significantly due to the support and spending measures implemented by the government authorities, which have contained any sharp increase in loan losses from both companies and individuals, especially, bank payment deferrals, grace periods, credit with public guarantee and direct aid measures. Likewise, volatility in the financial markets may continue, affecting exchange rates and the value of assets and investments (in addition to other factors mentioned below), which has adversely affected the Group's capital base and results in the past, and could do so again. There are still uncertainties about the final future impact of the COVID-19 pandemic, mainly if there is an increase in infections caused by the new variants of the coronavirus.

With the outbreak of COVID-19, the Group experienced a decline in its activity. For example, the granting of new loans to individuals decreased during lockdowns. In addition, in several countries, including Spain, the Group closed a significant number of its branches and reduced the opening hours of working with the public, with central services teams having to work remotely. While these measures were progressively reversed, additional restrictions on mobility could be adopted that affect the Group's operations. Furthermore, the Group has been and may be affected by the measures or recommendations adopted by regulatory authorities in the banking sector, such as variations in reference interest rates, the modification of prudential requirements, the temporary suspension of dividend payments, the modification of the deferral of monthly installments for certain loans and the granting of guarantees or public guarantees to credit operations for companies and self-employed persons, the adoption of further similar measures or the termination of those already approved, as well as any changes in financial assets purchase programmes by the ECB. As of 30th June, 2022, and 31st December, 2021, the outstanding balance of loans for which payment deferrals and/or financing with a public guarantee were granted to date at the Group level amounted to €36,030 million and €38,025 million, respectively (granted to 2.20 million and 2.45 million customers, respectively), equivalent to 9.4 per cent. and 10.9 per cent. of the lending portfolio of which 55.5 per cent. and 57.7 per cent. are payment deferrals and 44.5 per cent. and 42.3 per cent. financing with public guarantee, with an average Instituto de Crédito Oficial guarantee coverage of 76 per cent as of 30th June, 2022.

Furthermore, episodes like the COVID-19 pandemic could adversely affect the business and transactions of third parties that provide critical services to the Group and, in particular, the higher demand and/or the lower availability of certain resources, compounded by ongoing supply bottlenecks could, in some cases, make it more difficult for the Group to maintain the required service levels. In addition, the widespread use of remote work has increased the risks related to cybersecurity, as the use of non-corporate networks has increased.

Further, despite the progressive lessening of restrictions since 2020 and the increasing resumption of activities, the Group continues to face various risks, such as a greater risk of impairment of the value of its assets (including financial instruments valued at fair value, which may suffer significant fluctuations) and of the securities held for liquidity reasons, an increase in non-performing loans (**NPLs**) and risk-weighted assets (**RWAs**), as well as an increase in the Group's cost of financing and a reduction in its access to financing (especially in an environment where credit ratings are affected) (see "*The Group depends on its credit ratings and sovereign credit ratings, especially Spain's credit ratings*").

The COVID-19 pandemic has also exacerbated and may continue to exacerbate, other risks disclosed in this section, including but not limited to, risks associated with the credit quality of the Group's borrowers and counterparties or collateral, any withdrawal of ECB funding (of which the Group has made and continues to make significant use), the Group's exposure to sovereign debt and rating downgrades, the Group's ability to comply with its regulatory requirements, including MREL requirements (as defined below) and other capital requirements, and the deterioration of economic conditions or changes in the institutional environment. (see "*A deterioration in economic conditions or the institutional environment in the countries where the Group*

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*operates could have a material adverse effect on the Group's business, financial condition and results of operations" and "Increasingly onerous capital and liquidity requirements may have a material adverse effect on the Group's business, financial condition and results of operations").*

The COVID-19 pandemic has had a substantial impact on the Spanish economy and its sovereign fiscal position. Despite the 5.1 per cent. expansion in 2021, Spanish GDP remains below the level observed immediately before the pandemic given its 10.8 per cent. contraction in 2020. The relative weakness of economic activity and the measures the fiscal stimulus adopted have generated fears about the sustainability of public debt in the medium and long term amid the European Central Bank's withdrawal of the monetary stimulus introduced following the beginning of the COVID-19 pandemic. The risk of (renewed) fragmentation in the Eurozone is on the rise, once the ECB has significantly reduced its asset purchase programmes. In addition, the annual inflation rate for 2021 (6.5 per cent. in December) was the highest since 1989. Likewise, the consequences of the military conflict in Europe (which is mainly reflected through higher energy prices) could slow down the expected economic recovery and keep inflation at high levels at least in 2022 and 2023. On the other hand, although the economic recovery is expected to be supported by the adoption of initiatives by the European Union, in particular the financial support linked to the Next Generation EU (NGEU) plan, there are risks associated with the capacity of the Spanish economy to absorb EU funds and translate this support into productive investments.

The final magnitude of the impact of the COVID-19 pandemic on the Group's business, financial condition and results of operations, which has been and is expected to be significant, will depend on future and uncertain events, including the intensity and persistence over time of the consequences arising from the COVID-19 pandemic in the different geographies in which the Group operates.

### Business Risks

***The Group's businesses are subject to inherent risks concerning borrowers and counterparties' credit quality and the value of collateral that strengthens its lending portfolio, particularly in Spain***

The total maximum credit risk exposure of the Group as of 30th June, 2022 and 31st December, 2021, was €806,969 million and €753,730 million, respectively (€747,145 million and €807,520 million as of 31st December, 2020 and 2019, respectively). The balance of loans and advances to customers at amortised cost at 30th June, 2022 and 31st December, 2021 was €361,800 million and €330,055 million, respectively, of which Spain, Mexico and Turkey represent 58.5 per cent., 19.2 per cent. and 10.4 per cent., and 61.0 per cent., 17.5 per cent. and 10.1 per cent. respectively. The accumulated loss allowances of loans and advances to customers at amortised cost at 30th June, 2022 and 31st December, 2021 amounts to €11,691 million and €11,116 million respectively, of which Spain, Mexico and Turkey represent 44.7 per cent., 20.7 per cent. and 18.3 per cent., and 47.5 per cent., 18.3 per cent. and 18.5 per cent., as at 30th June, 2022 and 31st December, 2021, respectively. Impairment on financial assets not measured at fair value through profit or loss as of 30th June, 2022 and 31st December, 2021 was €1,441 million and €3,034 million, lower than the figure as of 30th June, 2021 (€1,580 million and -8.8 per cent. respectively) and with a decrease in all geographical areas mainly due to the negative impact of provisions for COVID-19 in 2020. The Group has exposures to many different products and counterparties, and the credit quality of its exposures can have a significant effect on the Group's earnings. Adverse changes in the credit quality of the Group's counterparties (including borrowers) or in their behavior or businesses, or any adverse changes in the collateral they may have provided, may reduce the value of the Group's assets, and materially increase the Group's write-downs and loss allowances. Credit risk can be affected by a range of factors, including an adverse economic environment, decrease in consumption or corporate or government spending, changes in the rating of individual contractual counterparties, their debt levels and the environment in which they operate, increased unemployment, reduced asset values, increased retail or corporate insolvency levels, reduced corporate profits, changes in interest rates (as well as the timing, magnitude and pace of these changes), litigation and legal and regulatory developments.

In recent years, the Group's NPL ratio (as defined in the Alternative Performance Measures section of the Interim Consolidated Management Report (as defined in "Documents Incorporated by Reference" below), which was 3.7 per cent., 4.1 per cent., 4.2 per cent. and 4.2 per cent. as of 30th June, 2022, 31st December, 2021, 2020 and 2019, respectively) has benefited from the low interest rate environment, which has led to

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increased recoveries and repayments. If as currently expected, interest rates increase, this will likely lead to a deterioration of our NPL ratio. It will also likely lead to an increase in the Group's RWAs. The Group's coverage ratio (as defined in the Alternative Performance Measures section of the Interim Consolidated Management Report) stood at 78 per cent., 75 per cent., 82 per cent. and 75 per cent. as of 30th June, 2022 and 31st December, 2021, 2020 and 2019, respectively.

Furthermore, economic deterioration typically results in a decrease in the price of real estate assets. The Group is exposed to the real estate market, mainly in Spain and, to a lesser extent, Mexico and Turkey, due to the fact that many of its loans are secured by real estate assets and due to the significant volume of real estate assets that it maintains on its balance sheet. As of 31st December, 2021, the Group's exposure to the construction and real estate sectors (excluding the mortgage portfolio) in Spain was equivalent to €9,504 million, of which €2,123 million corresponded to loans for construction and development activities in Spain (representing 1.3 per cent. of the Group's loans and advances to customers in Spain (excluding the public sector) and 0.3 per cent. of the Group's consolidated assets as of 31st December, 2021). The total real estate exposure (excluding the mortgage portfolio), including developer credit and foreclosed assets without other assets, reflected a coverage ratio of 33 per cent. in Spain as of 31st December, 2021. A fall in the price of real estate assets in Spain (or, to a lesser extent, Mexico or Turkey) would reduce the value of any real estate securing loans granted by the Group and, therefore, in the event of default, the amount of the expected losses related to such loans would increase. In addition, it could also have a significant adverse effect on the default rates of the Group's residential mortgage portfolio, the balance of which, as of 30th June, 2022 and 31st December, 2021, was €93,576 million and €91,324 million at a global level (as of 31st December, 2020 and 2019, €91,428 million and €110,534 million, respectively).

The impact of an increase in default rates on the Group will depend on its magnitude, timing and pace. Furthermore, it is possible that the Group has incorrectly assessed the creditworthiness or willingness to pay of its counterparties, that it has underestimated the credit risks and potential losses inherent in its credit exposure and that it has made insufficient provisions for such risks in a timely manner. The processes involved in making such assessments, which have a crucial impact on the Group's results and financial condition, require difficult, subjective and complex calculations, including forecasts of the impact that macroeconomic conditions could have on these counterparties. In particular, the Group's estimate of losses derived from its exposure to credit risk may prove to be inadequate or insufficient in the current environment of economic uncertainty, which could affect the adequacy of the provisions for insolvencies provided by the Group. An increase in non-performing or low-quality loans could significantly and adversely affect the Group's business, financial condition and results of operations.

As of 30th June, 2022 and 31st December, 2021, the gross amount of loans of the Group subject to refinancing and restructuring was €17,437 million and €17,949 million, respectively (a 7 per cent. increase compared to December 2020), mainly concentrated in Spain and Turkey, which represents 4.8 per cent. and 5.4 per cent., respectively, of total loans and advances to customers. These loans subject to refinancing and restructuring have an associated collateral value of €6,290 million and €6,668 million, respectively, and, as at 30th June, 2022, 52 per cent. of these loans were classified as impaired as of these respective dates.

As of 30th June, 2022 and 31st December, 2021 assets from foreclosures and recoveries, net of impairment losses amounted to €809 million and €837 million, respectively.

### ***The Group's business is particularly vulnerable to interest rates and is exposed to risks associated with the continuity of certain reference rates and the transition to alternative reference rates***

The Group's results of operations are substantially dependent upon the level of its net interest income, which is the difference between interest income from interest-earning assets and interest expense on interest-bearing liabilities. It is possible that changes in market interest rates affect the Group's interest-earning assets differently from the Group's interest-bearing liabilities. This, in turn, may lead to a reduction in the Group's net interest margin, which could have a significant adverse effect on its results. Moreover, changes in interest rates may affect the Group's credit risk exposure. The evolution is positive in all the geographies in which the Group operates given that in Spain the net interest margin as of 30th June, 2022, has increased by 0.1 per cent., Mexico has increased by 32.9 per cent. (21.1 per cent. at constant exchange rates), Turkey has increased



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by 12.2 per cent. (an increase of 104.2 per cent. at constant exchange rates) and South America has also increased by 39.3 per cent. (39.8 per cent. at constant exchange rates).

Interest rates are highly sensitive to many factors beyond the Group's control, including fiscal and monetary policies of governments and central banks, regulation of the financial sector, domestic and international economic and political conditions and other factors. In this sense, the COVID-19 pandemic triggered a process of cuts in reference interest rates, which is currently starting to be reversed in order to combat inflation. However, interest rate increases are being implemented at a different pace across regions and it is possible that such increases could be delayed or reversed (as the case may be) in the event of the appearance of new COVID-19 strains that restrict growth or otherwise. Increases in interest rates could adversely affect the Group by reducing the demand for credit, limiting its ability to generate credit for its clients and leading to an increase in the default rate of its counterparties.

See Note 7.3.1 of the Consolidated Financial Statements where the interest rate sensitivity analysis is detailed. As a result of the foregoing, the evolution of interest rates could have a material adverse impact on the Group's business, financial position and results of operations.

With regard to the risk of variation in the market value of assets and liabilities, as of 31st December, 2021, the average value at risk (**VaR**) was €29 million. By type of market risk assumed by the Group's trading portfolio, the main risk factor in the Group continues to be linked to interest rates, representing 58 per cent. of the total at the end of 2021 (including spread risk) and increasing the relative weight compared to the end of 2020 (56 per cent.). On the other hand, the exchange risk represents a 15 per cent., a decrease compared to the end of the year 2020 (21 per cent.), while variable income risk and volatility and correlation risk, increase, representing a 27 per cent. at the end of the year 2021 (versus 23 per cent. at the end of the year 2020). As of 31st December, 2021, the VaR balance was €31 million (€34 million corresponding to interest and spread risk, €9 million to exchange rate risk, €5 million to equity risk and €11 million to volatility risk and -€29 million of diversification effect).

In recent years, international regulators have been driving a transition from the use of interbank offer rates (**IBORs**), including the London interbank offered rate (**LIBOR**), the euro interbank offered rate (**EURIBOR**) and the euro overnight index average (**EONIA**), to alternative risk free rates (**RFRs**). This has resulted in regulatory reform and changes to existing IBORs, with further changes anticipated. These reforms and changes may cause an IBOR to perform differently than it has done in the past or to be discontinued. The Group is particularly exposed to EURIBOR-based financial instruments, nevertheless, as of 30th June, 2022, the Group considers that there is no uncertainty regarding EURIBOR as it has been replaced by the hybrid EURIBOR which uses a methodology that meets the requirements of the European Regulation of Reference Indices.

The uncertainty about the nature and extent of USD LIBOR reforms and changes, and how they might affect financial instruments, could negatively impact the valuation and/or trading of a wide range of financial instruments for which USD LIBOR is used, including securities, loans, deposits and derivative instruments based on USD LIBOR issued by the Group or otherwise included in the financial assets and liabilities of the Group. Such uncertainty may also affect the availability and cost of hedging instruments and debt.

Although the transition from EUR, CHF, JPY and GBP LIBOR has been carried out without relevant impacts, the Group still has to adapt or modify documentation based on USD LIBOR both for new financial instruments and most existing such instruments. This remaining volume of USD LIBOR based financial instruments still pending modification as of 30th June, 2022, which is much higher than that already transitioned, could give rise to litigation (including with customers of the Group), all of which could have an adverse effect on the Group's operating results. The implementation of any alternative RFRs may be impossible or impracticable under the existing terms of certain financial instruments. Such transition could also result in pricing risks arising from how changes to reference rates could impact pricing mechanisms in some instruments, and could have an adverse effect on the value of, return on and trading market for such financial instruments and on the Group's profitability. In addition, the transition to RFRs will require important operational changes to the Group's systems and infrastructure, as all systems will need to account for the changes in the reference rates.

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As of 31st December, 2021, 2020 and 2019, 50.2 per cent., 53.2 per cent. and 58.7 per cent. of the total transactions with a maturity greater than one year of "Loans and advances to customers" have variable interest rates. This significant amount of loans tied to variable interest rates makes the profitability of the loans more sensitive to falls in interest rates and, in addition, the repayment capacity of these loans is also more sensitive to changes in interest rates. Furthermore, if interest rates were to increase in some or all of the Group's markets, this could reduce the demand for credit and the Group's ability to generate credit for its clients, as well as contribute to an increase in the NPL ratio.

Any of these factors may have a material adverse effect on the Group's business, financial condition and results of operations.

### *The Group faces increasing competition and is exposed to a changing business model*

In recent years, the financial services sector has undergone a significant transformation driven by the development of mobile technologies and the entry of new players into activities previously controlled by financial institutions. The markets in which the Group operates are highly competitive and it is expected that this trend will continue in the coming years with the increasing entry of non-bank competitors (some of which have large client portfolios and strong brand recognition) and the emergence of new business models. Traditionally, commercial banks have been the only providers of financial products and services, from credit to deposits, including payment and investment services. Although the Group is making efforts to anticipate these changes through its digital transformation, its competitive position is affected by the regulatory asymmetry that benefits non-bank operators. For example, banking groups are subject to prudential regulations that have implications for most of their businesses, including those in which they compete with non-bank operators that are only subject to regulations specific to the activity they develop or that benefit from loopholes in the regulatory environment. Furthermore, when banking groups carry out financial activities through the use of new technologies, they are generally subject to additional internal governance rules that place such groups at a competitive disadvantage.

Moreover, the widespread adoption of new technologies, including crypto currencies and alternative payment systems that do not use the banking system, could require substantial investment to modify or adapt existing products and services as the Group continues to increase its mobile and internet banking capabilities. Likewise, the increasing use of these new technologies and mobile banking platforms could have an adverse impact on the Group's investments in facilities, equipment and employees of the branch network. A faster pace of transformation towards mobile and online banking models could require changes in the Group's commercial banking strategy, including the closure or sale of some branches and the restructuring of others, and reductions in employees. These changes could result in significant expenses as the Group reconfigures and transforms its commercial network. On the other hand, the trend towards the consolidation in the banking industry has created larger banks with which the Group must compete. Failure to implement such changes efficiently and on a timely basis could have a material adverse impact on the Group's competitive position or otherwise have a material adverse effect on the Group's business, financial condition or results of operations, or could lead to collective layoff procedures (see Note 23 of the Financial Statement 2Q2022 (as defined in "Documents Incorporated by Reference").

Existing loopholes in the regulatory environment create an uneven playing field between banks and non-bank players. Some new services or business models (**FinTechs** or **BigTechs**) are not yet covered by current regulations. In these cases, asymmetries may arise between market participants since regulated providers often face obstacles in engaging in unregulated activities. The future success of the Group depends, in part, on its ability to use technology to provide suitable products and services for customers. Despite the technological capabilities that the Group has been developing and its commitment to digitisation, as a result of the aforementioned inequalities, there is a risk that the Group may not be able to effectively implement new technology-based products and services or that it may not be successful in their commercialisation, which would negatively affect the business, financial condition and results of the Group.

In particular, there are challenges for the Group in competing in an environment in which the relationship with the customer is based on access to digital data and interactions. This access is increasingly dominated by digital platforms that are already eroding the Group's results in highly relevant markets such as payments.

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These platforms can leverage their advantage in access to data to compete with the Group in other markets and could reduce the Group's operations and margins in its core businesses such as lending or wealth management. The alliances that the Group's competitors are beginning to create with BigTechs may prevent it from competing successfully and could adversely affect the Group. In the event that the Group is not successful in addressing increasing competition, its business, financial condition and results could be significantly and adversely affected.

### ***The Group faces risks related to its acquisitions and divestitures***

The Group has acquired and sold several companies and businesses over the past few years (see “*Description of Banco Bilbao Vizcaya Argentaria, S.A. – Capital Expenditures*” and “*- Capital Divestitures*”, and Note 3 of the Consolidated Financial Statements). On 15th November, 2021, BBVA announced its decision to launch a voluntary takeover offer (VTO) for the entire share capital of Garanti BBVA not already owned by BBVA. On 18th May 2022, BBVA announced the end of the offer acceptance period and the acquisition of an additional 36.12 per cent. (taking its total share ownership in Garanti BBVA up to 85.97 per cent).

The Group may not complete any ongoing or future transactions in a timely manner, on a cost-effective basis or at all and, if completed, they may not obtain the expected results. In addition, if completed, the Group's results of operations could be adversely affected by divestiture or acquisition-related charges and contingencies. The Group may be subject to litigation in connection with, or as a result of, divestitures or acquisitions, including claims from terminated employees, customers or third parties. In the case of an acquisition, the Group may be liable for potential or existing litigation and claims related to an acquired business, including because either the Group is not indemnified for such claims or the indemnification is insufficient. Further, in the case of a divestiture, the Group may be required to indemnify the buyer in respect of similar or other matters, including claims against the divested entity or business.

In the case of an acquisition, even though the Group reviews the companies it plans to acquire, it is often not possible for these reviews to be complete in all respects and there may be risks associated with unforeseen events or liabilities relating to the acquired assets or businesses that may not have been revealed or properly assessed during the due diligence processes, resulting in the Group assuming unforeseen liabilities or an acquisition not performing as expected. In addition, acquisitions are inherently risky because of the difficulties that may arise in integrating people, operations and technologies. There can be no assurance that any of the businesses the Group acquires can be successfully integrated or that they will perform well once integrated.

Acquisitions may also lead to potential write-downs that adversely affect the Group's results of operations. Any of the foregoing may cause the Group to incur significant unexpected expenses, may divert significant resources and management attention from the Group's other business concerns, or may otherwise have a material adverse impact on the Group's business, financial condition and results of operations.

### ***The Group faces risks derived from its international geographic diversification and its significant presence in emerging countries. The Group's ability to distribute dividends depends, in part, on the receipt of dividends from its subsidiaries***

The Group is made up of commercial banks, insurance companies and other financial services companies in various countries and its performance as a global business depends on its ability to manage its different businesses under various economic, social and political conditions, facing different normative and regulatory requirements in many of the jurisdictions in which it operates (including, among others, different supervisory regimes and different tax and legal regimes related to the repatriation of funds or the nationalisation or expropriation of assets).

In addition, the Group's international operations may face risks and challenges to which its local competitors may not be exposed, such as currency risk (as of 30th June, 2022, 31st December, 2021 and 2020, approximately 44.3 per cent, 41.5 per cent. and 46.4 per cent., respectively and 41.6 per cent., of the assets and 37.8 per cent. and 44.1 per cent. of the Group's liabilities, respectively, were denominated in currencies other than euro, the difficulty of managing or supervising a local entity from abroad, political risks (which could affect only foreign investors) or limitations on the distribution or repatriation of dividends (for example,

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from BBVA's Venezuelan and Argentinean subsidiaries, whose book value is €82 million and €1,326 million, respectively, as of 30th June, 2022) is subject to certain restrictions and there is no assurance that further restrictions will not be imposed, thus worsening its position compared to that of local competitors.

In 2021, dividend income from its subsidiaries represented €1,699 million, approximately 22.7 per cent. of the gross margin of Banco Bilbao Vizcaya Argentaria, S.A. There has been a increase of 36.5 per cent. compared to 2020. Due, in part, to the Group's decision to follow a 'Multiple Point of Entry' strategy, in accordance with the framework for the resolution of financial entities designed by the Financial Stability Board (FSB), the Group's subsidiaries are self-sufficient and each subsidiary is responsible for managing its own capital and liquidity. This means that the payment of dividends, distributions and advances by the Group's subsidiaries to BBVA depends not only on the results of those subsidiaries, but also on the context of their operations and liquidity needs, and may be further limited by legal, regulatory and contractual restrictions. For example, in response to the crisis caused by the COVID-19 pandemic, certain restrictions were adopted that affect the distribution and/or repatriation of dividends of some of the Group's subsidiaries. There is no assurance that these restrictions will not remain in effect or, where lifted, be reinstated, or that similar or new restrictions will not be imposed in the future. Furthermore, the Issuer's right, as a shareholder, to participate in the distribution of assets resulting from the eventual liquidation or any reorganisation of its subsidiaries will be effectively subordinated to the rights of the creditors of those subsidiaries, including their commercial creditors.

In addition, the Issuer, its subsidiaries and the Group must comply with certain capital requirements, where non-compliance could lead to the imposition of restrictions or prohibitions on making any: (i) distributions relating to common equity tier (**CET1**) capital; (ii) payments related to variable remuneration or discretionary pension benefits; and (iii) distributions linked to additional tier 1 (**AT1**) instruments (collectively, **discretionary payments**). Likewise, the ability of the Issuer and its subsidiaries to pay dividends is conditioned by the recommendations and requirements of their respective supervisors, such as those made in response to the COVID-19 pandemic. In this regard, on 30th April, 2020, the Issuer announced that it had agreed to modify, for the financial year 2020, the Group's shareholder remuneration policy and was not paying any amount as a dividend corresponding to the financial year 2020 until the uncertainties generated by the COVID-19 pandemic dissipate and, in any case, not before the close of the 2020 fiscal year. However, in accordance with the distribution restrictions established by the ECB in relation to the consolidated results of 2020, the General Shareholders' Meeting, held on 20th April, 2021, approved, in the third point of its agenda, a cash distribution charged to the share premium account for an amount of €0.059 gross per share as remuneration to the shareholder in relation to the Group's result in 2020 for each of the shares in circulation, which was paid on 29th April, 2021. On 23rd July, 2021, the European Central Bank published the approval of recommendation ECB/2021/31 repealing recommendation ECB/2020/62 from 30th September, 2021, eliminating the remaining restrictions on dividend and share buyback related matters established in recommendation ECB/2020/62. However, it is not possible to guarantee that new restrictions or recommendations from supervisors will not limit the ability of the Issuer's subsidiaries or the Issuer itself to distribute dividends in the future. The Board of Directors, at its meeting held on 30th September, 2021, approved the payment in cash of €0.08 gross per BBVA share on 12th October, 2021, as an interim dividend against 2021 results. Additionally, the Annual General Meeting of BBVA held on 18th March, 2022, approved a cash distribution for a gross amount equal to €0.23 per BBVA share entitled to participate in this distribution, which was paid on 8th April, 2022.

There can be no guarantee that the Group will be successful in developing and implementing policies and strategies in all of the countries in which it operates, some of which have experienced significant economic, political and social volatility in recent decades. In particular, the Group has significant operations in several emerging countries, such as Mexico and Turkey, and is therefore vulnerable to the deterioration of these economies. Emerging markets are generally affected by the conditions of other commercially or financially related markets and by the evolution of global financial markets in general (they may be affected, for example, by the evolution of GDP and interest rates in the United States and the exchange rate of the U.S. dollar), as well as by fluctuations in the prices of commodities. The perception that the risks associated with investing in emerging economies have increased, in general, or in emerging markets where the Group operates, in particular, could reduce capital flows to those economies and adversely affect such economies, and therefore the Group. Moreover, emerging countries are more prone to experience significant changes in inflation and foreign exchange rates, which may have a material impact on the Group's results of operations, assets

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(including RWAs) and liabilities. As of 31st December, 2021, the estimated sensitivities of the result attributable to the owners of the parent company, taking into account the coverage against depreciations and appreciations of 1 per cent. of the average foreign exchange rate in the Mexican peso and Turkish lira was €14 million and €5 million, respectively. To the extent that hedging positions are periodically modulated, the sensitivity estimate attempts to reflect an average (or effective) sensitivity in the year against depreciations and appreciations.

The Group's operations in emerging countries are also exposed to heightened political risks, such as changes in governmental policies, expropriation, nationalisation, interest rate limits, exchange controls, capital controls, government restrictions on dividends and adverse tax policies. For example, the repatriation of dividends from BBVA's Venezuelan, Argentinian and Turkish subsidiaries is subject to certain restrictions and there is no assurance that further restrictions will not be imposed.

If the Group failed to adopt effective and timely policies and strategies in response to the risks and challenges it faces in each of the regions where it operates, particularly in emerging countries, the Group's business, financial condition and results of operations could be materially and adversely affected.

### ***Political, economic and social conditions in Turkey may have an adverse effect on our business, financial condition and results of operations.***

In May 2022, the Group increased its shareholding stake in Garanti BBVA from 49.85 per cent. to 85.97 per cent. following the completion of a voluntary tender offer.

Turkey has, from time to time, experienced volatile political, economic and social conditions. As of the date of this Offering Circular, Turkey is facing an economic crisis characterised by strong depreciation of the Turkish lira, double-digit inflation (the Turkish National Statistics Institute (TUIK) established the inflation rate at 42.35 per cent. for the six months ended 30th June, 2022), a soaring trade deficit, depletion of the central bank's foreign reserves and rising external financing costs. Continuing unfavorable economic conditions in Turkey, such as the accelerated inflation and devaluation of the Turkish lira, may result in a significant deterioration in the purchasing power and creditworthiness of the Group's clients (both individual and corporate).

Additionally, ongoing geopolitical and domestic political factors may pose further strain on the country's economy. Threats to the Turkish economy include the continuing war between Russia and Ukraine, continuing regional conflicts (such as in Syria, Armenia/Azerbaijan), rising global inflation and commodity, energy and food prices, sanctions against Russia and possibly its allies, protectionism and new variants of COVID-19.

There can be no assurance that these and other factors will not have an impact on Turkey and will not cause further deterioration of the Turkish economy, which may have a material adverse effect on the Turkish banking sector and the Group's business, financial condition and results of operations in Turkey.

### ***The Group is exposed to various risks in connection with climate change***

Climate change presents both immediate and long-term risks to the Group and its customers, with the risks expected to increase over time. Climate change poses the following risks to the Group, among others

- **Physical risks.** The activities of the Groups or those of its customers or counterparties could be negatively impacted by the physical risks posed by climate change. For example, extreme weather events may damage or destroy their properties and other assets or otherwise disrupt their operations (for example, if supply chains are disrupted as a result), diminishing –in the case of customers- their repayment capacity and, if applicable, the value of properties pledged as collateral to the Group.
- **Regulatory risks.** Following the Paris agreement, financial institutions are progressively coming under increased pressure regarding the management and disclosure of their climate risks and related lending and investment activities. Banking regulators across the world are increasingly viewing financial

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institutions as having an important role in helping to address the risks related to climate change both directly and with respect to their customers. Legislative or regulatory changes regarding how banks manage climate risk or otherwise affecting banking practices may result in higher regulatory, compliance and credit costs. For example, several of the European Union's sustainability initiatives are expected to significantly impact asset management activities in 2022, as asset managers will need to include sustainability as part of their financial advice. In addition, the ECB will be conducting a stress test on climate-related risks (CST) during 2022, whose output will be integrated into the annual Supervisory Review and Evaluation Process (SREP) using a qualitative approach. The test aims to identify vulnerabilities, industry best practices and the challenges faced by banks and may result in increased regulation.

- **Reputational risks.** The perception of climate change as a risk by society, shareholders, customers, governments and other stakeholders continues to increase, including in relation to the financial sector's operations and strategy. This may result in increased scrutiny of the Group's activities, including companies to which it lends. The Group's reputation may be harmed if its efforts to reduce environmental and social risks are deemed to be insufficient. For example, the Group's reputation may be adversely affected due to its financing of businesses that are perceived to adversely affect the environment, such as oil companies or coal-fired power generation businesses.
- **Transition risks:** As the countries where the Group operates progressively transition to a low-carbon economy, some of the Group's customers may be adversely affected. For example, the Group's corporate credit portfolios include carbon-intensive industries like oil and gas and power that are exposed to risks related to the transition to a low-carbon economy, as well as low-carbon industries that may be subject to risks associated with new technologies.
- **Business risks.** BBVA is exposed to near term risks related to climate change, including increases in credit-related costs due to deterioration in the business performance of the Group's customers exposed to climate change risks and decreases in the value of collateral assets caused by changes in climate and the effects thereof. BBVA is also exposed to potential long-term risks, including increases in credit-related costs due to deteriorating macroeconomic conditions, which may be caused in part by an increase in infectious diseases, heatstroke or other related ailments resulting from climate change. The Group could also be adversely affected by widespread declines in asset values as a result of climate change or climate change-related risks, reduced availability of insurance and significant interruptions to business operations, and may be required to change its business models in response to those consequences.

Any of these factors may have a material adverse effect on the Group's business, financial condition and the operating results of operations.

### Financial Risks

***The Group has a continuous demand for liquidity to finance its activities and the withdrawal of deposits or other sources of liquidity could significantly affect it***

Traditionally, one of the Group's main sources of financing has been savings accounts and demand deposits. As of 30th June, 2022 and 31st December, 2021, the balance of customer deposits represented 71.5 per cent. and 72 per cent. of the Group's total financial liabilities at amortised cost, respectively. However, the volume of wholesale and retail deposits can fluctuate significantly, including as a result of factors beyond the Group's control, such as general economic conditions, changes in economic policy or administrative decisions that diminish their attractiveness as savings instruments (for example, as a consequence of changes in taxation, coverage by guarantee funds for deposits or expropriations) or competition from other savings or investment instruments (including deposits from other banks).

Likewise, changes in interest rates and credit spreads may significantly affect the cost of the Group's short and long-term wholesale financing. Changes in credit spreads are driven by market factors and are also influenced by the market's perception of the Group's solvency. As of 30th June, 2022 and 31st December,

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2021, debt securities issued by the Group represented 10.4 per cent. and 11.4 per cent. of the total financial liabilities at amortised cost of the Group.

In addition, the Group has made and continues to make significant use of public sources of liquidity, such as the ECB's extraordinary measures taken in response to the financial crisis since 2008 or those taken in connection with the crisis caused by the COVID-19 pandemic. The ECB announced in December 2020 the new conditions of its Targeted Long Term Refinancing Operations (TLTRO) III program, increasing the maximum amount that BBVA may receive from 50 per cent. of eligible loans (€35,310 million) to 55 per cent. (€38,840 million) and extending the enhanced conditions in terms of cost by one additional year until June 2022. As of each of 30th June, 2022 and 31st December, 2021, BBVA had drawn down €38,692 million (€35,032 million was drawn down as of 31st December, 2020 and €7,000 million as of 31st December, 2019). However, the conditions of this or other programmes could be revised or these programmes could be cancelled.

As of 31st December, 2021, the Loan-to-Stable Customer Deposits ratio (LtSCD) in the Group is 95 per cent.. This ratio measures the relationship between net lending and stable customer funds.

In the event of a withdrawal of deposits or other sources of liquidity, especially if it is sudden or unexpected, the Group may not be able to finance its financial obligations or meet the minimum liquidity requirements that apply to it, and may be forced to incur higher financial costs, liquidate assets and take additional measures to reduce leverage. Furthermore, the Group could be subject to the adoption of early intervention measures or, ultimately, to the adoption of a resolution measure by the Relevant Spanish Resolution Authority (as defined below) (see "*Regulatory Framework – Resolution*"). Any of the above could have a material adverse effect on the Group's business, financial condition and results of operations.

### ***The Group depends on its credit ratings and sovereign credit ratings, especially Spain's credit ratings***

Rating agencies periodically review the Group's debt credit ratings. Any reduction, effective or anticipated, in any such ratings of the Group, whether below investment grade or otherwise, could limit or impair the Group's access to capital markets and other possible sources of liquidity and increase the Group's financing cost, and entail the breach or early termination of certain contracts or give rise to additional obligations under those contracts, such as the need to grant additional guarantees. The Group estimates that, if at 30th June, 2022 and 31st December, 2021, rating agencies had downgraded the Issuer's long-term senior debt rating by one notch, it would have had to provide additional guarantees/collateral amounting to €59.1 million and €38.2 million, respectively under its derivative and other financial contracts. A hypothetical two-notch downgrade would have involved an outlay of €78.6 million and €44.1 million, respectively in additional guarantees/collateral. Furthermore, if the Group were required to cancel its derivative contracts with some of its counterparties and were unable to replace them, its market risk would worsen. Likewise, a reduction in the credit rating could affect the Group's ability to sell or market some of its products or to participate in certain transactions, and could lead to the loss of customer deposits and make third parties less willing to carry out commercial transactions with the Group (especially those that require a minimum credit rating), having a significant adverse impact on the Group's business, financial condition and results of operations.

Furthermore, the Group's credit ratings could be affected by variations in sovereign credit ratings, particularly the rating of Spanish sovereign debt. The Group holds a significant portfolio of debt issued by the Kingdom of Spain, by the Spanish autonomous communities and by other Spanish issuers. As of 31st December, 2021 and 31st December, 2020 the Group's exposure (European Banking Authority (EBA) criteria) to the Kingdom of Spain's public debt portfolio was €38,626 million and €45,814 million, respectively, representing 5.8 per cent. and 6.2 per cent. of the consolidated total assets of the Group, respectively. Any decrease in the credit rating of the Kingdom of Spain could adversely affect the valuation of the respective debt portfolios held by the Group and lead to a reduction in the Group's credit ratings. Additionally, counterparties to many of the credit agreements signed with the Group could also be affected by a decrease in the credit rating of the Kingdom of Spain, which could limit their ability to attract additional resources or otherwise affect their ability to pay their outstanding obligations to the Group. The Group's exposure to the public debt portfolio of the Rest of Europe, Mexico and Turkey as of 31st December, 2021 was €8,336 million, €32,445 million and €5,827 million, respectively (as of 31st December, 2020 it was €7,128 million, €26,535 million and €7,547 million),

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representing 1.3 per cent., 4.9 per cent. and 0.9 per cent. of the consolidated total assets of the Group, respectively (as of 31st December, 2020 it was 1.0 per cent., 3.6 per cent. and 1 per cent.). Downgrades and rating revisions for these countries would therefore also have an impact on the Group's financial position.

As a consequence of the COVID-19 pandemic, some rating agencies reviewed the Group's credit ratings or trends. Specifically, on 22nd June, 2020 Fitch announced the modification of BBVA's senior preferred debt long term rating to A- with stable outlook from A with Rating Watch Negative. In June 2021, Fitch affirmed BBVA's rating at A- and maintained its stable outlook. On 1st April, 2020, DBRS confirmed BBVA's long-term rating of A (High) and maintained the outlook as stable. In March 2021, DBRS affirmed BBVA's rating at A (High) and maintained its stable outlook. In December 2021 S&P upgraded BBVA's rating by one notch to A from A-, and changed its rating outlook to negative, considering that a sizable cushion of bail-unable instruments has been issued, and following a methodological update that recognises the strength of the Multiple Point of Entry (MPE) resolution strategy. Moody's A3 rating has been maintained with stable outlook since May 2018. There may be more ratings actions and changes in BBVA's credit ratings in the future as a result of the crisis caused by the COVID-19 pandemic, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by asset impairment***

Regulatory, business, economic or political changes and other factors could lead to asset impairment. In recent years, severe market events such as the past sovereign debt crisis, rising risk premiums and falls in share market prices, have resulted in the Group recording large write-downs on its credit market exposures. Doubts regarding the asset quality of European banks has also affected their evolution in the market in recent years.

Several ongoing factors could depress the valuation of the Group's assets or otherwise lead to the impairment of such assets (including goodwill and deferred tax assets). This includes the COVID-19 crisis, Brexit, the surge of populist trends in several European countries, increased trade tensions and potential changes in U.S. economic policies implemented by the new U.S. administration, any of which could increase global financial volatility and lead to the reallocation of assets. In addition, uncertainty about China's growth expectations and its policymaking capability to address certain severe challenges has contributed to the deterioration of the valuation of global assets and further increased volatility in the global financial markets.

In particular, the final impact of the COVID-19 crisis on the valuation of the Group's assets is still unknown. Since the outbreak of the crisis in the first quarter of 2020, public support measures have been introduced in the countries where the Group operates, most of which have been in the form of public guarantees on new loans to corporates and small and medium-sized enterprises (SMEs), payment moratorium measures and payment holidays on certain household loans. Once these measures come to an end, it is possible that the Group will need to record significant loan-loss provisions as a result of the deterioration in the credit quality of the Group's clients, especially SMEs. Any such provisions could have a material adverse effect on the Group's business, financial condition and results of operations.

### **Legal, Regulatory, Tax and Compliance Risks**

#### ***Legal Risks***

*The Group is party to a number of legal and regulatory actions and proceedings*

The financial sector faces an environment of increasing regulatory and litigation pressure. The Group is party to government procedures and investigations, such as those carried out by the antitrust authorities which, among other things, have in the past and could in the future result in sanctions, as well as lead to claims by customers and others.

The various Group entities are also frequently party to individual or collective judicial proceedings (including class actions) resulting from their activity and operations, as well as arbitration proceedings. More generally,



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in recent years, regulators have increased their supervisory focus on consumer protection and corporate behaviour, which has resulted in a larger number of regulatory actions.

In Spain and in other jurisdictions where the Group operates, legal and regulatory actions and proceedings against financial institutions, prompted in part by certain recent national and supranational rulings in favour of consumers (with regards to matters such as credit cards and mortgage loans), have increased significantly in recent years and this trend could continue in the future. The legal and regulatory actions and proceedings faced by other financial institutions in relation to these and other matters, especially if such actions or proceedings result in favourable resolutions for the consumer, could also adversely affect the Group.

All of the above may result in a significant increase in operating and compliance costs and/or a reduction in revenues, and it is possible that an adverse outcome in any proceedings (depending on the amount thereof, the penalties imposed or the resulting procedural or management costs for the Group) could materially and adversely affect the Group, including by damaging its reputation.

It is difficult to predict the outcome of legal and regulatory actions and proceedings, both those to which the Group is currently exposed and those that may arise in the future, including actions and proceedings relating to former Group subsidiaries or in respect of which the Group may have indemnification obligations. Any of such outcomes could be significantly adverse to the Group. In addition, a decision in any matter, whether against the Group or against another credit entity facing similar claims as those faced by the Group, could give rise to other claims against the Group. In addition, these actions and proceedings draw resources away from the Group and may require significant attention on the part of the Group's management and employees.

As of 30th June, 2022 and 31st December, 2021, the Group had €620 million and €623 million, respectively, in provisions for the proceedings it is facing (which are included in the line item "Provisions for taxes and other legal contingencies" in the consolidated balance sheet), of which €534 million (€533 million as of 31st December, 2021) corresponded to legal contingencies and €86 million (€90 million as of 31st December, 2021) corresponded to tax related contingencies. Most of these provisions for legal contingencies are for the Issuer and its subsidiaries registered in Spain, which account for approximately 68 per cent. of these provisions. However, the uncertainty arising from these proceedings (including those for which no provisions have been made, either because it is not possible to estimate any such provisions or for other reasons) makes it impossible to guarantee that the possible losses arising from such proceedings will not exceed, where applicable, the amounts that the Group currently has provisioned and, therefore, could affect the Group's consolidated results.

As a result of the above, legal and regulatory actions and proceedings currently faced by the Group or to which it may become subject in the future or which may otherwise affect the Group, whether individually or in the aggregate, if resolved in whole or in part adversely to the Group's interests, could have a material adverse effect on the Group's business, financial condition and results of operations."

### ***The Spanish judicial authorities are carrying out a criminal investigation relating to possible bribery, revelation of secrets and corruption by BBVA***

Spanish judicial authorities are investigating the activities of Centro Exclusivo de Negocios y Transacciones, S.L. (**Cenyt**). Such investigation includes the provision of services by Cenyt to BBVA. On 29th July, 2019, BBVA was named as an investigated party (*investigado*) in a criminal judicial investigation (Preliminary Proceeding No. 96/2017 – Piece No. 9, Central Investigating Court No. 6 of the National High Court) for alleged facts which could constitute bribery, revelation of secrets and corruption. On 3rd February, 2020, BBVA was notified by the Central Investigating Court No. 6 of the National High Court of the order lifting the secrecy of the proceedings. Certain current and former officers and employees of the Group, as well as former directors, have also been named as investigated parties in connection with this investigation. BBVA has been and continues to be proactively collaborating with the Spanish judicial authorities, including sharing with the courts information obtained in the internal investigation hired by the Issuer in 2019 to contribute to the clarification of the facts. As at the date of this Offering Circular, no formal accusation against BBVA has been made.

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This criminal judicial proceeding is in the pre-trial phase. Therefore, it is not possible at this time to predict the scope or duration of such proceeding or any related proceeding or its or their possible outcomes or implications for the Group, including any fines, damages or harm to the Group's reputation caused thereby.

### ***Regulatory, Tax and Compliance Risks***

The financial services sector is one of the most regulated sectors in the world. See “*Regulatory Framework*”.

*The Group is subject to a comprehensive regulatory and supervisory framework, including resolution regulations, which could have a significant adverse effect on its business, financial condition and results of operations*

The Group is subject to a comprehensive regulatory and supervisory framework the complexity and scope of which has increased significantly since the previous financial crisis and which could further increase as a result of the crisis caused by the COVID-19 pandemic. In particular, the banking sector is subject to continuous scrutiny at the political level and by the supervisory bodies, and it is foreseeable that in the future there will continue to be political intervention in regulatory and supervisory processes, as well as in the governance of the main financial entities. For this reason, the laws, regulations and policies to which the Group is subject, as well as their interpretation and application, may change at any time. In addition, supervisors and regulators have significant discretion in carrying out their duties, which gives rise to uncertainty regarding the interpretation and implementation of the regulatory framework. Moreover, regulatory fragmentation and the implementation by some countries of more flexible or stricter rules or regulations could also negatively affect the Group's ability to compete with financial institutions that may or may not have to comply with any such rules or regulations, as applicable.

Regulatory changes over the last decade, as well as those currently in the pipeline (including changes in the interpretation or application of existing regulations), have increased and may continue to substantially increase the Group's operating expenses and adversely affect its business model. For example, the imposition of prudential capital standards has limited and is expected to continue to limit the ability of subsidiaries to distribute capital to the Issuer, while liquidity standards may lead the Group to hold a higher proportion of financial instruments with higher liquidity and lower performance, which can adversely affect its net interest margin. In addition, the Group's regulatory and supervisory authorities may require the Group to review or make impairments to the value of its assets, which could have an adverse effect on its financial condition. It is also possible that governments and regulators impose additional ad hoc measures in response to the crisis caused by the COVID-19 pandemic. Such measures have included the imposition on credit institutions of the obligation to provide financing to various entities both private (particularly SMEs) and public entities (including for example, the Fund for the Deposit Guarantee (**FGD**) (*Fondo de Garantía de Depósitos* in Spanish) or the Single Resolution Board (**SRB**).

Any legislative or regulatory measure, any necessary change in the Group's business operations, as a consequence of such measures, as well as any failure to comply with them, could result in a significant loss of income, represent a limitation on the ability of the Group to take advantage of business opportunities and offer certain products and services, affect the value of the Group's assets, force the Group to increase prices (which could reduce the demand for its products), impose additional regulatory compliance costs or result in other possible adverse effects for the Group.

One of the most significant regulatory changes resulting from the prior financial crisis was the introduction of resolution regulations (see “*Regulatory Framework – Resolution*”). In the event that the Relevant Spanish Resolution Authority considers that the Group is in a situation where conditions for early intervention or resolution are met, it may adopt the measures provided for in the applicable resolution regulations, including without prior notice. Likewise, the Relevant Spanish Resolution Authority may apply Non-Viability Loss Absorption (see “*Regulatory Framework – Resolution*”) in the event that it determines that the entity meets the conditions for its resolution or that it will become unfeasible unless such mechanism is applied.

Any such determination, or the mere possibility that such determination could be made, could materially and adversely affect the Group's business, financial condition and results of operations, as well as the market price

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and behaviour of certain securities issued by the Group (or their terms, in the event of an exercise of any Spanish Statutory Loss-Absorption Powers). For more information, see “*Regulatory Framework*”.

*Increasingly onerous capital and liquidity requirements may have a material adverse effect on the Group's business, financial condition and results of operations*

As described in “*Regulatory Framework – Solvency and capital requirements*”, in its capacity as a Spanish credit institution, the Group is subject to compliance with a “Pillar 1” solvency requirement, a “Pillar 2” solvency requirement and a “combined buffer requirement” at both the individual and consolidated levels. On 3rd February, 2022, BBVA announced that as a result of the latest SREP carried out by the ECB, the ECB had communicated its determination of a “Pillar 2” requirement, for BBVA of 1.5 per cent., applicable at an individual and consolidated level, of which at least 0.84 per cent. must be satisfied with CET1. Such “Pillar 2” requirement remains at the same level as determined by the ECB in the previous SREP. Therefore, BBVA must have maintained from 1st March, 2022, at a consolidated level, a CET1 ratio of 8.60 per cent. and a total capital ratio of 12.76 per cent. and at an individual level, a CET1 ratio of 7.85 per cent. and a total capital ratio of 12.01 per cent. As of 30th June, 2022 and 31st December, 2021, the Group's phased-in total capital ratio was 16.22 per cent. and 17.24 per cent. on a consolidated basis and 17.21 per cent. and 19.64 per cent. on an individual basis, and its CET1 phased-in capital ratio was 12.56 per cent. and 12.98 per cent. on a consolidated basis and 12.50 per cent. and 14.14 per cent. on an individual basis, and the Group's fully loaded total capital ratio was 16.11 per cent. and 16.99 per cent. on a consolidated basis and 17.28 per cent. and 19.68 per cent. on an individual basis, while the Group's fully loaded CET1 ratio was 12.45 per cent. and 12.75 per cent. on a consolidated basis and 12.50 per cent. and 14.11 per cent. on an individual basis.

Such ratios exceed the applicable regulatory requirements described above, but there can be no assurance that the total capital requirements imposed on the Issuer and/or the Group from time to time may not be higher than the levels of capital available at such point in time. There can also be no assurance as to the result of any future SREP carried out by the ECB and whether this will impose any further additional “Pillar 2” own funds requirements on the Issuer and/or the Group.

Additionally, as described in “*Regulatory Framework – MREL*”, Banco Bilbao Vizcaya Argentaria, the Issuer, as a Spanish credit institution, must maintain a minimum level of own funds and eligible liabilities (the **MREL requirement**). On 8th March, 2022, BBVA announced that it had received a communication from the Bank of Spain of its new MREL requirement, as determined by the SRB, repealing and superseding the previous MREL requirement communicated in May 2021. In accordance with this new communication, BBVA has to maintain, as of 1st January, 2022, a volume of own funds and eligible liabilities equal to 21.46 per cent. of the total RWAs of its resolution group (the **MREL in RWAs**), of which 13.5 per cent. of the total RWAs of BBVA's resolution group has to be fulfilled with subordinated instruments (the **MREL RWAs subordination requirement**). The MREL in RWAs and the MREL RWAs subordination requirement do not include the combined capital buffer requirement which, according to applicable regulations and supervisory criteria, is currently 3.26 per cent. (setting the MREL in RWAs including the combined capital buffer requirement at 24.72 per cent. and the MREL RWAs subordination requirement including the combined capital buffer requirement at 16.76 per cent.). As of 30th June, 2022 and 31st December, 2021, the own funds and eligible liabilities of the resolution group corresponds to 26.28 per cent. and 28.24 per cent. of its RWAs, and the own funds and subordinated eligible liabilities corresponds to 21.97 per cent. and 24.65 per cent..

In addition, BBVA had to reach, by 1st January, 2022, an amount of own funds and eligible liabilities in terms of the total exposure considered for calculating the leverage ratio equal to 7.50 per cent. (the **MREL in LR**) of which 5.84 per cent., in terms of the total exposure considered for calculating the leverage ratio, shall be satisfied with subordinated instruments (the **MREL in LR subordination requirement**). As of 30th June, 2022 and 31st December, 2021, the resolution group has own funds and eligible liabilities of 10.25 per cent. and 11.31 per cent., respectively, and subordinated own funds and eligible liabilities of 8.57 per cent. and 9.88 per cent., respectively, in terms of total exposure taken into account for the calculation of the leverage ratio. As of 1st January, 2024, the minimum ratios to be met are the same as for 2022, except in the case of the subordination requirement of the MREL in RA, which will be 5.91 per cent..

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The BBVA resolution group consists of the Issuer and its subsidiaries belonging to the same European resolution group and, as of 30th June, 2021, the RWAs of the resolution group amounted to €190,377 million and the total exposure considered for calculating the leverage ratio amounted to €452,275 million.

As of the date of this Offering Circular, BBVA complies with the MREL in RWAs, the MREL RWAs subordination requirement, the MREL in LR and the MREL in LR subordination requirement.

However, both the capital and the MREL requirements, the own funds and the eligible liabilities available for MREL purposes are subject to interpretation and change and, therefore, no assurance can be given that the Group's interpretation is the appropriate one or that the Issuer and/or the Group will not be subject to more stringent requirements at any future time. Likewise, no assurance can be given that the Issuer and/or the Group will be able to fulfil whatever future requirements may be imposed, even if such requirements were to be equal or lower than those currently in force. There can also be no assurances as to the ability of the Issuer and/or the Group to comply with any capital target announced to the market at any given time, which could be adversely perceived by investors and/or supervisors, who could interpret that a lack of capital-generating capacity for the Issuer and/or the Group exists or that the capital structure has deteriorated, either of which could adversely affect the market value or behaviour of securities issued by the Issuer and/or the Group (any of its capital instruments and eligible liabilities) and, therefore, lead to the implementation of new recommendations or requirements regarding "Pillar 2" or (should the Relevant Spanish Resolution Authority interpret that obstacles may exist for the viability of the resolution of the Issuer and /or the Group), MREL. Further, the Issuer and/or the Group may report amounts different from consensus estimates, as occurred with respect to the CET 1 ratios of the Issuer and the Group as of 31st December, 2021, which may also affect market perceptions of the Issuer and the Group.

If the Issuer or the Group failed to comply with its "combined buffer requirement" it would have to calculate the Maximum Distributable Amount (**MDA**) and, until such calculation has been undertaken and reported to the Bank of Spain, the affected entity would not be able to make any discretionary payments. Once the MDA has been calculated and reported, such discretionary payments would be limited to the calculated MDA. Likewise, should the Issuer or the Group not meet the applicable combined buffer requirement, it could result in the imposition of additional requirements of "Pillar 2". Regarding MREL, failure by the Issuer or the Group to meet its respective "combined buffer requirement" for these purposes, taken together with its MREL requirement, could result in the imposition of restrictions or prohibitions on discretionary payments. Additionally, failure to comply with the capital requirements may result in the implementation of early intervention measures or, ultimately, resolution measures by the resolution authorities (see "*Regulatory Framework – Solvency and capital requirements*").

Regulation (EU) 2019/876 of the European Parliament and of the Council, of 20th May, 2019 (as amended, replaced or supplemented at any time, **CRR II**) establishes a binding requirement for the leverage ratio effective from 28th June, 2021 of 3 per cent. of Tier 1 capital (as of 30th June, 2022 and 31st December, 2021 the phased-in leverage ratio of the Group was 6.22 per cent. and 6.80 per cent. and fully loaded it was 6.17 per cent. and 6.69 per cent.). Any failure to comply with this leverage ratio buffer may also result in the need to calculate and report the MDA, and restrictions on discretionary payments. Moreover, CRR II proposes new requirements that capital instruments must meet in order to be considered AT1 or Tier 2 instruments, including certain grandfathering measures until 28th June, 2025. Once the grandfathering period in CRR II has elapsed, AT1 and/or Tier 2 instruments which do not comply with the new requirements at such date will no longer be considered as capital instruments. As 30th June, 2022, there is no amount included under the grandfathering regime established by the CRR in MREL. As of 31st December, 2021, the amounts included in the phased-in capital ratios are €268 million of Tier 2 instruments and €142 million of MREL. This could give rise to shortfalls in regulatory capital and, ultimately, could result in failure to comply with the applicable minimum regulatory capital requirements, with the aforementioned consequences.

Additionally, the implementation of the ECB expectations regarding prudential provisions for NPLs (published on 15th May, 2018) and the ECB's review of internal models being used by banks subject to its supervision for the calculation of their RWAs (**TRIMs**), including the EBA's roadmap to repair internal models used to calculate own funds requirements for credit risk under the Internal Ratings Based (IRB)

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approach, could result in the need to increase provisions for future NPLs and increases in the Group's capital needs.

Furthermore, the implementation of the Basel III reforms described in “*Regulatory Framework – Solvency and capital requirements*” could result in an increase of the Issuer's and the Group's total RWAs and, therefore, could also result in a decrease of the Issuer's and the Group's capital ratios. Likewise, the lack of uniformity in the implementation of the Basel III reforms across jurisdictions in terms of timing and applicable regulations could give rise to inequalities and competition distortions. Moreover, the lack of regulatory coordination, with some countries bringing forward the application of Basel III requirements or increasing such requirements, could adversely affect an entity with global operations such as the Group and could affect its profitability.

Additionally, should the Total Loss Absorbing Capacity (TLAC) requirements, as described in “*Regulatory Framework – Resolution*”, currently only imposed upon financial institutions of global systemic importance (G-SIBs), be applicable upon non-G-SIBs entities or should the Group once again be classified as a G-SIB, additional minimum requirements similar to MREL could in the future be imposed upon the Group.

There can be no assurance that the above capital requirements or MREL will not adversely affect the Issuer's or its subsidiaries' ability to make discretionary payments, or result in the cancellation of such payments (in whole or in part), or require the Issuer or such subsidiaries to issue additional securities that qualify as eligible liabilities or regulatory capital, to liquidate assets, to curtail business or to take any other actions, any of which may have adverse effects on the Group's business, financial condition and results of operations. Furthermore, an increase in capital requirements could adversely affect the return on equity and other of the Group's financial results indicators. Moreover, the Issuer's or the Group's failure to comply with their capital requirements and MREL could have a significant adverse effect on the Group's business, financial condition and results of operations.

Lastly, the Group must also comply with liquidity and funding ratios. Several elements of the Liquidity Coverage Ratio (LCR) and net stable financing ratio (NSFR), as introduced by national banking regulators and fulfilled by the Group, may require implementing changes in some of its commercial practices, which could expose the Group to additional expenses (including an increase in compliance expenses), affect the profitability of its activities or otherwise lead to a significant adverse effect over the Group's business, financial condition or results of operations. As of 30th June, 2022 and 31st December, 2021, the Group's LCR was 170 per cent. and 165 per cent. respectively and its NSFR was 134 per cent. and 135 per cent, respectively. For further information, see “*Regulatory Framework – Solvency and capital requirements*”.

*The Group is exposed to tax risks that may adversely affect it*

The size, geographic diversity and complexity of the Group and its commercial and financial relationships with both third parties and related parties result in the need to consider, evaluate and interpret a considerable number of tax laws and regulations, as well as any relevant interpretative materials, which in turn involve the use of estimates, the interpretation of indeterminate legal concepts and the determination of appropriate valuations in order to comply with the tax obligations of the Group. In particular, the preparation of the Group's tax returns and the process for establishing tax provisions involve the use of estimates and interpretations of tax laws and regulations, which are complex and subject to review by the tax authorities. Any error or discrepancy with tax authorities in any of the jurisdictions in which the Group operates may give rise to prolonged administrative or judicial proceedings that may have a material adverse effect on the Group's results of operations.

In addition, governments in different jurisdictions are seeking to identify new funding sources, and they have recently focused on the financial sector. The Group's presence in various jurisdictions increases its exposure to regulatory and interpretative changes, which could, among other things, lead to (i) an increase in the types of tax to which the Group is subject, including in response to the demands of various political forces such as the regulation of a minimum effective tax rate introduced in the Spanish Corporate Income Tax Law and the Non-Residents Income Tax Law by Law 22/2021, of 28th December, on the General State Budget for 2022, with effects as of 1st January, 2022 (i.e. the minimum net tax liability is 18 per cent. of the tax base for credit

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institutions), (ii) changes in the calculation of tax bases and exemptions therefrom, such as provided in the Spanish Corporate Income Tax Law to limit the exemption for dividends and capital gains from domestic and foreign subsidiaries to 95 per cent., which would mean that 5 per cent. of the dividends and capital gains of Group companies in Spain will be subject to, and not exempt from, corporate tax or, (iii) the creation of new taxes, like the common financial transaction tax (FTT) in the proposed Tax Directive of the European Commission for the Financial Transactions Tax (which would tax the acquisitions of certain securities, negotiated in markets where the Group operates) and the Spanish FTT which came into effect in Spain in January 2021, may have adverse effects on the business, financial condition and results of operations of the Group.

### *The Group is exposed to compliance risks*

The Group, due to its role in the economy and the nature of its activities, is singularly exposed to certain compliance risks. In particular, the Group must comply with regulations regarding customer conduct, market conduct, the prevention of money laundering and the financing of terrorist activities, the protection of personal data, the restrictions established by national or international sanctions programmes and anti-corruption laws (including the US Foreign Corrupt Practices Act of 1977 and the UK Bribery Act of 2010), the violations of which could lead to very significant penalties. These anti-corruption laws generally prohibit providing anything of value to government officials for the purposes of obtaining or retaining business or securing any improper business advantage. As part of the Group's business, the Group directly or indirectly, through third parties, deals with entities whose employees are considered to be government officials. The Group's activities are also subject to complex customer protection and market integrity regulations.

Generally, these regulations require banking entities to, among other measures, use due diligence measures to manage compliance risk. Sometimes, banking entities must apply reinforced due diligence measures, due to their very nature of their activities (among others, private banking, money transfer and foreign currency exchange operations), they may present a higher risk of money laundering or terrorist financing.

Although the Group has adopted policies, procedures, systems and other measures to manage compliance risk, it is dependent on its employees and external suppliers for the implementation of these policies, procedures, systems and other measures, and it cannot guarantee that these are sufficient or that the employees (110,432 as of 31st December, 2021) or other persons of the Group or its business partners, agents and/or other third parties with a business or professional relationship with the Group do not circumvent or violate current regulations or the Group's ethics and compliance regulations, acts for which such persons or the Group could be held ultimately responsible and/or that could damage the Group's reputation. In particular, acts of misconduct by any employee, and particularly by senior management, could erode trust and confidence and damage the Group's reputation among existing and potential clients and other stakeholders. Actual or alleged misconduct by Group entities in any number of activities or circumstances, including operations, employment related offenses such as sexual harassment and discrimination, regulatory compliance, the use and protection of data and systems, and the satisfaction of client expectations, and actions taken by regulators or others in response to such misconduct, could lead to, among other things, sanctions, fines and reputational damage, any of which could lead to a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, the Group may not be able to prevent third parties outside the Group from using the banking network in order to launder money or carry out illegal or inappropriate activities. Further, financial crimes continually evolve and emerging technologies, such as cryptocurrencies and blockchain, could limit the Group's ability to track the movement of funds. Additionally, in adverse economic conditions, it is possible that financial crime attempts will increase significantly.

If there is a breach of the applicable regulations or the Group's ethics and compliance regulations or if the competent authorities consider that the Group does not perform the necessary due diligence inherent to its activities, such authorities could impose limitations on the Group's activities, the revocation of its authorisations and licenses, and economic penalties, in addition to having significant consequences for the Group's reputation, which could have a significant adverse impact on the Group's business, financial condition and results of operations. Furthermore, the Group from time to time conducts investigations related to alleged

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violations of such regulations and the Group's ethics and compliance regulations, and any such investigation or any related proceedings could be time consuming and costly, and its results difficult to predict.

Finally, in 2020 the COVID-19 outbreak has led in many countries to new specific regulations, mainly focused on consumer protection measures. The difficulties associated with the need to adapt the Group's processes and systems to these new regulations quickly in such a scenario has posed a compliance risk. Likewise, the increase in remote account opening driven in part by the pandemic could increase money laundering risks. Additionally, criminals are continuing to exploit the opportunities created by the pandemic across the globe and increased money laundering risks associated with counterfeiting of medical goods, investment fraud, cyber-crime scams and exploitation of economic stimulus measures put in place by governments. Increased strain on the Group's communications surveillance frameworks could in turn raise the Group's market conduct risk.

Any attack, failure or deficiency in the Group's systems could, among other things, lead to the misappropriation of funds of the Group's clients or the Group itself and the unauthorised disclosure, destruction or use of confidential information, as well as preventing the normal operation of the Group, and impair its ability to provide services and carry out its internal management. Furthermore, this could result in the loss of customers and business opportunities, damage to computers and systems, violation of regulations regarding data protection and/or other regulations, exposure to litigation, fines, sanctions or interventions, loss of confidence in the Group's security measures, damage to its reputation, reimbursements and compensation, and additional regulatory compliance expenses and could have a significant adverse impact on the Group's business, financial condition and results of operations.

### Operational Risks

***Attacks, failures or deficiencies in the Group's procedures, systems and security or those of third parties to which the Group is exposed could have a significant adverse impact on the Group's business, financial condition and results of operations, and could be detrimental for its reputation***

The Group's activities depend to a large extent on its ability to process and report effectively and accurately on a high volume of highly complex transactions with numerous and diverse products and services (by their nature, generally ephemeral), in different currencies and subject to different regulatory regimes. Therefore, it relies on highly sophisticated information technology (IT) systems for data transmission, processing and storage. However, IT systems are vulnerable to various problems, such as hardware and software malfunctions, computer viruses, hacking, and physical damage to IT centres. BBVA's exposure to these risks has increased significantly in recent years due to the Group's implementation of its ambitious digital strategy. Digital services, as well as other alternatives that BBVA offers users to become BBVA customers, have become even more important after the COVID-19 outbreak and the ensuing restrictions on mobility in the countries in which the Group operates. Currently, one in three new clients chooses digital channels to start their relationship with BBVA. Any attack, failure or deficiency in the Group's systems could, among other things, lead to the misappropriation of funds of the Group's clients or the Group itself and the unauthorised disclosure, destruction or use of confidential information, as well as preventing the normal operation of the Group, and impairing its ability to provide services and carry out its internal management. In addition, any attack, failure or deficiency could result in the loss of customers and business opportunities, damage to computers and systems, violation of regulations regarding data protection and/or other regulations, exposure to litigation, fines, sanctions or interventions, loss of confidence in the Group's security measures, damage to its reputation, reimbursements and compensation, and additional regulatory compliance expenses and could have a significant adverse impact on the Group's business, financial condition and results of operations. Furthermore, it is possible that such attacks, failures or deficiencies will not be detected on time or ever. The Group is likely to be forced to spend significant additional resources to improve its security measures in the future. As cyber-attacks are becoming increasingly sophisticated and difficult to prevent, the Group may not be able to anticipate or prevent all possible vulnerabilities, nor to implement preventive measures that are effective or sufficient.

Customers and other third parties to which the Group is significantly exposed, including the Group's service providers (such as data processing companies to which the Group has outsourced certain services), face

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similar risks. Any attack, failure or deficiency that may affect such third parties could, among other things, adversely affect the Group's ability to carry out operations or provide services to its clients or result in the unauthorised disclosure, destruction or use of confidential information. Furthermore, the Group may not be aware of such attack, failure or deficiency in time, which could limit its ability to react. Moreover, as a result of the increasing consolidation, interdependence and complexity of financial institutions and technological systems, an attack, failure or deficiency that significantly degrades, eliminates or compromises the systems or data of one or more financial institutions could have a significant impact on its counterparts or other market participants, including the Group.

### RISKS RELATED TO EARLY INTERVENTION AND RESOLUTION

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

See “Regulatory Framework – Resolution” for a description of the relevant Spanish Statutory Loss-Absorption Powers, including the Bail-in Tool and any Non-Viability Loss Absorption.

The powers set out in the BRRD (which has been implemented in Spain through Law 11/2015 and Royal Decree 1012/2015 of 6th November by virtue of which Law 11/2015 is developed and Royal Decree 2606/1996 of 20th December on credit entities' deposit guarantee fund is amended (as amended, replaced or supplemented from time to time, **RD 1012/2015**)) and the SRM Regulation impact how credit institutions and investment firms are managed, as well as, in certain circumstances, the rights of creditors. Pursuant to Law 11/2015, upon any application of the Bail-in Tool and/or, in the case of Tier 2 Subordinated Notes, Non-Viability Loss Absorption, holders of Notes (including SDG Notes but, subject as described below, excluding Covered Bonds) may be subject to, among other things, a write-down (including to zero) and/or conversion into equity or other securities or obligations of such Notes. The exercise of any such powers (or any of the other resolution powers and tools) may result in such Noteholders losing some or all of their investment or otherwise having their rights under such Notes adversely affected. Such exercise could also involve modifications to, or the disapplication of, provisions in the terms and conditions of the Notes, including, among other provisions, the principal amount or any interest payable on the Notes, or the maturity date or any other dates on which payments may be due, as well as the suspension of payments for a certain period. As a result, the exercise of the Bail-in Tool with respect to the Notes and/or Non-Viability Loss Absorption (in the case of Tier 2 Subordinated Notes) or the taking by the Relevant Spanish 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 Noteholders, the market price or value or trading behaviour of any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

The SDG Notes are fully subject to the exercise of any Bail-in Tool and any Non-Viability Loss Absorption that may be applied to the Issuer at any time in accordance with the Applicable Banking Regulations and the applicable terms and conditions of any SDG Notes.

The Bail-In Tool is not intended to apply to secured debt and therefore the Bail-In Tool should not apply to Covered Bonds to the extent that the amounts payable in respect of the Covered Bonds do not exceed the value of the applicable Cover Pool collateral from which provision is made for payment of those amounts. Nevertheless, in the event of resolution of the Issuer, any claims of Covered Bondholders and any derivative counterparties in excess of the value of the assets included in the applicable Cover Pool may be subject to any exercise of the Bail-in Tool by the Relevant Spanish Resolution Authority.

The exercise of the Bail-in Tool and/or (in the case of Tier 2 Subordinated Notes) Non-Viability Loss Absorption by the Relevant Spanish Resolution Authority with respect to the Notes (including SDG Notes) is likely to be inherently unpredictable and may depend on a number of factors which may also be outside of the Issuer's control. In addition, as the Relevant Spanish Resolution Authority will retain a broad element of discretion, it may exercise any of its powers without any prior notice to the holders of the Notes. Holders of the Notes may not be able to refer to publicly available criteria in order to anticipate any potential exercise of any such Bail-in Tool and/or (in the case of Tier 2 Subordinated Notes) Non-Viability Loss Absorption.



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Because of this inherent uncertainty, it will be difficult to predict when, if at all, the exercise of any such powers by the Relevant Spanish Resolution Authority may occur.

This uncertainty may adversely affect the value of the Notes. The price and trading behaviour of the Notes may be affected by the threat of a possible exercise of any power under Law 11/2015 and/or the SRM Regulation (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 Spanish Resolution Authority may exercise any such powers without providing any advance notice to the holders of the Notes.

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

Finally, any compensation right to which any holder of the Notes may be entitled under the BRRD (as implemented in Spain), the SRM Regulation and Applicable Banking Regulations as described under “*Regulatory Framework – Resolution*” is unlikely to compensate that holder for the losses it has actually incurred and, in any event, there is likely to be a considerable delay in the recovery of such compensation. In addition, in the case of a Non-Viability Loss Absorption, it is not clear that a holder of the affected Tier 2 Subordinated Notes would have a right to compensation.

### ***Noteholders may not be able to exercise their rights on an Event of Default in the event of the adoption of any early intervention or resolution measure under Law 11/2015 and the SRM Regulation***

The Issuer may be subject to a procedure of early intervention or resolution pursuant to the BRRD as implemented through Law 11/2015 and RD 1012/2015 and the SRM Regulation if the Issuer or its group of consolidated credit entities is in breach (or due, among other things, to a rapidly deteriorating financial condition, it is likely in the near future to be in breach) of applicable regulatory requirements relating to solvency, liquidity, internal structure or internal controls or the conditions for resolution referred to in “*Regulatory Framework – Resolution*” are met.

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

Any enforcement by a Noteholder of its rights under the Notes upon the occurrence of an Event of Default following the adoption of any early intervention or resolution procedure will, therefore, be subject to the relevant provisions of the BRRD, Law 11/2015 and the SRM Regulation in relation to the exercise of the relevant measures and powers pursuant to such procedure, including the resolution tools and powers referred to in “*Regulatory Framework – Resolution*”. Any claims on the occurrence of an Event of Default will consequently be limited by the application of any measures pursuant to the provisions of Law 11/2015 and the SRM Regulation. There can be no assurance that the taking of any such action (or any threat or suggestion that such action may be taken) would not adversely affect the rights of Noteholders, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes and the enforcement by a holder of any rights it may otherwise have on the occurrence of any Event of Default may be limited in these circumstances.

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### RISKS RELATED TO THE STRUCTURE OF A PARTICULAR ISSUE OF NOTES

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common of such features.

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

An optional redemption feature (including any redemption of the Notes (i) for tax reasons pursuant to Condition 6(b), (ii) upon the occurrence of an Eligible Liabilities Event pursuant to Condition 6(d) (other than in the case of Senior Preferred Notes where Eligible Liabilities Event has been specified as not applicable in the applicable Final Terms) and (iii) in the case of Tier 2 Subordinated Notes, upon the occurrence of a Capital Event pursuant to Condition 6(e) (Eligible Liabilities Event and Capital Event each having the meanings given in Conditions 6(d) and 6(e), respectively)) may limit the market value of the Notes. During any period when the Issuer may elect to redeem Notes, or during which there is an actual or perceived increased likelihood that the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

In the case of Notes which specify "Issuer Residual Call" as applicable in the applicable Final Terms, the Issuer's optional redemption right will become operative where, at any time, the outstanding aggregate nominal amount of the Notes is 25 per cent. or less of the aggregate nominal amount of the relevant Series of Notes issued. Holders of any such Notes may find that their Notes are redeemed by the Issuer prior to the relevant Maturity Date.

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

It is not possible to predict whether or not any further change in the laws or regulations of Spain, Applicable Banking Regulations or the application or binding official interpretation thereof, or any of the other events referred to above, will occur and so lead to the circumstances in which the Issuer is able to elect to redeem the Notes, and if so whether or not the Issuer will elect to exercise such option to redeem the Notes or, as applicable, any prior consent of the Regulator required for such redemption will be given.

***The conversion of the interest basis from a fixed rate to a floating rate, or vice versa, may affect the secondary market and the market value of the Notes concerned***

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

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### *The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"*

Interest rates and indices which are deemed to be "benchmarks", (including EURIBOR) are the subject of national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark.

The euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system.

The EU Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a "benchmark" and the use of a "benchmark" within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The UK Benchmarks Regulation, among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark". Recently, Regulation (EU) 2021/168, which amends the EU Benchmarks Regulation, has introduced certain changes to the framework addressing the termination of financial benchmarks. Under the new framework, the European Commission will have the power to replace so-called 'critical benchmarks', which could affect the stability of financial markets in the EU, and other relevant benchmarks, if their termination would result in a significant disruption in the functioning of financial markets in the EU. The European Commission will also be able to replace third-country benchmarks if their cessation would result in a significant disruption in the functioning of financial markets or pose a systemic risk for the financial system in the EU. The new rules also cover the replacement of a benchmark designated as critical in one member state, through national legislation.

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

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation reforms, as applicable, in making any investment decision with respect to any Notes linked to or referencing a "benchmark".

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### ***The occurrence of a Benchmark Event or SOFR Benchmark Transition Event, as applicable may adversely affect the return on and the market value of Floating Rate Notes and Fixed Reset Notes***

Investors should be aware that in the case of Floating Rate Notes and Fixed Reset Notes, the Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a published Benchmark, including an inter-bank offered rate such as EURIBOR, the Sterling Overnight Index Average rate (SONIA) or the secured overnight financing rate (SOFR), or other relevant reference rate ceases to exist or be published or another Benchmark Event or Benchmark Transition Event, as applicable, occurs. The IBA announcement and FCA announcement referred to above would each constitute such a Benchmark Event. This would trigger certain of the fallback arrangements, although, the consequences of such fallbacks being triggered are not necessarily immediately effective under the Conditions of the Notes.

These fallback arrangements include the possibility that the Rate of Interest could be determined, without any separate consent or approval of the Noteholders, by reference to a Successor Rate or an Alternative Rate or SOFR Benchmark Replacement, as applicable, and that an Adjustment Spread or a SOFR Benchmark Replacement Adjustment, respectively, may be applied to such Successor Rate or Alternative Rate or a SOFR Benchmark Replacement, as the case may be, as a result of the replacement of the relevant benchmark or screen rate (as applicable) originally specified with the Successor Rate or the Alternative Rate or the SOFR Benchmark Replacement (as the case may be). Certain Benchmark Amendments or other amendments, in the case of SOFR, to the Terms and Conditions of such Notes may also be made without the consent or approval of holders of the relevant Floating Rate Notes or Fixed Reset Notes. In the case of any Alternative Rate, any Adjustment Spread unless formally recommended or provided for and any Benchmark Amendments, and any SOFR Benchmark Replacement, SOFR Benchmark Replacement Adjustment and related amendments, the relevant replacement and adjustment (if any) and any such amendments shall be determined by the Benchmark Calculation Agent (acting in good faith, and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser) or, in the case of SOFR the Issuer or the SOFR Benchmark Replacement Agent, if any. Any Adjustment Spread or SOFR Benchmark Replacement Adjustment that is applied may not be effective to reduce or eliminate economic prejudice to investors. The use of a Successor Rate or Alternative Rate (including with the application of an Adjustment Spread) or SOFR Benchmark Replacement (including the application of SOFR Benchmark Replacement Adjustment) will still result in any Notes linked to or referencing a benchmark performing differently (which may include payment of a lower Rate of Interest) than they would if the relevant benchmark were to continue to apply in its current form.

Further, no Successor Rate, Alternative Rate, SOFR Benchmark Replacement, Adjustment Spread or SOFR Benchmark Replacement Adjustment may be adopted, nor any other amendment to the Terms and Conditions of any Series of Notes may be made to effect any Benchmark Amendments, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the treatment of any relevant Series of Notes as Tier 2 capital or eligible liabilities for the purposes of Article 45 of the BRRD, in each case of the Issuer or the Group, as applicable. If the Issuer or an affiliate of the Issuer is appointed as Benchmark Calculation Agent, then depending on the circumstances in which any such discretion is required to be exercised, such exercise could present the Issuer or such affiliate with a conflict of interest.

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

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

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Floating Rate Notes or Fixed Reset Notes and could also have a material adverse effect on the value, market price or liquidity of, and the amount payable under, the Floating Rate Notes or Fixed Reset Notes. Investors should consider these matters when making their investment decision with respect to the relevant Floating Rate Notes or Fixed Reset Notes.

### *The market continues to develop in relation to SONIA and SOFR as a reference rate*

Where the applicable Final Terms for a series of Floating Rate Notes specifies that the Rate of Interest for such Floating Rate Notes will be determined by reference to SONIA or SOFR (**SONIA-Linked Notes** and **SOFR-Linked Notes**, respectively), interest will be determined on the basis of Compounded Daily SONIA or Compounded Daily SOFR, respectively (each as defined in the Terms and Conditions of the Notes). Compounded Daily SONIA and Compounded Daily SOFR differ from Sterling and U.S. dollar LIBOR, respectively, in a number of material respects, including (without limitation) that Compounded Daily SONIA and Compounded Daily SOFR are backwards-looking, compounded, risk-free or secured overnight rates, whereas Sterling and U.S. dollar LIBOR are expressed on the basis of a forward-looking term and include a credit risk-element based on inter-bank lending. As such, investors should be aware that there may be a material difference in the behaviour of Sterling LIBOR and SONIA or U.S. dollar LIBOR and SOFR as interest reference rates for Floating Rate Notes. The use of SONIA and SOFR as a reference rate for Eurobonds is nascent, and is subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of debt securities referencing SONIA and/or SOFR.

Each of the Bank of England and the Federal Reserve Bank of New York (the **FRBNY**) publish certain historical indicative secured overnight financing rates, although such historical indicative data inherently involves assumptions, estimates and approximations. Potential investors in SONIA-Linked Notes and SOFR-Linked Notes should not rely on such historical indicative data or on any historical changes or trends in SONIA or SOFR, as the case may be, as an indicator of the future performance of SONIA or SOFR, respectively. For example, since the initial publication of SOFR, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmark or market rates (see “*SOFR and SONIA may be more volatile than other benchmarks or market rates*” below). Accordingly, SONIA and SOFR over the term of any SONIA-Linked Notes or SOFR-Linked Notes, respectively, may bear little or no relation to the historical actual or historical indicative data.

Prospective investors in any Floating Rate Notes referencing Compounded Daily SONIA or Compounded Daily SOFR should be aware that the market continues to develop in relation to each of SONIA and SOFR as a reference rate in the capital markets and its adoption as an alternative to Sterling LIBOR and U.S. dollar LIBOR, respectively. For example, market participants and relevant working groups are, as at the date of this Offering Circular, currently exploring forward-looking ‘term’ SONIA or SOFR reference rates (which seek to measure the market’s forward expectation of an average SONIA or SOFR rate over a designated term). The adoption of SONIA or SOFR may also see component inputs into swap rates or other composite rates transferring from Sterling LIBOR or U.S. dollar LIBOR, respectively, or another reference rate to SONIA or SOFR.

The market or a significant part thereof may adopt an application of SONIA or SOFR that differs significantly from that set out in the Conditions in the case of Floating Rate Notes issued under the Programme for which Compounded Daily SONIA or Compounded Daily SOFR, respectively is specified as being applicable in the applicable Final Terms. Furthermore, the Issuer may in the future issue Floating Rate Notes referencing SONIA or SOFR that differ materially in terms of the interest determination provisions when compared with the provisions for such determination as set out in Condition 4(c)(ii)(C) and Condition 4(c)(ii)(D), respectively. The nascent development of Compounded Daily SONIA and Compounded Daily SOFR as an interest reference rate for the Eurobond markets, as well as continued development of SONIA and SOFR-based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any SONIA or SOFR-referenced Floating Rate Notes issued under the Programme from time to time.

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In addition, the manner of adoption or application of SONIA and SOFR reference rates in the Eurobond markets may differ materially compared with the application and adoption of SONIA or SOFR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA or SOFR reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Floating Rate Notes referencing Compounded Daily SONIA or Compounded Daily SOFR.

Since SONIA and SOFR are relatively new market reference rates, Floating Rate Notes referencing Compounded Daily SONIA or Compounded Daily SOFR may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities referencing Compounded Daily SONIA or Compounded Daily SOFR, such as the spread over the reference rate reflected in the interest rate provisions, may evolve over time, and trading prices of such debt securities may be lower than those of later issued debt securities as a result. Further, if Compounded Daily SONIA or Compounded Daily SOFR do not prove to be widely used in securities, the trading price of Floating Rate Notes referencing Compounded Daily SONIA or Compounded Daily SOFR, respectively, may be lower than those of debt securities referencing other reference rates that are more widely used.

Investors in Floating Rate Notes referencing Compounded Daily SONIA or Compounded Daily SOFR may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. There can also be no guarantee that SONIA or SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in such Notes. If the manner in which SONIA or SOFR is calculated is changed, that change may result in a reduction in the amount of interest payable on Floating Rate Notes referencing Compounded Daily SONIA or Compounded Daily SOFR, respectively, and the trading prices of such Notes.

Investors should carefully consider these matters when making their investment decision with respect to any such Floating Rate Notes.

### ***Any failure of SONIA or SOFR to gain market acceptance could adversely affect SONIA-Linked Notes or SOFR-Linked Notes***

According to the Alternative Reference Rates Committee, convened by the Board of Governors of the FRBNY, SOFR was developed for use in certain U.S. dollar derivatives and other financial contracts as an alternative to U.S. dollar LIBOR in part because it is considered a good representation of general funding conditions in the overnight U.S. Treasury repurchase agreement market. However, as a rate based on transactions secured by U.S. Treasury securities, it does not measure bank-specific credit risk and, as a result, is less likely to correlate with the unsecured short-term funding costs of banks. Similar considerations apply in respect of SONIA. This may mean that market participants would not consider SONIA or SOFR a suitable replacement or successor for all of the purposes for which Sterling or U.S. dollar LIBOR historically has been used (including, without limitation, as a representation of the unsecured short-term funding costs of banks), which may, in turn, lessen market acceptance of SONIA or SOFR. Any failure of SONIA or SOFR to gain market acceptance could adversely affect the return on and value and market price of Floating Rate Notes which reference Compounded Daily SONIA or Compounded Daily SOFR and the price at which investors can sell such Notes in the secondary market.

### ***The amount of interest payable with respect to each Interest Period will only be determined near the end of the Interest Period for SONIA-Linked Notes and SOFR-Linked Notes***

The Rate of Interest on Floating Rate Notes referencing Compounded Daily SONIA and Compounded Daily SOFR is only capable of being determined at the end of the relevant SONIA Observation Period (as defined in Condition 4(c)(ii)(C)) or SOFR Observation Period (as defined in Condition 4(c)(ii)(D)) and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in any such Floating Rate Notes to estimate reliably the amount of interest which will be payable on such Floating Rate Notes on each Interest Payment Date, and some investors may be unable or unwilling to trade such Floating Rate Notes without changes to their information technology systems, both of which factors could adversely impact the liquidity of

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such Floating Rate Notes. Further, if Floating Rate Notes referencing Compounded Daily SONIA or Compounded Daily SOFR become due and payable as a result of an event of default under Condition 9, or are otherwise redeemed early on a date which is not an Interest Payment Date, the final rate of interest payable in respect of such Floating Rate Notes shall only be determined by reference to a shortened period ending immediately prior to the date on which the Floating Rate Notes become due and payable.

### ***SOFR and SONIA may be more volatile than other benchmarks or market rates***

Since the initial publication of SOFR, daily changes in SOFR have, on occasion, been more volatile than daily changes in other benchmark or market rates, such as U.S. dollar LIBOR. Although changes in Compounded SOFR generally are not expected to be as volatile as changes in daily levels of SOFR, the return on and value and market price of Floating Rate Notes which reference Compounded Daily SOFR may fluctuate more than floating rate securities that are linked to less volatile rates. In addition, the volatility of SOFR has reflected the underlying volatility of the overnight U.S. Treasury repo market. The FRBNY has at times conducted operations in the overnight U.S. Treasury repo market in order to help maintain the federal funds rate within a target range. There can be no assurance that the FRBNY will continue to conduct such operations in the future, and the duration and extent of any such operations is inherently uncertain. Similar considerations may also apply in respect of SONIA. The effect of any such operations, or of the cessation of such operations to the extent they are commenced, is uncertain and could be materially adverse to investors in SOFR-Linked Notes or SONIA-Linked Notes, as applicable.

### ***The interest rate on SONIA-Linked Notes and SOFR-Linked Notes will be based on Compounded Daily SONIA and Compounded Daily SOFR, respectively, which are relatively new in the marketplace and may be determined by reference to the SONIA Compounded Index or the SOFR Index, respectively, relatively new market indexes***

For each Interest Period, the interest rate on any Floating Rate Notes referencing Compounded Daily SONIA or Compounded Daily SOFR is based on Compounded Daily SONIA or Compounded Daily SOFR, respectively, which is calculated on a daily compounded basis (or, where Index Determination is specified as being applicable in the applicable Final Terms, by reference to the relevant index) and not the SONIA or SOFR rate published on or in respect of a particular date during such Interest Period or an arithmetic average of SONIA or SOFR rates during such Interest Period. Each of the SONIA Compounded Index and the SOFR Index measures the cumulative impact of compounding SONIA or SOFR, respectively, on a unit of investment over time. The value of the SONIA Compounded Index or the SOFR Index, on a particular business day reflects the effect of compounding SONIA or SOFR, respectively, on such business day and allows the calculation of Compounded Daily SONIA or SOFR averages, as applicable, over custom time periods. For this and other reasons, the interest rate on Floating Rate Notes referencing Compounded Daily SONIA or Compounded Daily SOFR during any Interest Period will not be the same as the interest rate on other SONIA or SOFR-linked investments that use an alternative basis to determine the applicable interest rate. Further, if the SONIA or SOFR rate in respect of a particular date during an Interest Period is negative, its contribution to the relevant compounded rate will be less than one, resulting in a reduction to such compounded rate used to calculate the interest payable on any Floating Rate Notes referencing Compounded Daily SONIA or Compounded Daily SOFR on the interest payment date for such Interest Period.

Very limited market precedent exists for securities that use SONIA or SOFR as the interest rate and the method for calculating an interest rate based upon SONIA or SOFR in those precedents varies. In addition, the Bank of England and the FRBNY only began publishing the SONIA Compounded Index and the SOFR Index, respectively, very recently. Accordingly, the specific formulas for Compounded Daily SONIA and Compounded Daily SOFR set out in the Conditions and the use of the SONIA Compounded Index or SOFR Index for the purposes of calculating Compounded Daily SONIA or Compounded Daily SOFR, respectively, may not be widely adopted by other market participants, if at all. If the market adopts a different calculation method, that would likely adversely affect the market value of any respective SONIA-Linked Notes or SOFR-Linked Notes.

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***There can be no assurance that SONIA or SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of holders of SONIA-Linked Notes or SOFR-Linked Notes, respectively***

SONIA and SOFR are published by the Bank of England and the FRBNY as the respective administrators of SONIA and SOFR based on data received from sources other than the Issuer. The Issuer has no control over the determination, calculation or publication of SONIA or SOFR. The administrator of SONIA or SOFR may make changes that could change the value of SONIA or SOFR, as the case may be, or discontinue SONIA or SOFR, respectively, and have no obligation to consider the interests of holders of SONIA-Linked Notes or SOFR-Linked Notes in doing so. Each of the Bank of England or the FRBNY (or, in each case, a successor), as the respective administrator of SONIA and SOFR, respectively, may make methodological or other changes that could change the value of SONIA or SOFR, including changes related to the method by which SONIA or SOFR is calculated, eligibility criteria applicable to the transactions used to calculate SONIA or SOFR, or timing related to the publication of SONIA and SOFR. In addition, the respective administrators of SONIA or SOFR may alter, discontinue or suspend calculation or dissemination of SONIA or SOFR (in which case a fallback method of determining the interest rate on any SONIA-Linked Notes or SOFR-Linked Notes will apply, as further described in Condition 4(c)(ii)(C) and 4(c)(ii)(D), respectively).

There can be no assurance that SONIA or SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of holders of SONIA-Linked Notes or SOFR-Linked Notes, respectively. If the manner in which SONIA or SOFR is calculated is changed, that change may result in a reduction of the amount of interest payable on any respective SONIA-Linked Notes or SOFR-Linked Notes, which may adversely affect the trading prices of such Notes. If the rate at which interest accrues on any SONIA-Linked Notes or SOFR-Linked Notes for any Interest Period declines to zero or becomes negative, no interest will be payable on such Notes on the Interest Payment Date for such Interest Period. The administrator of each of SONIA and SOFR has no obligation to consider the interests of holders of SONIA-Linked Notes or SOFR-Linked Notes, respectively, in calculating, adjusting, converting, revising or discontinuing SONIA or SOFR, as the case may be. In addition, the administrator of each of SONIA or SOFR may withdraw, modify or amend the published SONIA or SOFR rate or other SONIA or SOFR data, respectively, in its sole discretion and without notice.

***The SONIA Compounded Index or SOFR Index may be modified or discontinued, which could adversely affect the value and market price of any Floating Rate Notes referencing Compounded Daily SONIA or Compounded Daily SOFR where Index Determination is specified as being applicable in the applicable Final Terms***

The SONIA Compounded Index and the SOFR Index are published by the Bank of England and the FRBNY, respectively, based on data received by them from sources other than the Issuer, and the Issuer has no control over their methods of calculation, publication schedule, rate revision practices or the availability of the SONIA Compounded Index or the SOFR Index at any time. There can be no guarantee, particularly given its relatively recent introduction, that the SONIA Compounded Index or the SOFR Index will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in any Floating Rate Notes referencing Compounded Daily SONIA or Compounded Daily SOFR where Index Determination is applicable. If the manner in which the SONIA Compounded Index or the SOFR Index is calculated, including the manner in which SONIA or SOFR, respectively, is calculated, is changed, that change may result in a reduction in the amount of interest payable on any Floating Rate Notes referencing Compounded Daily SONIA or Compounded Daily SOFR where Index Determination is applicable and the trading prices of such Notes. In addition, the Bank of England or the FRBNY may withdraw, modify or amend the published SONIA Compounded Index or SOFR Index, respectively, or other SONIA or SOFR data in its sole discretion and without notice. The interest rate for any Interest Period will not be adjusted for any modifications or amendments to the SONIA Compounded Index or the SOFR Index or other SONIA or SOFR data that the Bank of England or the FRBNY may publish after the interest rate for that Interest Period has been determined.



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

Fixed Reset Notes will initially bear interest at the Initial Interest Rate (as specified in the applicable Final Terms) until (but excluding) the Reset Date (as specified in the applicable Final Terms). On the Reset Date and each Subsequent Reset Date (as specified in the applicable Final Terms) (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate and the Reset Margin (each as specified in the applicable Final Terms) as determined by the Principal Paying Agent on the relevant Reset Determination Date (as defined in Condition 4(b)) (each such interest rate, a **Subsequent Reset Rate**). The Subsequent Reset Rate for any Reset Period could be less than the Initial Interest Rate or the Subsequent Reset Rate for prior Reset Periods and could be less than the return an investor could realise from another equivalent investment on the Reset Date, which in turn could have a material adverse effect on the market value of an investment in the Fixed Reset Notes.

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

The market values of Notes issued at a substantial discount (such as Zero Coupon Notes) or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities. Such volatilities could have a material adverse effect on the value of and return on any such Notes.

***The qualification of the Senior Preferred Notes, Senior Non-Preferred Notes or Senior Subordinated Notes as eligible liabilities of the Issuer or the Group is subject to uncertainty***

The Senior Preferred Notes, Senior Non-Preferred Notes and Senior Subordinated Notes may be issued with the intention of being eligible for inclusion in the amount of eligible liabilities of the Issuer and/or the Group under Applicable Banking Regulations. As there is uncertainty regarding the final form, application and interpretation of Applicable Banking Regulations insofar as such eligibility is concerned, the Senior Preferred Notes, Senior Non-Preferred Notes or Senior Subordinated Notes may not conform to the requirements ultimately applicable from time to time for them to be (or thereafter remain) eligible liabilities of the Issuer and/or the Group.

If an Eligible Liabilities Event occurs, the Issuer may redeem or substitute and vary the terms of those Notes at its option in accordance with Conditions 6(d) and 15(b), which may result in investors not realising the return on the Notes that they were otherwise expecting or have a material adverse effect on the market value of the relevant Notes. See "*If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return*" above.

***Claims of Holders under the Senior Notes are effectively junior to those of certain other creditors (including Holders of the Covered Bonds) and claims of Holders under the Senior Non-Preferred Notes are further junior to those of other senior creditors***

The Senior Notes and any relative Coupons constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and, upon the insolvency (*concurso de acreedores*) of the Issuer, in accordance with and to the extent permitted by the Insolvency Law (as defined in Condition 3(e)) and other applicable laws relating to or affecting the enforcement of creditors' rights in Spain (including, without limitation, Additional Provision 14.2 of Law 11/2015), the payment obligations of the Issuer under the Senior Notes with respect to claims for principal (which claims will constitute ordinary claims) will rank: (a) in the case of Senior Preferred Notes: (i) junior to any (A) privileged claims (*créditos privilegiados*) (which shall include, among other claims, any claims in respect of deposits for the purposes of Additional Provision 14.1 of Law 11/2015 and claims under any Covered Bonds up to the value of the applicable Cover Pool) and (B) claims against the insolvency estate (*créditos contra la masa*); (ii) *pari passu* without any preference or priority among

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themselves and with all other Senior Preferred Obligations; and (iii) senior to (A) any Senior Non-Preferred Obligations; and (B) all subordinated obligations of or claims against the Issuer (*créditos subordinados*), present and future; and (b) in the case of Senior Non-Preferred Notes: (i) junior to any (A) privileged claims (*créditos privilegiados*) (which shall include, among other claims, any claims in respect of deposits for the purposes of Additional Provision 14.1 of Law 11/2015 and claims under any Covered Bonds up to the value of the applicable Cover Pool); (B) claims against the insolvency estate (*créditos contra la masa*); and (C) Senior Preferred Obligations; (ii) *pari passu* without any preference or priority among themselves and with all other Senior Non-Preferred Obligations; and (iii) senior to all subordinated obligations of or claims against the Issuer (*créditos subordinados*), present and future. Terms used in this paragraph have the meanings given in Condition 3(e).

Upon insolvency, the obligations of the Issuer under the Senior Notes will also be effectively subordinated to all of the Issuer's secured indebtedness, to the extent of the value of, or the proceeds realised from, the assets securing such indebtedness. The Senior Notes are further structurally subordinated to all indebtedness of subsidiaries of the Issuer insofar as any right of the Issuer to receive any assets of such companies upon their winding-up will be effectively subordinated to the claims of the creditors of those companies in the winding-up.

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

### ***An investor in Subordinated Notes and Senior Non-Preferred Notes assumes an enhanced risk of loss in the event of the Issuer's insolvency or resolution***

The Issuer's obligations under the Subordinated Notes will be subordinated and unsecured and, upon the insolvency of the Issuer, will rank junior to all unsubordinated obligations of the Issuer and other obligations that rank senior under Spanish law. Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a greater risk that an investor in Subordinated Notes will lose all or some of its investment should the Issuer become (i) subject to resolution under the BRRD and the Subordinated Notes become subject to the application of the Bail-in Tool (including, in the case of Tier 2 Subordinated Notes, Non-Viability Loss Absorption) or (ii) insolvent.

In the case of any exercise of the Bail-in Tool by the Relevant Spanish Resolution Authority, the sequence of any resulting write-down or conversion of the Notes under Article 48 of the BRRD and Article 48 of Law 11/2015 shall be in the following order: (i) CET1 items; (ii) the principal amount of Additional Tier 1 capital instruments; (iii) the principal amount of Tier 2 capital instruments (including Tier 2 Subordinated Notes); (iv) the principal amount of other subordinated claims that are not Additional Tier 1 capital or Tier 2 capital (such as Senior Subordinated Notes); (v) the principal or outstanding amount of the remaining eligible liabilities in the order of the hierarchy of claims in normal insolvency proceedings (with senior non-preferred claims (*créditos ordinarios no preferentes*) (such as Senior Non-Preferred Notes) subject to the Bail-in Tool after any subordinated claims (*créditos subordinados*) of the Issuer under Article 281.1 of the Insolvency Law) but before the other senior claims of the Issuer (including Senior Preferred Notes)). In addition, Tier 2 Subordinated Notes may be subject to Non-Viability Loss Absorption, which may be imposed prior to or in combination with any exercise of the Bail-in Tool.

While any such write-down or conversion of the Notes and any other such obligations of the Issuer shall be implemented in accordance with the hierarchy described above (unless otherwise provided by Applicable Banking Regulations), even if grounds for compensation could be established, compensation may not be available under the BRRD to any holders of capital instruments subject to any write-down or conversion and even if available would only take the form of shares, other securities or other obligations of the Issuer, the

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Group or another person. See “*Risks related to Early Intervention and Resolution* - The Notes may be subject to the exercise of the Spanish Statutory Loss-Absorption Powers by the Relevant Spanish Resolution Authority. Other powers contained in Law 11/2015 and the SRM Regulation could materially affect the rights of the Noteholders under, and the value of, any Notes” and “*Regulatory Framework – Resolution*”.

***Senior Non-Preferred Notes, Subordinated Notes and certain Senior Preferred Notes may not be redeemed prior to maturity at the option of Noteholders, including in the event of non-payment of principal or interest and the redemption of the Notes may be subject to certain conditions***

Pursuant to the CRR, the Issuer is prohibited from including in the terms and conditions of any Tier 2 Subordinated Notes terms that would oblige it to redeem such Tier 2 Subordinated Notes prior to their stated maturity at the option or request of holders of the Tier 2 Subordinated Notes. Additionally, in accordance with Article 45(b) of the BRRD, Article 38 of RD 1012/2015 and the EU Banking Reforms, terms of instruments (including Senior Preferred Notes, Senior Non-Preferred Notes and Senior Subordinated Notes) that provide for any early redemption of that instrument at the option of the holder could limit its eligibility for MREL purposes. As a result, the terms and conditions of the Senior Preferred Notes, the Senior Non-Preferred Notes and the Senior Subordinated Notes may not include provisions allowing for early redemption of such Notes at the option of Noteholders. Furthermore, unless otherwise specified in the applicable Final Terms, in the case of Senior Preferred Notes only, Noteholders will not have any rights under the terms and conditions of such Notes to request the early redemption of the relevant Notes in the event of any failure by the Issuer to comply with its obligations under the Notes (including, without limitation, any obligation to pay principal or interest in respect of such Notes). See Condition 9.

According to the CRR, the prior consent of the Regulator must be obtained as a condition for the redemption of Tier 2 Subordinated Notes, Senior Non-Preferred Notes and certain Senior Preferred Notes.

It is not possible to predict whether the relevant circumstances in which the Issuer may be able to elect to redeem any such Notes will occur, including whether any prior consent of the Regulator required for such redemption will be given, and if so whether or not the Issuer will elect to exercise any option to redeem the Notes. Accordingly, no assurance can be given as to any possible redemption at any time of any Senior Non-Preferred Notes, Subordinated Notes and any applicable Senior Preferred Notes. See also “*If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return*” above.

***The claims of holders of the Issuer’s unsecured obligations rank after the claims of holders of covered bonds.***

The assets included in the applicable Cover Pool for each Series of Covered Bonds are mandatorily segregable in case of liquidation or resolution of the Issuer and, in any such event, will not form part of the general assets of the Issuer that would be available to holders of Notes other than Covered Bonds, although any excess proceeds from liquidation of the applicable Cover Pool, after satisfaction of the claims of holders of the Covered Bonds (**Covered Bondholders**) and counterparties under derivatives contracts entered into for hedging purposes in relation to such Covered Bonds as set forth in article 42 of Royal Decree-Law 24/2021 (**derivative counterparties**), would be available to unsecured creditors, including the holders of MTNs. The claims of holders of MTNs are unsecured obligations of the Issuer that rank after the claims of holders of Covered Bonds and derivative counterparties with respect to the assets in the applicable Cover Pool, should the Issuer become insolvent, be liquidated or subject to resolution measures.

All Covered Bondholders shall have the same priority over the (i) assets included in the applicable Cover Pool, including any replacement assets and liquid assets; and (ii) economic flows generated by the derivative contracts entered into for hedging purposes in relation to the relevant Covered Bonds.

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

No holder of any Notes may at any time exercise or claim any Waived Set-Off Rights (as defined in Condition 3(e)) against any right, claim or liability of the Issuer or that the Issuer may have or acquire against such holder, directly or indirectly and howsoever arising (and including all such rights, claims and liabilities arising under or in relation to any and all agreements or other instruments of any kind, whether or not relating to such Notes).

The terms and conditions of the Notes provide that holders of the Notes 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. As a result, those Noteholders will not at any time be entitled to set-off the Issuer's obligations under such Notes against obligations owed by them to the Issuer.

### *The application of an amount equal to the net proceeds of SDG Notes as described in "Use of Proceeds" may not meet investor expectations or be suitable for an investor's investment criteria*

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

Furthermore, it should be noted that there is currently no clear definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green", "social" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green", "social" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time or that any prevailing market consensus will not significantly change.

A basis for the determination of such "green" project definition has been established in the EU with the publication in the Official Journal of the EU on 22nd June, 2020 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18th June, 2020 (the **Sustainable Finance Taxonomy Regulation**) on the establishment of a framework to facilitate sustainable investment (the **EU Sustainable Finance Taxonomy**). The EU Sustainable Finance Taxonomy is subject to further development by way of the implementation by the European Commission through delegated regulations of technical screening criteria for the environmental objectives set out in the Sustainable Finance Taxonomy Regulation. While BBVA's Sustainable Development Goals (SDGs) Bond Framework (April 2018) published on its website (<https://shareholdersandinvestors.bbva.com>) (including as amended, supplemented, restated or otherwise updated on such website from time to time, the **SDGs Bond Framework**) is in alignment with the relevant objectives for the EU Sustainable Finance Taxonomy, until the technical screening criteria for such objectives have been developed it is not known whether the SDGs Bond Framework will satisfy those criteria. Accordingly, alignment with the EU Sustainable Finance Taxonomy, once the technical screening criteria are established, is not certain and no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Sustainability Projects will meet any or all investor expectations regarding such "green", "social" or "sustainable" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Sustainability Projects.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any report, assessment, opinion or certification of any third party (whether or not solicited by the Issuer) which may or may not be made available in connection with the issue of any SDG Notes and in particular with any Sustainability Projects to fulfil any environmental, social, sustainability and/or other criteria. Any such report,

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assessment, opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Offering Circular. Any such report, assessment, opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Dealers or any other person to buy, sell or hold any such SDG Notes. Any such report, assessment, opinion or certification is only current as of the date it was issued. Prospective investors must determine for themselves the relevance of any such report, assessment, opinion or certification and/or the information contained therein and/or the provider of such report, assessment, opinion or certification for the purpose of any investment in such SDG Notes. Currently, the providers of such reports, assessments, opinions and certifications are not subject to any specific oversight or regulatory or other regime.

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

While it is the intention of the Issuer to apply an amount equal to the net proceeds of any SDG Notes and obtain and publish the relevant reports, assessments, opinions and certifications in, or substantially in, the manner described in “*Use of Proceeds*”, there can be no assurance that the Issuer will be able to do this. Nor can there be any assurance that any Sustainability Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer.

Any such event or failure to apply the net proceeds of any issue of SDG Notes for any Sustainability Projects, or to obtain and publish any such reports, assessments, opinions and certifications, as well as the existence of any potential mismatch between the duration of the Sustainability Projects and the term of any SDG Notes will not (i) constitute an event of default under the relevant SDG Notes, or (ii) give rise to any other claim or right (including any right to accelerate the Notes) of a holder of such SDG Notes against the Issuer, or (iii) lead to an obligation of the Issuer to redeem such Notes or be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of any Notes, or (iv) affect the regulatory treatment of such Notes as Tier 2 capital or eligible liabilities for the purposes of MREL if such Notes are also Tier 2 Subordinated Notes, Senior Preferred Notes or Senior Non-Preferred Notes, as the case may be.

The SDG Notes are issued subject to their applicable terms and conditions including, without limitation, in relation to their status, interest payments, redemption and events of default as described in the “*Terms and Conditions of the Notes*” and the applicable Final Terms, regardless of the issue of such Notes as SDG Notes. The SDG Notes are further subject to any Bail-in Tool and Non-Viability Loss Absorption that may be imposed in exactly the same manner as for any other Notes (including where such Notes are also Tier 2 Subordinated Notes, Senior Preferred Notes or Senior Non-Preferred Notes).

Similarly, any SDG Notes, as for any other Notes, will be fully subject to the application of the CRR eligibility criteria and BRRD requirements for own funds and eligible liabilities instruments and, as such, the proceeds of SDG Notes qualifying as own funds or eligible liabilities may be used to cover losses in the balance sheet of the Issuer regardless of their “green”, “social” or “sustainable” label.

Further, the performance of the SDG Notes will in no circumstances be linked to the performance of any Sustainability Projects that may be identified by the Issuer and no segregation of assets and liabilities regarding any SDG Notes or Sustainability Projects will occur at any time. Payments of principal and interest on any SDG Notes shall not depend on the performance of any Sustainability Project nor will holders of any SDG Notes have any preferred right against the assets of any Sustainability Project.

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The withdrawal of any report, assessment, opinion or certification as described above, or any such report, assessment, opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such report, assessment, opinion or certification is reporting, assessing, opining or certifying on, and/or any such SDG Notes no longer being listed or admitted to trading on any stock exchange or securities market, as aforesaid, may have a material adverse effect on the value of such SDG Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

### **Risks related to Covered Bonds**

*The rights of Covered Bondholders could be adversely affected in the event of a change in Spanish law or administrative practices in Spain.*

The regulations on Covered Bonds contained in Royal Decree-Law 24/2021 came into force on 8th July, 2022. Royal Decree-Law 24/2021 contains a series of new provisions in relation to the regulation of the Covered Bonds and whose application is subject to interpretative uncertainty, as well as to any possible subsequent modification.

Specifically, Royal Decree-Law 24/2021 includes certain amendments to the consolidated text of the Insolvency Law, and, in particular (i) a new paragraph 7 is included in article 270 by which the claims of Covered Bonds with respect to the assets included in the applicable Cover Pool are accorded special privilege status under the Insolvency Law, and (ii) article 578 is amended to include Royal Decree-Law 24/2021 among the special legislation for the purposes of insolvency proceedings. There is not yet any precedent for the application of these amendments in insolvency proceedings and their application may be subject to interpretative doubts and modifications, in particular in those situations in which there are creditors ranking senior to or *pari passu* with Covered Bondholders, which may result in the reduction of the amount recoverable by Covered Bondholders.

This legislative and regulatory uncertainty could affect the ability of Covered Bondholders to properly evaluate and value the Covered Bonds and, therefore, affect the market price of the Covered Bonds given the potential scope and impact that one or more legislative or regulatory changes could have on the Covered Bonds.

*Credit risk and risk of collateral reduction.*

The assets included in the applicable Cover Pool for each Series of Covered Bonds will be subject to variations in value. In the event the Issuer is unable to meet its payment obligations under the Covered Bonds, provision will be made for payment of those obligations from the assets included in the applicable Cover Pool, consisting of the assets identified and individually detailed in the special registry of assets for each Cover Pool.

The assets included in the applicable Cover Pool may change in value based on various factors, including any revision of asset appraisals or the fair value of collection rights, any impairment of collateral or any decrease in the market value of replacement assets. The Issuer shall at all times maintain the minimum required asset levels in each Cover Pool and, if applicable, any contractual or voluntary collateral.

Each Cover Pool will provide for the satisfaction of the Issuer's obligations for covered bonds of the same type (whether Mortgage Covered Bonds, Public Sector Covered Bonds or Internationalisation Covered Bonds), regardless of the programme or prospectus under which they were issued, or whether such covered bonds were issued under Royal Decree-Law 24/2021 or the prior legal regime.

Investors who invest in Covered Bonds also assume the credit risk of the Issuer. The Issuer is responsible for making payments when due on the Covered Bonds and these obligations are solely those of the Issuer.

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The Covered Bonds are obligations of the Issuer only and, therefore, Covered Bondholders have recourse only to the Issuer, all without prejudice to the special privilege status accorded to Covered Bondholders under Article 270.7 of the Insolvency Law upon the insolvency (*concurso de acreedores*) of the Issuer.

*The Dealers have not and will not undertake any due diligence in relation to the applicable Cover Pool in connection with any issue of Covered Bonds*

The Dealers have not and will not undertake any investigations, searches or other actions in respect of any assets contained or to be contained in the applicable Cover Pool. Covered Bondholders will also not receive detailed statistics or information in relation to the loans and other assets contained or to be contained in the applicable Cover Pool – see “*Only limited information in relation to the applicable Cover Pool will be made available to Covered Bondholders*” below. There may therefore be undetected issues or concerns regarding individual loans or other assets in the applicable Cover Pool that would otherwise have been evident from investigations, statistics or information.

*Only limited information in relation to the applicable Cover Pool will be made available to Covered Bondholders*

Covered Bondholders will not receive detailed statistics or information in relation to the loans, mortgages or other eligible assets that are or will be included in the applicable Cover Pool in relation to their Covered Bonds, as such assets will change from time to time, including to the extent that, among other reasons, the Issuer acquires or originates new loans (and new types of loans or loans with different characteristics), and in the event of repayments or early repayments by borrowers of loans included in the applicable Cover Pool.

The Issuer will publish information regarding each applicable Cover Pool on its website (<https://shareholdersandinvestors.bbva.com/debt-investors/>) on a quarterly basis, which information will consist of the Cover Pool data determined for publication. The Cover Pool information will not be updated between such reports and, therefore, the reports relating to each applicable Cover Pool may not be a true reflection of the relevant information for such Cover Pool on any date other than the date of the report. The content of the Issuer's website does not form part of this Offering Circular and investors should not rely on this website.

There is no guarantee that the types or characteristics of new loans, mortgages or eligible assets will be the same as those contained in the applicable Cover Pool on the date of issue of the Covered Bonds.

In addition, the value of the assets that are collateral for the loans included in the applicable Cover Pool may decrease, which would result in a reduction in the level of recoveries on any foreclosure of those assets. In addition, there could be a delay in the sale (and, therefore, the receipt of recoveries by the Issuer) of such assets, which could affect the Issuer's ability to pay the claims of Covered Bondholders in full or in a timely manner.

*Risk of breach of the requirements with respect to the assets included in the applicable Cover Pool. Risk due to insufficiency of assets included in the applicable Cover Pool in the event of insolvency of the Issuer.*

A failure by the Issuer to comply with the requirements in relation to the assets to be included in the applicable Cover Pool or if the Issuer is unable to supplement the applicable Cover Pool with eligible assets could impact on the ability of the Issuer to make payments on the Covered Bonds in full or to make payment in a timely manner.

The Issuer will be required under Royal Decree-Law 24/2021 to comply with certain requirements in relation to each applicable Cover Pool while any related Covered Bonds remain outstanding. In particular, the nominal value of the applicable Cover Pool is required to exceed at all times the aggregate nominal amount of the Covered Bonds issued by it in relation to such Cover Pool by a nominal value that is at least five per cent. higher than the aggregate nominal amount of such Covered Bonds. The Issuer of the Covered Bonds must also ensure that the cash flows in respect of the assets included in the applicable Cover Pool, are such that the Issuer can at all times meet its payment obligations to the holders of the Covered Bonds and any derivative

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counterparties in relation to such Cover Pool. In order to meet the above requirements, the Issuer may enter into derivative contracts, in which case compliance with the requirements relating to the applicable Cover Pool will depend on the availability of sufficiently rated derivative counterparties and the performance by such counterparties of their obligations under those derivative contracts.

In the event that there is a material breach by the Issuer of its obligations under Royal Decree-Law 24/2021, as set forth in Chapter 2 thereof, the authorisation of the covered bond programme in relation to which the breach is committed may be revoked, although such revocation will not impact on any Covered Bonds already issued.

Furthermore, in the event of insolvency of the Issuer, a special cover pool administrator will be appointed, from among the persons proposed by the FROB (as defined in Condition 3(e)), to administer the covered bond programmes of the Issuer and to monitor the rights and interests of the holders of covered bonds issued under such covered bond programmes. Following such appointment and in consultation with the Bank of Spain, the Issuer's assets will be materially segregated from the assets comprising each applicable Cover Pool, with the assets of such Cover Pool becoming separate assets but without legal personality.

Once any such asset transfer has been made, if the total value of the assets included in the applicable Cover Pool exceeds the total value of the liabilities in relation to such Cover Pool plus the legal, contractual or voluntary over-collateralisation and liquidity requirements, the special cover pool administrator may decide whether to continue with the management of those assets as separate assets until their maturity or to make a total or partial assignment of such assets to another entity that is an issuer of covered bonds. Any such total or partial assignment will constitute a new covered bond programme for such entity, which will require the authorisation provided for in article 34 of Royal Decree-Law 24/2021.

The special cover pool administrator may determine that it is in the best interests of Covered Bondholders for the assets included in the applicable Cover Pool to be sold. This could result in Covered Bondholders receiving payment according to a different payment schedule than that contemplated by the terms of the Covered Bonds or the Covered Bondholders not receiving payment in full. This will be the case where, for example, there is no trading market available for the assets included in the applicable Cover Pool or the value of the assets included in the applicable Cover Pool has diminished. However, Covered Bondholders and any derivative counterparties will retain the benefit of priority to the assets included in the applicable Cover Pool.

If the total value of the assets included in the applicable Cover Pool is lower than the total value of the liabilities in relation to such Cover Pool plus the legal, contractual or voluntary over-collateralisation and liquidity requirements, the special cover pool administrator will request the liquidation of the separate estate comprising the applicable Cover Pool following ordinary insolvency proceedings in accordance with the provisions of Article 46 of Royal Decree-Law 24/2021. To the extent the amounts generated by such liquidation of the assets included in the applicable Cover Pool is insufficient to cover the claims of Covered Bondholders and any related derivative counterparties, such claims will rank *pari passu* with the Issuer's other unsecured and unsubordinated creditors. There is no assurance that the assets included in the applicable Cover Pool will be sufficient to repay the outstanding Covered Bonds in full or that the assets of the Issuer, if insolvent, will be sufficient to cover any remaining claims of Covered Bondholders.

In the event of resolution of the Issuer, any claims of Covered Bondholders and any derivative counterparties in excess of the value of the assets included in the applicable Cover Pool may be subject to any exercise of the Bail-in Tool by the Relevant Spanish Resolution Authority.

### *Risk associated with the extendable maturity of Covered Bonds*

Royal Decree-Law 24/2021 allows issuing entities to issue covered bonds with extendable maturity structures, in such a way that issuing entities may unilaterally extend the maturity date set forth in the final terms of the covered bonds issued for a given period of time, provided that (i) the possibility of extending the maturity of the covered bonds of the relevant programme is included in the final terms of the covered bonds issued under that programme and, if applicable, in the corresponding issuance or listing prospectus; and (ii) the extension of the maturity of such covered bonds has been previously authorised by the Bank of Spain (at the request of



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the issuer or the special cover pool administrator), with the protection of investors to be ensured in the giving of any such authorisation as described below.

In order to protect investors in covered bonds, a series of requirements must first be satisfied under Royal Decree-Law 24/2021 in order for the maturity of any series of covered bonds to be extended: (i) the maturity of any covered bonds may only be extended upon the occurrence of any of the specific triggering circumstances set forth in Article 15.2 of Royal Decree-Law 24/2021; (ii) the triggering circumstances for any extension of maturity of any covered bonds must be adequately specified in the contractual terms and conditions of such covered bonds; (iii) the information provided to investors on the maturity structure must be sufficient to enable them to determine the related risks for holders of the covered bonds, including the triggering circumstances for any maturity extension, the consequences of the insolvency or resolution of the covered bond issuer for a maturity extension and the role of the Bank of Spain and the special cover pool administrator with respect to any maturity extension; (iv) the final maturity date of the covered bonds must be determinable at all times; (v) in the event of insolvency, the maturity extension shall not affect the priority of creditors' claims and (vi) the extension of maturity shall not alter the structural characteristics of the covered bonds with respect to the double recourse of covered bondholders in the event of insolvency or resolution.

The triggering circumstances under Article 15.2 of Royal Decree-Law 24/2021 that could result in an extension of the maturity of any Series of Covered Bonds are the following:

- (i) there exists a danger of default in respect of the Covered Bonds due to liquidity issues in the applicable Cover Pool or for the Issuer;
- (ii) the insolvency or entry into resolution of the Issuer;
- (iii) a declaration of non-viability of the Issuer in accordance with Article 8 of Law 11/2015; or
- (iv) the existence of serious disturbances affecting national financial markets, where this has been announced by the Macropprudential Authority Financial Stability Board (AMCESFI) by means of a communication in the form of a warning or recommendation, which is not of a confidential nature.

If Extended Final Maturity is specified as being applicable in the Final Terms for any Series of Covered Bonds, there is a risk for Covered Bondholders that, in the circumstances in which the above conditions are met, the Issuer may choose to extend the maturity of such Covered Bonds by up to twelve months from their Maturity Date. Upon any such extension, the redemption of the Covered Bonds will occur after the Maturity Date indicated in the applicable Final Terms and the Extended Final Maturity Date will be the date specified in the applicable Final Terms.

The longer the period of time to final redemption of the Covered Bonds, the greater the price volatility compared to securities with similar characteristics, and the greater the exposure to market risks that could have a material adverse impact on the trading price of the Covered Bonds. In addition, any extension of the Maturity Date of the Covered Bonds could affect their liquidity in the event this results in a reduced market for such Covered Bonds. Any such extension of the Maturity Date of a Series of Covered Bonds will not give rise to any right of the holders of such Covered Bonds to accelerate payments of the Covered Bonds or to take any action against the Issuer.

Where at least three Business Days' notice is not given to the Covered Bondholders and the Principal Paying Agent by the Issuer of its intention to redeem all or any of the nominal amount outstanding of the Covered Bonds prior to the Maturity Date, this will not affect the validity or effectiveness of any such redemption of the Covered Bonds or give rise to any such person having any rights in respect of any such redemption but such failure may result in a delay in payment being received by a Covered Bondholder through the relevant clearing system and Covered Bondholders shall not be entitled to further interest or any other payment in respect of such delay.

*Defaults relating to loans contained in the applicable Cover Pool may result in the Issuer being unable to satisfy its obligations under the Covered Bonds.*

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The increase in loan demand, especially in the Spanish residential mortgage market, has led to a significant growth in debt levels, which, in turn, has increased the potential financial vulnerability of certain borrowers, including residential mortgage borrowers in the case of Mortgage Covered Bonds. A relevant percentage of Spanish borrowers, including residential mortgage borrowers, have subscribed to variable interest rate loans, and consequently are exposed to the risk of interest rate increases. Even a moderate rise in interest rates can mean a significantly higher interest burden, and a significant reduction in disposable income, for borrowers who have assumed high levels of debt.

In this regard, it should be noted that energy prices have risen significantly during 2022, which, coupled with global supply problems for several categories of goods, has contributed to unusually high inflation both in Spain and internationally. To combat excessive inflation, central banks have increased their official interest rates and are expected to continue to increase them in the near future.

If interest rates rise and/or borrowers suffer a decline in their income (either in absolute terms or relative to their expenses), borrowers may be unable to meet their payment obligations under their loans. In particular, a continued rise in the Spanish official interest rate, combined with high inflation, may cause difficulties for borrowers to meet payment obligations in relation to their loans and, consequently, adversely affect the Issuer's ability to meet its obligations under the Covered Bonds and comply with the related regulatory requirements.

If the timing and payment of the loans included in the applicable Cover Pool are adversely affected by any of the risks described in this risk factor, payments in respect of the Covered Bonds could be reduced and/or delayed and could ultimately result in losses to Covered Bondholders. If borrowers default on their loans, the Issuer may take steps to foreclose on the assets securing these loans, if any. When collateral is foreclosed, a court order may be necessary to establish the borrower's payment obligation (if challenged by the borrower) and to permit a sale through a judicial foreclosure proceeding. If, in the context of such foreclosure measures, the Issuer is not able to obtain the relevant court decision or there is a deterioration in the market for the assets included in the applicable Cover Pool, there is a risk that the Issuer may not be able to recover the full amount of the relevant loan.

In addition, in the event that the prices of the assets that are collateral for the loans included in the applicable Cover Pool and the market for such assets decline substantially, the value of the Issuer's collateral securing its loans will be adversely affected and may result in the applicable Cover Pool not containing sufficient assets to meet all covered liabilities and/or to comply with applicable overcollateralisation requirements.

The inability to recover the full amounts due under the loans included in the applicable Cover Pool could jeopardize the Issuer's ability to meet its obligations under the Covered Bonds, which are backed by payments on such loans.

*It is possible that at a given time there may not be sufficient assets to meet the legal requirements for inclusion in the applicable Cover Pool*

If, as a consequence of the amortisation of the assets included in the applicable Cover Pool, there are not enough eligible replacement assets to meet the collateral requirements for the Covered Bonds, or the applicable limits pursuant to Royal Decree-Law 24/2021 are exceeded, and there are no other assets that meet the necessary conditions for inclusion in the applicable Cover Pool, the Issuer could choose to acquire its own Covered Bonds until the applicable ratios are met.

If, as a consequence of any such amortisation and unavailability of sufficient replacement assets, the value of the assets included in the applicable Cover Pool is less than the aggregate nominal amount of the related Covered Bonds, in the event of the Issuer's insolvency, the amount of the Covered Bonds in excess of the value of the assets included in the applicable Cover Pool will not constitute a privileged claim for insolvency purposes.

*The Covered Bonds contain no event of default provisions that allow the Covered Bonds to be accelerated*

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The conditions of the Covered Bonds do not include any event of default provisions (including any event of default for non-payment) the occurrence of which would entitle holders of Covered Bonds to accelerate the Covered Bonds and it is envisaged that holders will only be paid scheduled interest payments under the Covered Bonds as and when they fall due under the conditions of the Covered Bonds. The only remedies available to holders of the Covered Bonds are to bring proceedings in respect of the non-payment or commence insolvency proceedings in respect of the Issuer.

*No assurance can be given that the ratings given to the Covered Bonds may be maintained*

The measures that the Issuer takes as described above in order to meet the requirements regarding the applicable Cover Pool are designed, among other things, to ensure that the ratings given to the Covered Bonds by Moody's and DBRS can be maintained. However, potential investors should be aware that these measures may not be sufficient to retain such ratings in all circumstances and that a reduction or withdrawal of the then current rating given to any Covered Bonds might occur for other reasons. Any reduction or withdrawal of a rating given to the Covered Bonds may affect the secondary market in, and market value of, the Covered Bonds.

Accordingly, investors should understand that there is no assurance that the ratings originally given to the Covered Bonds will be maintained in all circumstances.

### **Risks relating to Notes denominated in Renminbi**

Set out below is a description of the principal risks which may be relevant to an investor in Notes denominated in Renminbi (**Renminbi Notes**):

***Renminbi is not completely freely convertible, there are still significant restrictions on the remittance of Renminbi into and out of the PRC and the liquidity of investments in Renminbi Notes is subject to such restrictions***

Renminbi is not completely freely convertible as of the date of this Offering Circular. The government of the PRC (the **PRC Government**) continues to regulate conversion between Renminbi and foreign currencies despite significant reduction in the control by the PRC Government, particularly in recent years over trade transactions involving the import and export of goods and services, as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

Although Renminbi was added to the Special Drawing Rights basket of currencies, in addition to the U.S. dollar, euro, Yen and Sterling, created by the International Monetary Fund as an international reserve asset in 2016 and policies for further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were issued, there is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that schemes for Renminbi cross-border utilisation will not be discontinued, or that new regulations in the PRC will not be promulgated in the future that have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Renminbi Notes.

***There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service such Renminbi Notes***

While the People's Bank of China (the **PBoC**) has entered into agreements on the clearing of Renminbi business (the **Settlement Agreements**) with financial institutions in a number of financial centres and cities (the **RMB Clearing Banks**) including, but not limited to, Hong Kong, and is in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, the current size of Renminbi denominated financial assets outside the PRC is limited.

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There are restrictions imposed by PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBoC. The relevant RMB Clearing Banks only have access to onshore liquidity support from the PBoC for the purpose of settling open positions of participating banks for limited types of transactions. The relevant RMB Clearing Bank is not obliged to settle for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In any such case the participating banks will need to source Renminbi from outside the PRC to settle such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended in the future so as to have the effect of restricting the availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of Renminbi Notes. To the extent that the Issuer is required to source Renminbi outside the PRC to service the Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Although the Issuer's primary obligation is to make all payments with respect to Renminbi Notes in Renminbi, where a RMB Currency Event is specified as being applicable in the applicable Final Terms, in the event that the Issuer determines, while acting in good faith that one of RMB Inconvertibility, RMB Non-Transferability or RMB Illiquidity (each as defined in Condition 5(h)) has occurred as a result of which the Issuer is unable to make any payment in respect of the Renminbi Note in Renminbi, the terms of such Renminbi Notes will permit the Issuer to make payment in U.S. dollars (or such other currency as may be specified in the applicable Final Terms) converted using the Spot Rate for the relevant Determination Date, all as provided in Condition 5(h). The value of these Renminbi payments in U.S. dollar terms may vary with the prevailing exchange rates in the market.

### ***An investment in Renminbi Notes is subject to exchange rate risks***

The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions and by many other factors. On 11th December, 2015, the China Foreign Exchange Trade System (the CFETS), a sub-institutional organisation of the PBoC, published the CFETS Renminbi exchange rate index for the first time, which weighs the Renminbi based upon 13 currencies, to guide the market in order to measure the Renminbi exchange rate. Such change and others that may be implemented may increase the volatility in the value of Renminbi against other currencies. All payments of interest and principal with respect to Renminbi Notes will be made in Renminbi unless a RMB Currency Event is specified as being applicable in the applicable Final Terms, and a RMB Currency Event occurs, in which case payment will be made in U.S. dollars converted at the Spot Rate. As a result, the value of these Renminbi payments in U.S. dollar or other foreign currency terms may vary with the prevailing exchange rates in the marketplace. If the value of the Renminbi depreciates against the U.S. dollar or other applicable foreign currencies, then the value of an investor's investment in Renminbi Notes in terms of the U.S. dollar or other applicable foreign currency will decline.

### ***An investment in fixed rate Renminbi Notes is subject to interest rate risks***

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions. If a Renminbi Note carries a fixed interest rate, then the trading price of such Renminbi Notes will subsequently vary with fluctuations in Renminbi interest rates. If an investor in Renminbi Notes tries to sell such Renminbi Notes before their maturity then they may receive an offer that is less than the amount invested.

## RISK FACTORS

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### *Payments in respect of Renminbi Notes will be made to investors in the manner specified in the Conditions*

Investors might be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong or such other RMB Settlement Centre(s) as may be specified in the applicable Final Terms. Except in the limited circumstances stipulated in Condition 5(h), all payments to investors in respect of Renminbi Notes will be made solely: (i) for so long as Renminbi Notes are represented by Global Notes held with the common depositary or common safekeeper, as the case may be, for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**), by transfer to a Renminbi bank account maintained in Hong Kong or any such other RMB Settlement Centre(s) in accordance with prevailing Euroclear and/or Clearstream, Luxembourg rules and procedures, or (ii) for so long as Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or such other RMB Settlement Centre(s) in accordance with prevailing rules and regulations. Other than as described in Condition 5(h), the Issuer cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

### *There might be PRC tax consequences with respect to investment in the Renminbi Notes*

In considering whether to invest in Renminbi Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws, as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of the Noteholder's investment in Renminbi Notes might be materially and adversely affected if the Noteholder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those Renminbi Notes.

## RISKS RELATED TO NOTES GENERALLY

Set out below is a brief description of certain risks relating to the Notes generally:

### *Spanish tax rules*

Article 44 of RD 1065/2007 sets out the reporting obligations applicable to preference shares and debt instruments issued under Law 10/2014. The procedures apply to interest deriving from preference shares and debt instruments to which Law 10/2014 refers, including debt instruments issued at a discount for a period equal to or less than twelve months.

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

- (i) identification of the securities;
- (ii) payment date;
- (iii) total amount of income paid on the relevant date; and
- (iv) total amount of the income corresponding to each clearing system located outside Spain.

These obligations refer to the total amount paid to investors through each foreign clearing house.

In accordance with Article 44.5 of RD 1065/2007 the relevant Paying Agent should provide the Issuer with the statement on the business day immediately prior to each interest payment date. The statement must reflect the situation at the close of business of that same day. In the event that on such date, the entity obliged to

## RISK FACTORS

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provide the declaration fail to do so, the Issuer or the Paying Agent on its behalf will make a withholding at the general rate of 19 per cent.

If, before the tenth day of the month following the month in which interest is paid, the obliged entity provides the statement, the Issuer will reimburse the amounts withheld.

Prospective investors should note that the Issuer does not accept any responsibility in relation to any failure in the delivery of the relevant statement by the Paying Agent in connection with each payment of interest under the Notes. 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 payments are nonetheless paid net of Spanish withholding tax because the relevant statement was not duly delivered to the Issuer. Moreover, the Issuer will not pay any additional amounts with respect to any such withholding tax.

In the event that the currently applicable procedures are modified, amended or supplemented by, among other things, any Spanish law, regulation, interpretation or ruling of the Spanish tax authorities, the Issuer will notify the Noteholders of such information procedures and their implications, as the Issuer may be required to apply withholding tax on interest payments in respect of the Notes if the Noteholders do not comply with such information procedures.

### ***General***

The procedure described in this Offering Circular for the provision of information required by Spanish laws and regulations is a summary only and none of the Issuer or the Dealers assumes any responsibility therefore. In the event that the currently applicable procedures are modified, amended or supplemented by, among other things, any Spanish law, regulation, interpretation or ruling of the Spanish tax authorities, the Issuer will notify the Noteholders of such information procedures and their implications, as the Issuer may be required to apply withholding tax on distributions in respect of the relevant securities if the Noteholders do not comply with such information procedures.

### ***The conditions of the Notes contain provisions which may permit their modification by defined majorities or without any separate consent or approval of the Noteholders***

The conditions of the Notes contain provisions for calling meetings (including by way of conference call or by use of a videoconference platform) of Noteholders to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing or through the use of electronic consents. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, including those Noteholders who voted in a manner contrary to the majority.

If an Eligible Liabilities Event or a Capital Event, as applicable, occurs and is continuing, the Issuer may substitute or modify the terms of the Notes, without any separate consent or approval of the Noteholders, so that the Notes once again become or remain Qualifying Notes (as defined in Condition 15(b)), provided that any variation in the terms of the Notes resulting from such substitution or modification is not materially prejudicial to the interests of the Noteholders. In the case of any Notes governed by English law pursuant to Condition 19, any change in the governing law of such Notes from English law to Spanish law so that the Notes become again or remain Qualifying Notes shall be deemed not to be prejudicial to the interests of the Noteholders. See Condition 15(b).

There can be no assurance as to how the terms of any Qualifying Notes resulting from any such substitution or modification will be viewed by the market or whether any such Qualifying Notes will trade at prices that are at least equivalent to the prices at which the Notes would have traded on the basis of their original terms.

In addition, the Issuer will not be under any obligation to have regard to the tax position of any Noteholders in connection with any such substitution or modification of the Notes or to the tax consequences of any such substitution or modification for individual Noteholders. No Noteholder shall be entitled to claim any

## RISK FACTORS

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indemnification or payment from, or have any other recourse to, the Issuer or any other person in respect of any tax or other consequences of any such substitution or modification for that Noteholder.

### ***Substitution of the Issuer***

If the conditions set out in Condition 17 of the Notes are met, the Issuer may, without any separate consent or approval of the Noteholders, substitute in its place another company incorporated anywhere in the world as the principal debtor in respect of all obligations arising under or in connection with the Notes (the **Substituted Debtor**). In that case, the Noteholders will assume the risk that the Substituted Debtor may become insolvent or otherwise be unable to make all payments due in respect of the Notes. No Noteholder shall be entitled to claim any indemnification or payment from, or have any other recourse to, the Issuer in respect of any tax or other consequences of any such substitution for that Noteholder.

### ***The rights of Noteholders could be adversely affected by a change in Spanish law, English law or administrative practice***

The Conditions of the Notes are based on English law and Spanish law, as applicable, in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to Spanish and/or English law or administrative practice after the date of this Offering Circular and any such change could materially adversely impact the rights of any Noteholders.

### ***Reliance on DTC, Euroclear and Clearstream, Luxembourg procedures***

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

The Rule 144A Notes will be represented on issue by a Rule 144A Global Note that will be deposited with a nominee for DTC. Except in the circumstances described in the Rule 144A Global Note, investors will not be entitled to receive Notes in definitive form. DTC and its direct and indirect participants will maintain records of the beneficial interests in the Rule 144A Global Note. While the Notes are represented by the Rule 144A Global Note, investors will be able to trade their beneficial interests only through DTC and its participants, including Euroclear and Clearstream, Luxembourg.

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

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

## **RISKS RELATED TO THE MARKET GENERALLY**

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

## RISK FACTORS

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***An active secondary market in respect of the Notes may never be established or may be illiquid and the market price of the Notes may be subject to factors outside of the Issuer's control, all of which could adversely affect the value at which an investor could sell his Notes***

The Notes may have no established trading market when issued, and one may never develop. If an active trading market does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. If a market does develop, it may not be very liquid. The market price of the Notes could also be affected by market conditions more generally and other factors outside of the Issuer's control and unrelated to the Group's business, financial condition and results of operations. Therefore, investors may not be able to sell their Notes at a particular time or may not be able to sell their Notes at a favourable price.

Although applications have been made for Notes issued under the Programme to be admitted to the Official List and to trading on the Regulated Market, there is no assurance that such applications will be accepted, that any particular issue of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular issue of Notes. The liquidity of any market for the Notes will depend on a number of factors including:

- the number of holders of the Notes;
- the Issuer's ratings published by major credit rating agencies;
- the Issuer's financial performance;
- the market for similar securities;
- the interest of securities dealers in making a market in the notes; and
- prevailing interest rates.

No assurance can be given that an active market for the Notes will develop or, if developed, that it will continue.

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

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

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

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

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



## RISK FACTORS

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return realised on the Fixed Rate Notes may then be less than the return an investor could realise from another equivalent investment at the relevant time.

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

One or more independent credit rating agencies may assign credit ratings to the Notes (including on an unsolicited basis). The ratings may not reflect the potential impact of all risks related to structure and market of the Notes and additional factors discussed above and do not address the price, if any, at which the Notes may be resold prior to maturity (which may be substantially less than the original offering prices of the Notes) and other factors that may affect the value of the Notes. However, real or anticipated changes in the Issuer's credit ratings or the credit ratings of the Notes will generally affect the market value of the Notes. 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 Notes, as opposed to any revaluation of the Issuer's financial strength or other factors such as conditions affecting the financial services industry generally.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

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

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK-registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre- 2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment. This may result in relevant regulated investors selling the Notes which may impact the value of the Notes and any secondary market.

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## DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the Form 20-F of the Issuer, for the financial year ended 31st December, 2021 as filed with the SEC on 4th March, 2022 (which includes on pages F-1 to F-2 thereof the auditor's report and on pages F-3 to F-173 thereof, the consolidated financial statements for each of the years ending 31st December, 2021, 31st December, 2020 and 31st December, 2019) (available at: <https://www.sec.gov/ix?doc=/Archives/edgar/data/842180/000084218022000011/bbva-20211231.htm>);
- (b) the section entitled “Alternative Performance Measures (APMs)” set out on pages 185 to 198 (inclusive) of the Management Report included in the Group’s Annual Report 2021 (available at: <https://shareholdersandinvestors.bbva.com/wp-content/uploads/2022/03/Annual-Report-2021.pdf>);
- (c) the following sections of the Condensed Interim Consolidated Financial Statements and Interim Consolidated Management Report as of and for the six months ended 30th June, 2022 (the **H1 2022 Report**) (i) on pages 3 to 89 (inclusive) of the H1 2022 Report, the English translation of the Group’s audited condensed interim consolidated financial statements as of and for the six ended 30th June, 2022; (ii) on the ten pages prior to the table of contents of the H1 2022 Report, the English translation of the auditors’ report thereon; and (iii) the section entitled “Alternative Performance Measures (APMs)” set out on pages 52 to 63 (inclusive) of the Interim Consolidated Management Report included in the H1 2022 Report (the **Interim Consolidated Management Report**) (available at: [https://shareholdersandinvestors.bbva.com/wp-content/uploads/2022/07/Interim-Consolidated-Report-BBVA-Group-June-2022\\_ENG.pdf](https://shareholdersandinvestors.bbva.com/wp-content/uploads/2022/07/Interim-Consolidated-Report-BBVA-Group-June-2022_ENG.pdf));
- (d) the following sections of the Financial Statements, Management Report and Auditors’ Report – BBVA 2021 (the **2021 Stand-Alone Report**) (i) on pages 1 to 190 (inclusive) of the 2021 Stand-Alone Report, the English translation of the Issuer’s audited non-consolidated financial statements as of and for the year ended 31st December, 2021 and (ii) on the eleven pages prior to the table of contents of the 2021 Stand- Alone Report, the English translation of the auditors’ report thereon (available at: [https://shareholdersandinvestors.bbva.com/wp-content/uploads/2022/02/4\\_2\\_2021\\_Individual\\_Annual\\_Accounts\\_and\\_Management\\_Report.pdf](https://shareholdersandinvestors.bbva.com/wp-content/uploads/2022/02/4_2_2021_Individual_Annual_Accounts_and_Management_Report.pdf));
- (e) the following sections of the Financial Statements, Management Report and Auditors’ Report – BBVA 2020 (the **2020 Stand-Alone Report**) (i) on pages 1 to 216 (inclusive) of the 2020 Stand-Alone Report, the English translation of the Issuer’s audited non-consolidated financial statements as of and for the year ended 31st December, 2020 and (ii) on the ten pages prior to the table of contents of the 2020 Stand- Alone Report, the English translation of the auditors’ report thereon (available at: <https://shareholdersandinvestors.bbva.com/wp-content/uploads/2021/02/04-BBVA-Annual-Report-2020.pdf>);
- (f) the following sections of the Financial Statements, Management Report and Auditors’ Report – BBVA 2019 (the **2019 Stand-Alone Report**) (i) on pages 1 to 202 (inclusive) of the 2019 Stand-Alone Report, the English translation of the Issuer’s audited non-consolidated financial statements as of and for the year ended 31st December, 2019 and (ii) on the nine pages prior to the table of contents of the 2019 Stand- Alone Report, the English translation of the auditors’ report thereon (available at: [https://shareholdersandinvestors.bbva.com/wp-content/uploads/2020/03/BBVAFinancialStatementsManagementReportAuditorsReport2019\\_Eng.pdf](https://shareholdersandinvestors.bbva.com/wp-content/uploads/2020/03/BBVAFinancialStatementsManagementReportAuditorsReport2019_Eng.pdf));
- (g) the terms and conditions of the Notes contained in the previous Offering Circular dated 21st July, 2021, pages 77 to 141 (inclusive) (available at <https://shareholdersandinvestors.bbva.com/wp->

## DOCUMENTS INCORPORATED BY REFERENCE

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content/uploads/2021/08/UKO2-2002990846-v1-BBVA-GMTN-Offering-Circular-2021-FINAL.pdf);

- (h) the terms and conditions of the Notes contained in the previous Offering Circular dated 10th July, 2020, pages 69 to 123 (inclusive) (available at <https://shareholdersandinvestors.bbva.com/wp-content/uploads/2020/07/GMTN-Offering-Circular-2020.pdf>);
- (i) the terms and conditions of the Notes contained in the previous Offering Circular dated 2nd July, 2019, pages 85 to 136 (inclusive) (available at <https://shareholdersandinvestors.bbva.com/wp-content/uploads/2019/07/Offering-Circular-02072019.pdf>);
- (j) the terms and conditions of the Notes contained in the previous Offering Circular dated 2nd August, 2018, pages 79 to 129 (inclusive) (available at <https://shareholdersandinvestors.bbva.com/wp-content/uploads/2018/09/OfferingCircular02082018.pdf>);
- (k) the terms and conditions of the Notes contained in the previous Offering Circular dated 17th July, 2017, pages 63 to 102 (inclusive) (available at: [https://shareholdersandinvestors.bbva.com/wp-content/uploads/2017/09/Offering\\_Circular\\_17072017\\_tcm926-6688651.pdf](https://shareholdersandinvestors.bbva.com/wp-content/uploads/2017/09/Offering_Circular_17072017_tcm926-6688651.pdf)), as supplemented by the supplements to it dated 25th April, 2018 (available at: [https://www.rns-pdf.londonstockexchange.com/rns/1310M\\_-2018-4-25.pdf](https://www.rns-pdf.londonstockexchange.com/rns/1310M_-2018-4-25.pdf)) and 30th April, 2018 (available at: [https://www.rns-pdf.londonstockexchange.com/rns/6372M\\_-2018-4-30.pdf](https://www.rns-pdf.londonstockexchange.com/rns/6372M_-2018-4-30.pdf)); and
- (l) the terms and conditions of the Notes contained in the previous Offering Circular dated 25th November, 2016, pages 60 to 96 (inclusive) (available at: [https://shareholdersandinvestors.bbva.com/wp-content/uploads/2017/01/OfferingCircular25112016\\_tcm926-630659.pdf](https://shareholdersandinvestors.bbva.com/wp-content/uploads/2017/01/OfferingCircular25112016_tcm926-630659.pdf)), as supplemented by the supplements to it dated 1st February, 2017 (available at: [https://www.rns-pdf.londonstockexchange.com/rns/7919V\\_-2017-2-1.pdf](https://www.rns-pdf.londonstockexchange.com/rns/7919V_-2017-2-1.pdf)) and 28th April, 2017 (available at: [https://www.rns-pdf.londonstockexchange.com/rns/0577E\\_-2017-5-3.pdf](https://www.rns-pdf.londonstockexchange.com/rns/0577E_-2017-5-3.pdf)).

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

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

Any non-incorporated parts of a document referred to herein are either (i) not considered by the Issuer to be relevant for prospective investors in the Notes to be issued under the Programme or (ii) covered elsewhere in this Offering Circular.

The contents of any website (except for the documents incorporated by reference into this Offering Circular to the extent set out on any such website) referenced in this Offering Circular do not (and shall not be deemed to) form part of (and are not incorporated into) this Offering Circular.

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

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## OVERVIEW OF THE PROGRAMME

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No. 2019/980. Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” shall have the same meanings in this overview.*

<b>Description:</b>	Global Medium Term Note and Covered Bond Programme
<b>Issuer:</b>	Banco Bilbao Vizcaya Argentaria, S.A. (BBVA)
<b>Issuer Legal Entity Identifier (LEI):</b>	K8MS7FD7N5Z2WQ51AZ71
<b>Arranger:</b>	UBS Europe SE
<b>Dealers:</b>	<p>Banco Bilbao Vizcaya Argentaria, S.A. Barclays Bank Ireland PLC BNP Paribas BofA Securities Europe SA Citigroup Global Markets Europe AG Commerzbank Aktiengesellschaft Crédit Agricole Corporate and Investment Bank Credit Suisse Bank (Europe), S.A. Deutsche Bank Aktiengesellschaft Goldman Sachs Bank Europe SE HSBC Continental Europe ING Bank N.V. J.P. Morgan SE Morgan Stanley Europe SE NATIXIS NatWest Markets N.V. Nomura Financial Products Europe GmbH Société Générale UBS Europe SE UniCredit Bank AG Wells Fargo Securities Europe S.A. Wells Fargo Securities, LLC</p> <p>and any other Dealers appointed in accordance with the Programme Agreement.</p>
<b>Certain Restrictions:</b>	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale and Transfer and Selling Restrictions</i> ”).
<b>Principal Paying Agent and Exchange Agent:</b>	Deutsche Bank AG, London Branch

## OVERVIEW OF THE PROGRAMME

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<b>Euro Registrar:</b>	Deutsche Bank Luxembourg S.A.
<b>U.S. Registrar and Paying Agent:</b>	Deutsche Bank Trust Company Americas
<b>Programme Size:</b>	Up to €40,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
<b>Distribution:</b>	Notes may be distributed by way of private or public placement, subject to the restrictions set out under “ <i>Subscription and Sale and Transfer and Selling Restrictions</i> ” below, and in each case on a syndicated or non-syndicated basis.
<b>Currencies:</b>	Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.
<b>Maturities:</b>	<p>Notes may be issued with:</p> <ul style="list-style-type: none"><li>(a) any maturity greater than one month in the case of Senior Preferred Notes;</li><li>(b) a minimum original maturity of one year in the case of Senior Non-Preferred Notes and Senior Subordinated Notes and, if intended to qualify as eligible liabilities of the Issuer or the Group for the purposes of Article 45 of the BRRD (as implemented in Spain and including any amendment or replacement of the relevant implementing provisions), Senior Preferred Notes, or such other minimum or maximum maturity as may be permitted or required from time to time by the Applicable Banking Regulation; and</li><li>(c) a minimum original maturity of five years in the case of Tier 2 Subordinated Notes, or such other minimum or maximum maturity as may be permitted or required from time to time by Applicable Banking Regulations,</li></ul> <p>each as indicated in the applicable Final Terms. Notes may otherwise be issued with such other minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.</p> <p>As at the date of this Offering Circular, there is no minimum or maximum maturity requirement in the case of Covered Bonds.</p>
<b>Extendable Obligation for Covered Bonds:</b>	The applicable Final Terms may also provide that if any of the triggering circumstances for an extension of maturity set forth in Article 15 of Royal Decree-Law 24/2021 occurs the Issuer's obligations to pay the Final Redemption Amount of the applicable Series of Covered Bonds on their Maturity Date may be deferred until the Extended Final Maturity Date (as set out in the applicable Final Terms (the <b>Extended Final Maturity Date</b> )), provided that the Issuer and/or the special cover pool administrator have received approval from the Bank of Spain for the extension of the Maturity Date of such

## OVERVIEW OF THE PROGRAMME

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Series and all other prerequisite requirements for such extension have been met. Interest will continue to accrue on any unpaid amount and will be payable on each Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date on the basis set out in the applicable Final Terms.

**Issue Price:**

Notes may be issued at an issue price which is at par or at a discount to, or premium over, par.

**Form of Notes:**

The Notes may be medium term notes (**MTNs**) or covered bonds (**Covered Bonds**) and, in either case, will be issued in either bearer or registered form and may be issued in NGN form as described in “*Form of the Notes*”. Notes issued in registered form may be held under the New Safekeeping Structure for registered global securities (the **NSS**) as described in “*Form of the Notes*”. Registered Notes will not be exchangeable for Bearer Notes and vice-versa.

**Fixed Rate Notes:**

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

**Fixed Reset Notes:**

The interest rate on Fixed Reset Notes will reset on each Reset Date by reference to the relevant Reset Margin and Mid-Swap Rate.

**Floating Rate Notes:**

Floating Rate Notes will bear interest at a rate determined:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. (**ISDA**), and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series). or the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (as published by ISDA as at the Issue Date of the first Tranche of the Notes of the relevant Series) as specified in the applicable Final Terms; or
- (b) on the basis of the reference rate set out in the applicable Final Terms.

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

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

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

**Benchmark Discontinuation:**

On the occurrence of a Benchmark Event, the Benchmark Calculation Agent may, subject to certain conditions, in accordance with

Condition 4(d) and without any separate consent or approval of the Noteholders, determine a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread, if any, and any Benchmark Amendments.

### **Zero Coupon Notes:**

Zero Coupon Notes (with a maturity of less than 12 months) will be offered and sold at a discount to their nominal amount and will not bear interest.

### **Redemption:**

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default or upon the occurrence of an Eligible Liabilities Event (other than in the case of Senior Preferred Notes where Eligible Liabilities Event has been specified as not applicable in the applicable Final Terms) or, in the case of Tier 2 Subordinated Notes, upon the occurrence of a Capital Event) or that such Notes will be redeemable at the option of the Issuer and/or, except in the case of Tier 2 Subordinated Notes, the Noteholders. The terms of any such redemption, including notice periods, any relevant conditions to be satisfied and the relevant redemption dates and prices will be indicated in the applicable Final Terms.

Notes may be redeemed prior to their original maturity only in compliance with Applicable Banking Regulations (as defined in Condition 3(e)) then in force and, with the consent of the Regulator, if required. See Conditions 6(b) to 6(e).

### **Substitution and Variation**

If an Eligible Liabilities Event or a Capital Event, as applicable, occurs and is continuing, the Issuer may, without any separate consent or approval of the Noteholders, substitute or modify the terms of the Notes, including changing the governing law of the Notes, so that the Notes once again become or remain Qualifying Notes. See Condition 15(b).

### **Denomination of Notes:**

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

Unless otherwise stated in the applicable Final Terms, the minimum denomination of each Definitive IAI Registered Note will be USD200,000 or its approximate equivalent in other Specified Currencies.

### **Taxation:**

Save as set out below, all payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by Spain as provided in Condition 7. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts so deducted.

According to RD 1065/2007 the Issuer is not obliged to withhold any tax amount provided that the simplified information procedures (which do not require identification of the Noteholders) are complied with by the Paying Agent, as described in “*Taxation – Tax Reporting Obligations of the Issuer*”.

For further information regarding the interpretation of RD 1065/2007 please refer to “*Risk Factors – Spanish tax rules*”.

For further details, see “*Taxation*” below.

**Cross Default:**

The terms of the Notes will not contain any cross default provision.

**Negative Pledge:**

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

**Additional Events of Default:**

The terms of Senior Preferred Notes will only contain the Additional Events of Default as provided in Condition 9(b) if so specified in the applicable Final Terms.

**Status of the MTNs:**

The MTNs may be either Senior Notes or Subordinated Notes. Senior Notes may be either Senior Preferred Notes or Senior Non-Preferred Notes. Subordinated Notes may be either Senior Subordinated Notes or Tier 2 Subordinated Notes. See Condition 3.

**Status of the Covered Bonds:**

The Covered Bonds and any relative Coupons shall constitute direct, unconditional and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves or among other Series of Covered Bonds of the same type (whether Mortgage Covered Bonds, Public Sector Covered Bonds or Internationalisation Covered Bonds), including in respect of the applicable Cover Pool. The holders of Covered Bonds shall have the status of ‘creditors with special preference’ (*acreedores preferentes*) in respect of the assets in the applicable Cover Pool from time to time in accordance with articles 1922.8º and 1923.6º, as applicable, of the Spanish Civil Code and upon insolvency of the Issuer, holders of Covered Bonds shall be accorded special privilege status pursuant to Article 270.7 of the Insolvency Law. To the extent that claims in relation to the Covered Bonds are not fully satisfied from the assets in the applicable Cover Pool, the residual claims of holders of the Covered Bonds will rank *pari passu* with the claims of unsubordinated and unsecured creditors of the Issuer (including Senior Preferred Obligations), and in priority to the claims of creditors in respect of all Senior Non-Preferred Obligations and subordinated obligations. See Condition 3 and “*Overview of the Spanish Legislation Regarding Covered Bonds*”

**Substitution of the Issuer:**

The terms and conditions of the Notes will contain provisions allowing for the substitution of the Issuer as principal debtor, without any separate consent or approval of the Noteholders, as more fully described in Condition 17.

**Rating:**

The Senior Preferred Notes issued under the Programme have been rated A by S&P, A3 by Moody’s and A- by Fitch. The Senior Non-Preferred Notes issued under the Programme have been rated BBB+ by S&P, Baa2 by Moody’s and BBB+ by Fitch. Certain Series of Covered Bonds issued under the Programme will be rated by Moody’s



## OVERVIEW OF THE PROGRAMME

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

**Listing:**

Application has been made for Notes issued under the Programme to be listed on Euronext Dublin.

**Governing Law:**

The terms and conditions of the Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with either, English law or Spanish law as specified in the applicable Final Terms. In the case of Notes governed by English law, the provisions of Conditions 3 and 20 (and any non-contractual obligations arising out of or in connection with them) will be governed by, and shall be construed in accordance with, Spanish law. The Notes will be issued in accordance with the formalities prescribed by Spanish company law.

**Selling Restrictions:**

There are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the EEA, Spain, Belgium, Hong Kong, Italy, Japan, the PRC Singapore, Switzerland, the UK and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes (see “*Subscription and Sale and Transfer and Selling Restrictions*”).

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## FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached or registered form, without interest coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (**Regulation S**) and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A or Regulation D under the Securities Act.

### **Bearer Notes**

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

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

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

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification of non-U.S. beneficial ownership or certification to the effect that the holder is a U.S. person who purchased in a transaction that did not require registration under the Securities Act and to the effect that such holder is not a United States person, or is a United States person that purchased by or through certain United States financial institutions or is a financial institution purchasing for resale during the restricted period to persons other than United States persons or persons within the United States or its possessions as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

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

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

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 9) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available, (iii) if so specified in the applicable Final Terms, the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form or (iv) the Notes are required to be removed from both Euroclear and Clearstream, Luxembourg and no alternative clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or the Issuer, as the case may be, may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

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

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

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

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

### Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a **Regulation S Global Note**). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Note will bear a legend describing such restrictions on transfer.

The Registered Notes of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions (a) to “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act (**QIBs**) or (b) to “accredited investors” (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act that are institutions (**Institutional Accredited Investors**)) who agree to purchase the Notes for their own account and not with a view to the distribution thereof. The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a **Rule 144A Global Note** and, together with a Regulation S Global Note, the **Registered Global Notes**).

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Registered Global Notes will either (a) be deposited with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream, Luxembourg or (b) be deposited with a common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg or in the name of a nominee if the common safekeeper, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Registered Global Notes issued in respect of any Tranche and deposited with one of the ICSDs as common safekeeper, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS, are intended to be held in a manner which would allow Eurosystem eligibility. This does not necessarily mean that the Notes of such Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time during their life, as such recognition depends upon satisfaction of the Eurosystem eligibility criteria.

The Registered Notes of each Tranche sold to Institutional Accredited Investors will be in definitive form, registered in the name of the holder thereof (**Definitive IAI Registered Notes**). Unless otherwise set forth in the applicable Final Terms, Definitive IAI Registered Notes will be issued only in minimum denominations of USD200,000 and integral multiples of USD1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency). Definitive IAI Registered Notes will be subject to the restrictions on transfer set forth therein and will bear the restrictive legend described under “*Subscription and Sale and Transfer and Selling Restrictions*”. Institutional Accredited Investors that hold Definitive IAI Registered Notes may elect to hold such Notes through DTC, but transferees acquiring the Notes in transactions exempt from Securities Act registration pursuant to Regulation S or Rule 144 under the Securities Act (if available) may do so upon satisfaction of the requirements applicable to such transfer as described under “*Subscription and Sale and Transfer and Selling Restrictions*”. The Rule 144A Global Note and the Definitive IAI Registered Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 5(d)) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 5(d)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (a) an Event of Default has occurred and is continuing, (b) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form, (c) in the case of Notes registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, no successor clearing system is available, (d) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depositary for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act or (e) the Notes are required to be removed from (in the case of Notes registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg) both Euroclear and Clearstream, Luxembourg or (in the case of Notes registered in the name of a nominee for DTC) DTC and, in either case, no alternative clearing system is available. The Issuer will promptly give notice to Noteholders in accordance

## FORM OF THE NOTES

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with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) or the Issuer, as the case may be, may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Registrar.

### Transfer of interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note or in the form of a Definitive IAI Registered Note and Definitive IAI Registered Notes may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such Notes in the form of an interest in a Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable, in each case. Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see “*Subscription and Sale and Transfer and Selling Restrictions*”.

### General

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

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC or its nominee each person (other than Euroclear or Clearstream, Luxembourg or DTC) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg or of DTC as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg or DTC as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and its agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes and, in the case of DTC or its nominee, voting, giving consents or making requests, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and its agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Except in relation to Notes issued in NGN form, any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms. A Note may be accelerated by the holder thereof in certain circumstances described in Condition 9. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note within a period of 15 days from the giving of a notice by a holder with Euroclear or Clearstream, Luxembourg of such Notes so represented and credited to its securities account that it wishes to accelerate such Notes, then holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg and DTC on and in the case of Notes governed by English law subject to the terms of an amended and restated deed of covenant dated 9th August, 2022 and executed by

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the Issuer (the **Deed of Covenant**) and in the case of Notes governed by Spanish law the terms of the Global Notes. In addition, holders of interests in such Global Note credited to their accounts with DTC may require DTC to deliver Definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC's standard operating procedures.

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## APPLICABLE FINAL TERMS

### [PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes are not intended to and shall not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the **EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]<sup>1</sup>

### [PROHIBITION OF SALES TO UK RETAIL INVESTORS

The Notes are not intended to and shall not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the **UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **EUWA**); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No. 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (as amended, the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]<sup>2</sup>

**[MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES AS THE ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, MiFID II)/**MiFID II**]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [The target market assessment indicates that the Notes are incompatible with the knowledge, experience, needs, characteristic and objective of clients which are retail clients (as defined in MiFID II) and accordingly the Notes shall not be offered or sold to any retail clients.] [ ] [*Consider any other negative target market*] Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]<sup>3</sup>

**[UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's

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<sup>1</sup> Legend to be included on front of the Final Terms for all Senior Non-Preferred Notes and Subordinated Notes. In the case of Senior Preferred Notes, this legend should also be included if the Senior Preferred Notes potentially constitute “packaged” products and no key information document will be prepared or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction in Part B, paragraph 7(a) of the Final Terms should be specified to be “Applicable”.

<sup>2</sup> Legend to be included on front of the Final Terms for all Senior Non-Preferred Notes and Subordinated Notes. In the case of Senior Preferred Notes, this legend should also be included if the Senior Preferred Notes potentially constitute “packaged” products and no key information document will be prepared or the Issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the selling restriction in Part B, paragraph 7(b) of the Final Terms should be specified to be “Applicable”.

<sup>3</sup> Legend to be included on front of the Final Terms for all Senior Non-Preferred Notes and Subordinated Notes.

product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (COBS), and professional clients, as defined in Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [The target market assessment indicates that the Notes are incompatible with the knowledge, experience, needs, characteristic and objective of clients which are retail clients (as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018)) and accordingly the Notes shall not be offered or sold to any retail clients.] *[Consider any negative target market]*. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]<sup>4</sup>

**[Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore** (as amended or modified, 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 Notes to be capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and Specified Investment Products (as defined in the Singapore Monetary Authority (the **MAS**) Notice SFA 04-N12: Notice on the Sale of Investment Products and the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]<sup>5</sup>

**Banco Bilbao Vizcaya Argentaria, S.A.**  
**Issuer Legal Entity Identifier (LEI): K8MS7FD7N5Z2WQ51AZ71**

**Issue of [   ] [   ] [   ]**  
**under the €40,000,000,000**  
**Global Medium Term Note and Covered Bond Programme**

## **PART A - CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the **Conditions**) set forth in the Offering Circular dated 9th August, 2022 [and the supplement[s] to it dated [   ] and [   ]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the **Offering Circular**). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Offering Circular in order to obtain all the relevant information. The Offering Circular has been published on the website of Euronext Dublin.

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

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the **Conditions**) set forth in the Offering Circular dated [21st July, 2021 and the supplements to it dated 3rd August 2021, 11th November 2021, 18th May 2022 and 4th July 2022]/[10th July, 2020 and the supplements to it dated 4th August, 2020, 5th November, 2020 and 5th March, 2021]/[2nd July, 2019 and the supplements to it dated 7th August, 2019, 13th September, 2019, 1st November, 2019, 23rd December, 2019, 13th February, 2020 and 6th May, 2020]/[2nd August, 2018 and the supplements to it dated 9th November, 2018, 13th February, 2019 and 24th May, 2019]/[17th July, 2017 and the supplements to it dated 25th April, 2018 and 30th April, 2018]/[25th November, 2016 and the supplements to it dated 1st February, 2017 and 28th April, 2017] which are incorporated by reference in the Offering Circular dated 9th August, 2022. This

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<sup>4</sup> Legend to be included on front of the Final Terms for all Senior Non-Preferred Notes and Subordinated Notes.

<sup>5</sup> Legend to be included on front of the Final Terms if the Notes sold into Singapore do not constitute prescribed capital markets products as defined under the CMP Regulations 2018.



## APPLICABLE FINAL TERMS

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document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Offering Circular dated 9th August, 2022[and the supplement[s] to it dated [ ] and [ ]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the **Offering Circular**), including the Conditions incorporated by reference in the Offering Circular in order to obtain all the relevant information. The Offering Circular has been published on the website of Euronext Dublin.]

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

1. **Issuer:** Banco Bilbao Vizcaya Argentaria, S.A.
2. (a) Series Number: [ ]  
(b) Tranche Number: [ ]  
(c) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with *[identify earlier Tranches]* on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Bearer Global Note for interests in the Permanent Bearer Global Note, as referred to in paragraph 27 below, which is expected to occur on or about *[date]*][Not Applicable]
3. **Specified Currency or Currencies:** [ ]
4. **Aggregate Nominal Amount:**  
(a) Series: [ ]  
(b) Tranche: [ ]
5. **Issue Price:** [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. (a) Specified Denomination[s]: [ ]  
(in the case of Registered Notes, this means the minimum integral amount in which transfers can be made) *(N.B. Notes must have a minimum denomination of €100,000 (or equivalent))*  
*(Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:*  
*"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")*  
(b) Calculation Amount (in relation to calculation of interest in global form see Conditions): [ ]  
*(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified*

## APPLICABLE FINAL TERMS

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*(Applicable to Notes in definitive form)*

*Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*

7. (a) Issue Date: [   ]
- (b) Interest Commencement Date: [[specify]/Issue Date/Not Applicable]

*(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*

8. **Maturity Date:** [[ Specify date or for Floating rate notes]/Interest Payment Date falling in or nearest to [specify month and year]]<sup>6</sup>

9. **Extended Final Maturity for Covered Bonds:** [Applicable. [If any of the triggering circumstances for an extension of maturity set forth in Article 15 of Royal Decree-Law 24/2021 occurs, payment of the unpaid amount may be deferred until the Extended Final Maturity Date, provided that the Issuer and/or the special cover pool administrator has received approval from the Bank of Spain for the extension of the Maturity Date of such Series and all other prerequisite requirements for such extension have been met. See further paragraph 20.]] [Not Applicable]

10. **Extended Final Maturity Date:** [Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year]] [Not Applicable]

*(NB the Extended Final Maturity Date must fall no later than one year after the Maturity Date)*

11. **Interest Basis:** [In respect of the period from (and including) the Interest Commencement Date to (but excluding) the Maturity Date,

[[   ] per cent. Fixed Rate]

[Fixed Reset Notes]

[   ] month [EURIBOR/Compounded Daily SONIA/Compounded Daily SOFR +/- [   ] per cent. Floating Rate][Zero Coupon][Not Applicable]

(see paragraphs [16]/[17]/[18]/[19] below))

[In respect of the period from (and including) the Maturity Date to (but excluding) the Extended Final Maturity Date (if applicable),

[[   ] per cent. Fixed Rate]

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<sup>6</sup> For Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to use the second option here.

[ ] month [EURIBOR/Compounded Daily SONIA/Compounded Daily SOFR +/- [ ] per cent. Floating Rate][Zero Coupon][Not Applicable]

(see paragraphs [16]/[17]/[18]/[19] below)

**12. Redemption/Payment Basis:**

Subject to any purchase and cancellation or early redemption and paragraph 9 above, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount

**13. Change of Interest Basis:**

*[Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs [16], [17], [18] and [19] below and identify there]*[Not Applicable]

**14. Put/Call Options:**

[Investor Put]

[Issuer Call]

[Issuer Residual Call]

[Not Applicable]

[(see paragraph [22]/[23]/[24] below)]

**15. (a) Type of Note:**

[MTN/Covered Bond]

**(b) Status of MTN:**

[Senior/Subordinated][Not Applicable]

– Status of Senior Notes:

[Senior Preferred/Senior Non-Preferred/Not Applicable]

– Status of Subordinated Notes:

[Senior Subordinated/Tier 2 Subordinated/Not Applicable]

**(c) Type of Covered Bond**

[Mortgage Covered Bonds/Public Sector Covered Bonds/Internationalisation Covered Bonds][Not Applicable]

**(d) [Date [Board] approval for issuance of Notes obtained:**

[ ][Not Applicable]

*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

**16. Fixed Rate Note Provisions**

[Applicable/Not Applicable]

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

**(a) Rate(s) of Interest:**

[[ ] per cent. per annum payable in arrear on each Interest Payment Date]/[Not Applicable]

- (b) Interest Payment Date(s): [[ ] in each year commencing on [ ] up to and including the Maturity Date, subject to adjustment for payment purposes only and not for interest accrual purposes, in accordance with the Following Business Day Convention]]/[Not Applicable]<sup>7</sup>
- (Amend appropriately in the case of irregular coupons)*
- (c) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [[ ] per Calculation Amount]/[Not Applicable]<sup>8</sup>
- (d) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [[ ] per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]
- [Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount]*
- (e) Day Count Fraction: [30/360 or 30/360 (ISDA)][Actual/Actual (ICMA)][Actual/Actual (ISDA)][Actual/365 (Fixed)][Not Applicable]
- (f) Determination Date(s): [[ ] in each year][Not Applicable]
- (Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
- (NB: This will need to be amended in the case of regular Interest Payment Dates which are not of equal duration)*

**17. Fixed Reset Note Provisions**

[Applicable/Not Applicable]

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

- (a) Initial Interest Rate: [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear on each Interest Payment Date]
- (b) Interest Payment Date(s): [[ ] in each year commencing on [ ] up to and including the Maturity Date, subject to adjustment for payment purposes only and not for interest accrual purposes, in accordance with the Following Business

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<sup>7</sup> For certain Renminbi-denominated Fixed Rate Notes the Interest Payment Dates are subject to modification and the following words should be added: "provided that if any Interest Payment Date falls on a day which is not a Business Day, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day".

<sup>8</sup> For Renminbi denominated Fixed Rate Notes where the Interests Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY 0.005, being rounded upwards."

Day Convention]]

*(Amend appropriately in the case of irregular coupons)*

- (c) Fixed Coupon Amount to (but excluding) the Reset Date for Notes in definitive form (and in relation to Notes in global form see Conditions): [[ ] per Calculation Amount/Not Applicable]
- (d) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [[ ] per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA)]  
[Actual/365 (Fixed)<sup>9</sup>]
- (f) Determination Date(s): [[ ] in each year][Not Applicable]
- (NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
- (g) Reset Date: [ ]
- (h) Subsequent Reset Date(s): [ ] [and [ ]]
- (i) Reset Reference Rate: [Mid-Swap Rate] [Reset Reference Bond Rate][CMT Rate][ ]
- (j) Reset Margin: [+/-][ ] per cent. per annum
- (k) <sup>10</sup>[Relevant Screen Page: [ ]]
- (l) <sup>11</sup>[Floating Leg Reference Rate: [ ]]
- (m) Floating Leg Screen Page: [ ]
- (n) Initial Mid-Swap Rate: [ ] per cent. per annum (quoted on a[n annual/semi-annual basis])]
- (o) <sup>12</sup>[Initial Reference Rate: [ ] per cent.]
- (p) <sup>13</sup>[Original Reset Reference Rate Payment Basis: [Annual/Semi-annual/Quarterly/Monthly/Other-specify/Not Applicable]]

## 18. Floating Rate Note Provisions

[Applicable/Not Applicable]

*(If not applicable, delete the remaining*

<sup>9</sup> Applicable to Renminbi-denominated Fixed Rate Notes.

<sup>10</sup> Delete if the Reset Reference Rate is not the Mid-Swap Rate or Reset Reference Bond Rate.

<sup>11</sup> Delete sub-paragraphs (l) through (n) if the Reset Reference Rate is not the Mid-Swap Rate.

<sup>12</sup> Delete if the Reset Reference Rate is the Mid-Swap Rate.

<sup>13</sup> Delete if the Reset Reference Rate is not the Reset Reference Bond Rate.

*subparagraphs of this paragraph)*

- (a) Specified Period(s)/Specified Interest Payment Dates: [ ][, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]][Not Applicable]
- (c) Additional Business Centre(s): [ ]/[Not Applicable]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [[ ] (the **Calculation Agent**)] [Not Applicable]
- (f) Screen Rate Determination: [Applicable/Not Applicable]

*(If not applicable, delete the remaining items of this subparagraph)*

– Reference Rate: [Currency] [ ] month [EURIBOR/Compounded Daily SONIA/Compounded Daily SOFR]

– Interest Determination Date(s): [ ]

*(The second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR, the day falling "p" London Banking Days prior to the last day of the relevant Interest Period, if Compounded Daily SONIA and the day falling "p" U.S. Government Securities Business Days prior to the last day of the relevant Interest Period, if Compounded Daily SOFR)*

– Relevant Screen Page: [ ]

*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*

– Observation Method: [Not Applicable/Lag/Shift]<sup>15</sup>

– Observation Look-Back Period: [[[ ] London Banking Days]][Not Applicable]<sup>16</sup>

*(NB: If the Reference Rate is Compounded Daily*

<sup>15</sup> Only include for Notes for which the Reference Rate is specified as being "Compounded Daily SONIA" or "Compounded Daily SOFR" and for which "Index Determination" is specified as being applicable

<sup>16</sup> Only include for Notes for which the Reference Rate is specified as being "Compounded Daily SONIA" or "Compounded Daily SOFR" and for which "Index Determination" is specified as being applicable

*SONIA, a minimum of 5 London Banking Days should be specified unless otherwise agreed in writing with the Principal Paying Agent or the Calculation Agent, as applicable. If the Reference Rate is Compounded Daily SOFR, a minimum of 5 U.S. Government Securities Business Days should be specified unless otherwise agreed in writing with the Principal Paying Agent or the Calculation Agent, as applicable.)*

- Index Determination: [Applicable/Not Applicable]
- Specified Time: [ ]

*(N.B. Delete for all Reference Rates other than Compounded Daily SONIA or Compounded Daily SOFR where Index Determination is specified as being applicable and in the case of Compounded Daily SOFR, the Specified Time should be 5:00pm unless otherwise agreed in writing with the Principal Paying Agent or the Calculation Agent, as applicable)*

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

*(If not applicable, delete the remaining items of this subparagraph)*

*(If applicable, and “2021 ISDA Definitions” is selected below, note that “Administrator/Benchmark Event”, “Generic Fallbacks” and “Calculation Agent Alternative Rate Determination” are not workable in a notes context. Amendments will therefore need to be made to the Conditions which will require a Prospectus Regulation drawdown information memorandum for the issue)*

- ISDA Definitions: [2006 ISDA Definitions]/[2021 ISDA Definitions]
- Floating Rate Option: [ ]

*(If “2021 ISDA Definitions” is selected, ensure this is a Floating Rate Option included in the Floating Rate Matrix (as defined in the 2021 ISDA Definitions))*

- Designated Maturity: [ ]/[Not Applicable]

*(A Designated Maturity period is not relevant where the relevant Floating Rate Option is a risk-free rate)*

- Reset Date: [ ]

*(In the case of a EURIBOR based option, the first day of the Interest Period)*

- Fallback Observation Day: [ ] Business Days preceding the related Payment

Date

*(Applicable in the case of “2006 ISDA Definitions” only, in which case, ensure that this is a minimum of five Business Days unless otherwise agreed in writing with the Principal Paying Agent or the Calculation Agent, as applicable)*

– Compounding:

[Applicable/Not Applicable]

*(If not applicable, delete the remaining items of this subparagraph)*

• Compounding Method:

[Compounding with Lookback

Lookback: [[ ] Applicable Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]]

[Compounding with Observation Period Shift

Observation Period Shift: [[ ] Observation Period Shift Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Observation Period Shift Additional Business Days: [ ]/[Not Applicable]]

[Compounding with Lockout

Lockout: [[ ] Lockout Period Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Lockout Period Business Days: [ ]/[Applicable Business Days]]

*(Unless otherwise agreed in writing with the Principal Paying Agent or the Calculation Agent, as applicable, a minimum of 5 Applicable Business Days, 5 Observation Period Shift Business Days, 5 Observation Period Shift Additional Business Days or 5 Lockout Period Business Days, as applicable should be specified)*

• Averaging:

[[Applicable/Not Applicable]

*(If not applicable, delete the remaining items of this subparagraph)*

• Averaging Method:

[Averaging with Lookback

Lookback: [[ ] Applicable Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]]



[Averaging with Observation Period Shift

Observation Period Shift: [[ ] Observation Period Shift Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Observation Period Shift Additional Business Days: [ ]/[Not Applicable]]

[Averaging with Lockout

Lockout: [[ ] Lockout Period Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Lockout Period Business Days: [ ]/[Applicable Business Days]]

*(Unless otherwise agreed in writing with the Principal Paying Agent or the Calculation Agent, as applicable, a minimum of 5 Applicable Business Days, 5 Observation Period Shift Business Days, 5 Observation Period Shift Additional Business Days or 5 Lockout Period Business Days, as applicable should be specified)*

- Index provisions:

[Applicable/Not Applicable]

*(If not applicable, delete the remaining items of this subparagraph)*

- Index Method:

Compounded Index Method with Observation Period Shift

Observation Period Shift: [[ ] Observation Period Shift Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Observation Period Shift Additional Business Days: [ ]/[Not Applicable]]

*(Unless otherwise agreed in writing with the Principal Paying Agent or the Calculation Agent, as applicable, a minimum of 5 Observation Period Shift Business Days or 5 Observation Period Shift Additional Business Days, as applicable should be specified)*

*(Compounded Index Method with Observation Period Shift is considered the appropriate Index Method for use in a bonds context. Compounded Indices include the Bank of England's SONIA Compounded Index which is compatible with bonds (and other cash*

*products) using an observation period shift approach to calculating compounded SONIA)*

- (h) Linear Interpolation: [Not Applicable/Applicable – the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation(*specify for each short or long interest period*)]
- (i) Margin(s): [+/-][ ] per cent. per annum
- (j) Minimum Rate of Interest: [ ] per cent. per annum
- (k) Maximum Rate of Interest: [ ] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/Actual]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360] [360/360] [Bond Basis]  
[30E/360 or Eurobond Basis]  
[30E/360 (ISDA)]

**19. Zero Coupon Note Provisions**

[Applicable/Not Applicable]

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

- (a) Accrual Yield: [ ] per cent. per annum
- (b) Reference Price: [ ]
- (c) Day Count Fraction in relation to Early Redemption Amounts [30/360][Actual/360][Actual/365]

**20. Extended Final Maturity Interest Provisions:**

[Applicable from (and including) the Maturity Date to (but excluding) the Extended Final Maturity Date /Not Applicable]

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

- (a) Fixed Rate: [Applicable/Not Applicable]

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

- Rate(s) of Interest: [[ ] per cent. per annum payable in arrear on each Interest Payment Date]/[Not Applicable]
- Interest Payment Date(s): [[ ] in each year commencing on [ ] up to and including the Maturity Date, subject to adjustment for payment purposes only and not for interest accrual purposes, in accordance with the Following Business Day Convention]]/[Not Applicable]<sup>14</sup>

<sup>14</sup> For certain Renminbi-denominated Fixed Rate Notes the Interest Payment Dates are subject to modification and the following words should be added: “provided that if any Interest Payment Date falls on a day which is not a Business Day, such Interest Payment Date shall be

*(Amend appropriately in the case of irregular coupons)*

- Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): ☐ per Calculation Amount]/[Not Applicable]<sup>15</sup>
- Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): ☐ per Calculation Amount payable on the Interest Payment Date falling [in/on] ☐ [Not Applicable]  
*[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount]*
- Day Count Fraction: [30/360 or 30/360 (ISDA)][Actual/Actual (ICMA)][Actual/Actual (ISDA)][Actual/365 (Fixed)][Not Applicable]
- Determination Date(s): ☐ in each year][Not Applicable]

*(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring extended final maturity date in the case of a long or short last coupon)*

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

(b) Floating Rate: ☐ Applicable/Not Applicable]

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

- Specified Period(s)/Specified Interest Payment Dates: ☐ ], subject to adjustment in accordance with the Business Day Convention set out in (b) above/, not subject to adjustment, as the Business Day Convention in (b) above is specified to be Not Applicable]
- Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]][Not Applicable]
- Additional Business Centre(s): ☐ ]/[Not Applicable]
- Manner in which the Rate of ☐ [Screen Rate Determination/ISDA Determination]

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postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day".

<sup>15</sup> For Renminbi denominated Fixed Rate Notes where the Interests Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY 0.005, being rounded upwards."

## APPLICABLE FINAL TERMS

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Interest and Interest Amount is to be determined:

- Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): ☐ (the **Calculation Agent**) [Not Applicable]
- Screen Rate Determination: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining items of this subparagraph)*
- Reference Rate: [Currency] ☐ month [EURIBOR/Compounded Daily SONIA/Compounded Daily SOFR]
- Interest Determination Date(s): ☐  
*(The second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR, the day falling "p" London Banking Days prior to the last day of the relevant Interest Period, if Compounded Daily SONIA and the day falling "p" U.S. Government Securities Business Days prior to the last day of the relevant Interest Period, if Compounded Daily SOFR)*
- Relevant Screen Page: ☐  
*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- Observation Method: [Not Applicable/Lag/Shift]<sup>15</sup>
- Observation Look-Back Period ☐ London Banking Days][Not Applicable]<sup>16</sup>  
*(NB: If the Reference Rate is Compounded Daily SONIA, a minimum of 5 London Banking Days should be specified unless otherwise agreed in writing with the Principal Paying Agent or the Calculation Agent, as applicable. If the Reference Rate is Compounded Daily SOFR, a minimum of 5 U.S. Government Securities Business Days should be specified unless otherwise agreed in writing with the Principal Paying Agent or the Calculation Agent, as applicable.)*
- Index Determination: [Applicable/Not Applicable]
- Specified Time: ☐

*(N.B. Delete for all Reference Rates other than*

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<sup>15</sup> Only include for Notes for which the Reference Rate is specified as being "Compounded Daily SONIA" or "Compounded Daily SOFR" and for which "Index Determination" is specified as being applicable

<sup>16</sup> Only include for Notes for which the Reference Rate is specified as being "Compounded Daily SONIA" or "Compounded Daily SOFR" and for which "Index Determination" is specified as being applicable

*Compounded Daily SONIA or Compounded Daily SOFR where Index Determination is specified as being applicable and in the case of Compounded Daily SOFR, the Specified Time should be 5:00pm unless otherwise agreed in writing with the Principal Paying Agent or the Calculation Agent, as applicable)*

– ISDA Determination: [Applicable/Not Applicable]

*(If not applicable, delete the remaining items of this subparagraph)*

• ISDA Definitions: [2006 ISDA Definitions]/[2021 ISDA Definitions]

• Floating Rate Option: [ ]

*(If “2021 ISDA Definitions” is selected, ensure this is a Floating Rate Option included in the Floating Rate Matrix (as defined in the 2021 ISDA Definitions))*

• Designated Maturity: [ ]/[Note Applicable]

*(A Designated Maturity period is not relevant where the relevant Floating Rate Option is a risk-free rate)*

• Reset Date: [ ]

*(In the case of a EURIBOR based option, the first day of the Interest Period)*

• Fallback Observation Day: [ ] Business Days preceding the related Payment Date

*(Applicable in the case of “2006 ISDA Definitions” only, in which case, ensure that this is a minimum of five Business Days unless otherwise agreed in writing with the Principal Paying Agent or the Calculation Agent, as applicable)*

• Compounding: [Applicable/Not Applicable]

*(If not applicable, delete the remaining items of this subparagraph)*

• Compounding Method: [Compounding with Lookback

Lookback: [[ ] Applicable Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]]

[Compounding with Observation Period Shift

Observation Period Shift: [[ ] Observation Period Shift Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Observation Period Shift Additional Business Days: [ ]/[Not Applicable]]

[Compounding with Lockout

Lockout: [[ ] Lockout Period Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Lockout Period Business Days: [ ]/[Applicable Business Days]]

*(Unless otherwise agreed in writing with the Principal Paying Agent or the Calculation Agent, as applicable, a minimum of 5 Applicable Business Days, 5 Observation Period Shift Business Days, 5 Observation Period Shift Additional Business Days or 5 Lockout Period Business Days, as applicable should be specified)*

- Averaging:

[[Applicable/Not Applicable]]

*(If not applicable, delete the remaining items of this subparagraph)*

- Averaging Method:

[Averaging with Lookback

Lookback: [[ ] Applicable Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]]

[Averaging with Observation Period Shift

Observation Period Shift: [[ ] Observation Period Shift Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Observation Period Shift Additional Business Days: [ ]/[Not Applicable]]

[Averaging with Lockout

Lockout: [[ ] Lockout Period Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Lockout Period Business Days: [ ]/[Applicable Business Days]]

*(Unless otherwise agreed in writing with the Principal Paying Agent or the Calculation Agent, as applicable, a minimum of 5 Applicable Business Days, 5 Observation Period Shift Business Days, 5 Observation Period Shift Additional Business Days or 5 Lockout Period Business Days, as applicable*

- should be specified)*
- Index provisions: [Applicable/Not Applicable]  
  
*(If not applicable, delete the remaining items of this subparagraph)*
  - Index Method: Compounded Index Method with Observation Period Shift  
  
Observation Period Shift: [[ ] Observation Period Shift Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]  
  
Observation Period Shift Additional Business Days: [ ]/[Not Applicable]  
  
*(Unless otherwise agreed in writing with the Principal Paying Agent or the Calculation Agent, as applicable, a minimum of 5 Observation Period Shift Business Days or 5 Observation Period Shift Additional Business Days, as applicable should be specified)*
  - Linear Interpolation: [Not Applicable/Applicable – the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation(*specify for each short or long interest period*)]
  - Margin(s): [+/-][ ] per cent. per annum
  - Minimum Rate of Interest: [ ] per cent. per annum
  - Maximum Rate of Interest: [ ] per cent. per annum
  - Day Count Fraction: [Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360 or Eurobond Basis] [30E/360 (ISDA)]

## PROVISIONS RELATING TO REDEMPTION

### 21. Tax Redemption

If redeemable in part:

- (a) Minimum Redemption Amount: [ ]
- (b) Maximum Redemption Amount: [ ]

### 22. Issuer Call

[Applicable/Not Applicable]

*(If not applicable, delete the remaining*

*subparagraphs of this paragraph)*

- (a) Optional Redemption Date(s): [   ]
- (b) Optional Redemption Amount: [[   ] per Calculation Amount]
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [   ]
- (ii) Maximum Redemption Amount: [   ]
- (d) Notice periods: Minimum period: [   ] days
- Maximum period: [   ] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*

**23. Issuer Residual Call**

[Applicable/Not Applicable]

Residual Call Early Redemption Amount: [   ] per Calculation Amount

**24. Investor Put**

[Applicable/Not Applicable]

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

- (a) Optional Redemption Date(s): [   ]
- (b) Optional Redemption Amount: [   ] per Calculation Amount

*(NB: If the Optional Redemption Amount is other than a specified amount per Calculation Amount, the Notes will need to be Exempt Notes)*

- (c) Notice period (if other than as set out in the Conditions): Minimum period: [   ] days
- Maximum period: [   ] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*



25. **Final Redemption Amount:** [   ]
26. **Early Redemption Amount payable on redemption for taxation reasons, on an event of default, upon the occurrence of a Capital Event or upon the occurrence of an Eligible Liabilities Event:** [   ]
- (N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.)*

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

27. **Form of Notes:** [Bearer Notes:
- [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes upon an Exchange Event [including/excluding] the exchange event described in paragraph (iii) of the definition in the Permanent Global Note]
- [Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Bearer Global Note exchangeable for Definitive Notes upon an Exchange Event [including/excluding] the exchange event described in paragraph (iii) of the definition in the Permanent Global Note]]
- [Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian law of 14th December, 2005<sup>16</sup>]
- (N.B. The option for an issue of Notes to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 5 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].")*
- [Registered Notes:
- [Regulation S Global Note ([   ] nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]/[Rule 144A Global Note

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<sup>16</sup> Include for Notes that are to be offered in Belgium.

([ ] nominal amount registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg])/[Definitive IAI Registered Notes (specify nominal amounts)]

**28. New Global Note (NGN):** [Applicable][Not Applicable]

**29. Additional Financial Centre(s):** [Not Applicable/[give details]]

*(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraph 18(c) relates)*

**30. Talons for future Coupons to be attached to Definitive Bearer Notes:** [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

**31. Condition 16 applies:** [Yes][No]

**32. Eligible Liabilities Event:** [Applicable/Not Applicable] *(Note that the option of "Not Applicable" should only be used in the case of Senior Preferred Notes, as Eligible Liabilities Event will always be applicable in the case of any Notes other than Senior Preferred Notes)*

**33. Additional Events of Default (Senior Preferred Notes):** [Applicable/Not Applicable]

**34. RMB Currency Event:** [Applicable/Not Applicable]

**35. Spot Rate (if different from that set out in Condition 5(h)):** [[ ]/Not Applicable]

**36. Party responsible for calculating the Spot Rate:** [[ ] (the **RMB Calculation Agent**)/Not Applicable]

**37. Relevant Currency (if different from that in Condition 5(h)):** [[ ]/Not Applicable]

**38. RMB Settlement Centre(s):** [[ ]/Not Applicable]

**39. Governing Law:** [English Law]/[Spanish Law]

*(N.B Do not select "English law" for any Series of Notes specified in the applicable Final Terms as being Covered Bonds.)*

[Date]

**APPLICABLE FINAL TERMS**

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Signed on behalf of the Issuer:

By: .....

*Duly authorised*

## PART B - OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (a) Listing and Admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on Euronext Dublin's regulated market and admitted to the Official List of Euronext Dublin with effect from [ ]

*(When documenting an issue of Notes that is to be consolidated and to form a single Series with a previous listed issue, it should be indicated here that the original Notes are already listed and admitted to trading.)*

- (b) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

[The Notes to be issued will not be rated]/[The Notes to be issued [[have been]/[are expected to be]] rated [insert details] by [insert the legal name of the relevant credit rating agency entity(ies) and the associated defined terms].]

Each of [defined terms] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).]

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

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

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

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

- (a) Reasons for the offer [The Notes are [Green/Social/Sustainability] Notes as described, and as this term is defined, in the Offering Circular and the proceeds from the issue of the Notes are intended to be used for ["green"/[and/or]/"social"/[and/or]/"sustainability"] purposes as described in the "Use of Proceeds" section of the Offering Circular.][The net proceeds of the issue of the Notes will be used by the Issuer to

finance and/or refinance, in part or in full, new and/or existing [*description of relevant projects to be inserted*].

(See "Use of Proceeds" wording in Offering Circular – if reasons for offer are different from general corporate purposes and there is a particular identified use of proceeds, this will need to be stated here.)

(b) Estimated net proceeds [ ]

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

(a) Indication of yield: [ ] [Not Applicable]

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

**6. OPERATIONAL INFORMATION**

(a) Trade Date: [ ]

(b) ISIN: [ ]

(c) Common Code: [ ]

(d) CUSIP: [ ] [Not Applicable]

(e) Any clearing system(s) other than Euroclear Bank SA/NV, Clearstream Banking, S.A. and the Depository Trust Company and the relevant identification number(s): [Not Applicable/[give name(s) and number(s)]]

(f) Delivery: Delivery [against/free of] payment

(g) Names and addresses of additional Paying Agent(s) (if any): [ ] [Not Applicable]

(h) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met. The Notes will be deposited initially upon issue with one of Euroclear Bank SA/NV and/or Clearstream Banking, S.A. [(together, the ICSDs)] acting as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, held under the NSS.)] [Include this text for Registered Notes]/

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of Euroclear Bank SA/NV and/or Clearstream Banking, S.A. [(together, the ICSDs)] as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS.][include this text for Registered Notes] Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.]

## 7. PROHIBITION OF SALES

- (a) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

*("Applicable" should be specified for all Senior Non-Preferred Notes and Subordinated Notes. In the case of Senior Preferred Notes, if the Senior Preferred Notes clearly do not constitute "packaged" products and the Issuer does not wish to prohibit offers to EEA retail investors for any other reason, "Not Applicable" should be specified. If the Senior Preferred Notes may constitute "packaged" products and no key information document will be prepared or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, "Applicable" should be specified.)*

- (b) Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]

*("Applicable" should be specified for all Senior Non-Preferred Notes and Subordinated Notes. In the case of Senior Preferred Notes, if the Senior Preferred Notes clearly do not constitute "packaged" products and the Issuer does not wish to prohibit offers to UK retail investors for any other reason, "Not Applicable" should be specified. If the Senior Preferred Notes may constitute "packaged" products and no key information document will be prepared or the Issuer wishes to prohibit offers to UK retail investors for any other reason, "Applicable" should be specified.)*

- (c) Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]

*(N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)*

**8. RELEVANT BENCHMARKS**

- (a) Relevant Benchmark[s]: [Not Applicable]/[[*specify benchmark*] is provided by [*administrator legal name*].
- [As at the date hereof, [[*administrator legal name*] appears in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to the EU Benchmarks Regulation.]
- [As at the date hereof, [[*administrator legal name*] does not appear in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the EU Benchmarks Regulation. [As far as the Issuer is aware, as at the date hereof, the transitional provisions in Article 51 of the EU Benchmarks Regulation apply, such that [*administrator legal name*] is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).]/[[ *administrator legal name*] does not fall within the scope of the EU Benchmarks Regulation.]].

**9. METHOD OF DISTRIBUTION**

- (a) Method of distribution: [Syndicated/Non-syndicated]
- (b) If syndicated, names of Managers: [Not Applicable/*give names*]
- (c) Stabilisation Manager(s) (if any): [Not Applicable/*give names*]
- (d) If non-syndicated, name of relevant Dealer: [Not Applicable/*give names*]

**10. THIRD PARTY INFORMATION**

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

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## TERMS AND CONDITIONS OF THE NOTES

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

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

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

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of the lowest Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes in bearer form (**Bearer Notes**) issued in exchange for a Global Note in bearer form and in registered form (**Registered Notes**) (whether or not issued in exchange for a Global Note in registered form).

The Notes and the Coupons (as defined below) have the benefit of an amended and restated agency agreement dated 9th August, 2022 (as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) each made between the Issuer, Deutsche Bank AG, London Branch as issuing and principal paying agent and agent bank (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and as exchange agent (the **Exchange Agent** which expression shall include any successor exchange agent), Deutsche Bank Trust Company Americas as U.S. paying agent (the **U.S. Paying Agent** which expression shall include any successor U.S. paying agent) and the other paying agents named therein (together with the Principal Paying Agent and the U.S. Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), Deutsche Bank Luxembourg S.A. as euro registrar (the **Euro Registrar**, which expression shall include any successor euro registrar) and as a transfer agent, Deutsche Bank Trust Company Americas as U.S. registrar (the **U.S. Registrar**, which expression shall include any successor U.S. registrar and, together with the Euro Registrar, the **Registrars**) and as transfer agent and the other transfer agents named therein (together with Deutsche Bank Luxembourg S.A., the **Transfer Agents**, which expression shall include any additional or successor transfer agents).

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

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplements these Terms and Conditions (the **Conditions**). References to the applicable Final Terms are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. The expression **Prospectus Regulation** means Regulation (EU) 2019/1129.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any



## TERMS AND CONDITIONS OF THE NOTES

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reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

In the case of Notes specified in the applicable Final Terms as being governed by English law, the Noteholders and the Couponholders are entitled to the benefit of the amended and restated deed of covenant dated 9th August, 2022 and made by the Issuer (the **Deed of Covenant**). The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below). In the case of Notes specified in the applicable Final Terms as being governed by Spanish law, the rights of the Noteholders to proceed directly against the Issuer in the relevant circumstances as provided in the case of English law governed Notes in the Deed of Covenant are provided for directly under the terms of the Global Notes.

Copies of a deed poll dated 18th December, 2015 and made by the Issuer (the **Deed Poll**), the Deed of Covenant and the Agency Agreement (i) are available for inspection during normal business hours at the specified office of each of the Principal Paying Agent, each Registrar and the other Paying Agents and Transfer Agents (such Agents, the Calculation Agent (if any is specified in the applicable Final Terms) and the Registrars being together referred to as the **Agents**) or (ii) may be provided by email to a Noteholder following their prior written request to any Agent and provision of proof of holding and identity (in a form satisfactory to the relevant Agent). If the Notes are to be admitted to trading on the regulated market of the Irish Stock Exchange plc, trading as Euronext Dublin (**Euronext Dublin**), the applicable Final Terms will be published on the website of Euronext Dublin. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed Poll, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

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

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

### 1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form or registered form as specified in the applicable Final Terms in the currency (the **Specified Currency**) and the denomination (the **Specified Denomination(s)**) specified in the applicable Final Terms, and, in the case of definitive Notes, serially numbered. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and vice-versa.

This Note may be a medium term note (an **MTN**) or a covered bond (a **Covered Bond**), as specified in the applicable Final Terms. If this Note is an MTN, it may be either a Senior Note or a Subordinated Note. If this Note is specified as being a Senior Note, it may be a Senior Preferred Note or a Senior Non-Preferred Note, and if this Note is specified as being a Subordinated Note, it may be a Senior Subordinated Note or a Tier 2 Subordinated Note, in each case as indicated in the applicable Final Terms. If this Note is a Covered Bond, it may be a Mortgage Covered Bond, a Public Sector Covered Bond or an Internationalisation Covered Bond, in each case as indicated in the applicable Final Terms. References in these Terms and Conditions to **Notes** shall be construed accordingly.

## TERMS AND CONDITIONS OF THE NOTES

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The Issuer may at any time take any step or other action and submit any application for (i) Senior Preferred Notes, Senior Non-Preferred Notes and Senior Subordinated Notes to be included (in whole or in part) in the amount of eligible liabilities of the Issuer or the Group for the purposes of Article 45 of the BRRD (as implemented in Spain and including any amendment or replacement of the relevant implementing provisions); and (ii) Tier 2 Subordinated Notes to qualify (in whole or in part) as regulatory capital for capital adequacy purposes, in each case in compliance with Applicable Banking Regulations.

This Note may further be a Fixed Rate Note, a Fixed Reset Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis specified in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

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

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

Except in relation to Notes indicated in the applicable Final Terms as being in NGN form, references to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer and Principal Paying Agent.

## 2. TRANSFERS OF REGISTERED NOTES

### (a) Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all

applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note of the same series only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of DTC or a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to a nominee of DTC or to a successor of DTC or such successor's nominee.

**(b) Transfers of Registered Notes in definitive form**

Subject as provided in paragraphs (e), (f) and (g) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (i) the holder or holders must (A) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by, the relevant Transfer Agent and (ii) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the relevant Registrar may from time to time prescribe (the initial such regulations being scheduled to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

**(c) Registration of transfer upon partial redemption**

In the event of a partial redemption of Notes under Condition 6(i), the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

**(d) Costs of registration**

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

**(e) Transfers of interests in Regulation S Global Notes**

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

- (i) upon receipt by the relevant Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a **Transfer Certificate**), copies of

## TERMS AND CONDITIONS OF THE NOTES

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which are available from the specified office of any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made:

- (A) to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
- (B) to a person who is an Institutional Accredited Investor, together with a duly executed investment letter from the relevant transferee substantially in the form set out in the Agency Agreement (an **IAI Investment Letter**); or
- (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (A) above, such transferee may take delivery through a Legended Note in global or definitive form and, in the case of (B) above, such transferee may take delivery only through a Legended Note in definitive form. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Notes registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

### (f) **Transfers of interests in Legended Notes**

Transfers of Legended Notes or beneficial interests therein may be made:

- (i) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the relevant Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, in the case of a Regulation S Global Note registered in the name of a nominee for DTC if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or
- (ii) to a transferee who takes delivery of such interest through a Legended Note:
  - (A) where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
  - (B) where the transferee is an Institutional Accredited Investor, subject to delivery to the relevant Registrar of a Transfer Certificate from the transferor to the effect that such transfer is being made to an Institutional Accredited Investor, together with a duly executed IAI Investment Letter from the relevant transferee; or
- (iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

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Notes transferred by Institutional Accredited Investors to QIBs pursuant to Rule 144A or outside the United States pursuant to Regulation S will be eligible to be held by such QIBs or non-U.S. investors through DTC, Euroclear or Clearstream, Luxembourg, as appropriate, and the relevant Registrar will arrange for any Notes which are the subject of such a transfer to be represented by the appropriate Registered Global Note, where applicable.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the relevant Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

### (g) Exchanges and transfers of Registered Notes generally

Holders of Registered Notes in definitive form, other than Institutional Accredited Investors, may exchange such Notes for interests in a Registered Global Note of the same type at any time.

### (h) Definitions

In these Conditions, the following expressions shall have the following meanings:

**Distribution Compliance Period** means the period that ends 40 days after the completion of the distribution of each Tranche of Notes;

**Institutional Accredited Investor** means “accredited investors” (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act that are institutions);

**Legended Note** means Registered Notes in definitive form that are issued to Institutional Accredited Investors and Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A which bear a legend specifying certain restrictions on transfer (a **Legend**);

**QIB** means a “qualified institutional buyer” within the meaning of Rule 144A;

**Regulation S** means Regulation S under the Securities Act;

**Regulation S Global Note** means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

**Rule 144A** means Rule 144A under the Securities Act;

**Rule 144A Global Note** means a Registered Global Note representing Notes sold in the United States or to QIBs; and

**Securities Act** means the United States Securities Act of 1933, as amended.

## 3. STATUS OF THE NOTES AND WAIVED SET-OFF RIGHTS

The applicable Final Terms will indicate whether the Notes are Senior Notes (including whether any Senior Notes are Senior Preferred Notes or Senior Non-Preferred Notes), Subordinated Notes (including whether any Subordinated Notes are Senior Subordinated Notes or Tier 2 Subordinated Notes) or Covered Bonds (including whether any Covered Bonds are Mortgage Covered Bonds, Public Sector Covered Bonds or Internationalisation Covered Bonds).

## TERMS AND CONDITIONS OF THE NOTES

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Each Noteholder (which for the purpose of this Condition 3 includes each holder of a beneficial interest in the Notes or the Coupons), by its acquisition of the Notes, will be deemed to have irrevocably accepted the applicable status of the Notes described below.

The obligations of the Issuer under the Notes are subject to, and may be limited by, the exercise of any power pursuant to Law 11/2015, RD 1012/2015, the SRM Regulation or other applicable laws relating to recovery and resolution of credit institutions and investment firms in Spain (including, without limitation, the exercise and effect of any Spanish Statutory Loss-Absorption Power by the Relevant Spanish Resolution Authority (each as defined, and the exercise and effect of which is further described, in Condition 20)).

See “*Risks related to Early Intervention and Resolution* - The Notes may be subject to the exercise of the Spanish Statutory Loss-Absorption Powers by the Relevant Spanish Resolution Authority. Other powers contained in Law 11/2015 and the SRM Regulation could materially affect the rights of the Noteholders under, and the value of, any Notes” and “*Regulatory Framework - Resolution*”.

Any such exercise and its effect on the obligations of the Issuer under the Notes, together with the remainder of this Condition 3 (including any non-contractual obligations arising out of or in connection with any such exercise, its effect and this Condition 3) shall in all circumstances be governed by, and construed in accordance with, Spanish law in accordance with Condition 19(b) below.

### (a) Status of the Senior Notes

The Senior Notes and any relative Coupons constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and, upon the insolvency (*concurso de acreedores*) of the Issuer, in accordance with and to the extent permitted by the Insolvency Law and other applicable laws relating to or affecting the enforcement of creditors' rights in Spain (including, without limitation, Additional Provision 14.2 of Law 11/2015), the payment obligations of the Issuer under the Senior Notes with respect to claims for principal (which claims will constitute ordinary claims) will rank:

- (i) in the case of Senior Preferred Notes:
  - (A) junior to any (I) privileged claims (*créditos privilegiados*) (which shall include, among other claims, any claims in respect of deposits for the purposes of Additional Provision 14.1 of Law 11/2015 and claims under any Covered Bonds up to the value of the applicable Cover Pool) and (II) claims against the insolvency estate (*créditos contra la masa*);
  - (B) *pari passu* without any preference or priority among themselves and with all other Senior Preferred Obligations; and
  - (C) senior to (I) any Senior Non-Preferred Obligations and (II) all subordinated obligations of or claims against the Issuer (*créditos subordinados*), present and future; and
- (ii) in the case of Senior Non-Preferred Notes:
  - (A) junior to any (I) privileged claims (*créditos privilegiados*) (which shall include, among other claims, any claims in respect of deposits for the purposes of Additional Provision 14.1 of Law 11/2015 and claims under any Covered Bonds up to the value of the applicable Cover Pool), (II) claims against the insolvency estate (*créditos contra la masa*) and (III) Senior Preferred Obligations;
  - (B) *pari passu* without any preference or priority among themselves and with all other Senior Non-Preferred Obligations; and

- (C) senior to all subordinated obligations of or claims against the Issuer (*créditos subordinados*), present and future,

such that any claim for principal in respect of the Senior Notes will be satisfied, as appropriate, only to the extent that all claims ranking senior to it have first been satisfied in full and then *pro rata* with any claims ranking *pari passu* with it, in each case as provided above.

*Pursuant to article 152 of the Insolvency Law, the further accrual of interest shall be suspended from the date of declaration of the insolvency of the Issuer (save with respect to secured claims up to the value of the security). Claims in respect of interest on the Senior Notes (including with respect to any relative Coupon) expressly or implicitly accrued but unpaid as of the commencement of any insolvency procedure in respect of the Issuer shall constitute subordinated claims against the Issuer ranking in accordance with the provisions of article 281.1.3° of the Insolvency Law (including, without limitation, junior to claims on account of principal in respect of contractually subordinated obligations of the Issuer not constituting Additional Tier 1 Capital or Tier 2 Capital of the Issuer for the purposes of Additional Provision 14.3.1° of Law 11/2015, unless otherwise provided by the Insolvency Law). See “Risk Factors – Claims of Holders under the Senior Notes are effectively junior to those of certain other creditors (including Holders of the Covered Bonds) and claims of Holders under the Senior Non-Preferred Notes are further junior to those of other senior creditors” and “Regulatory Framework – Resolution”.*

### **(b) Status of the Subordinated Notes**

The Subordinated Notes and any relative Coupons constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and, upon the insolvency (*concurso de acreedores*) of the Issuer, in accordance with and to the extent permitted by the Insolvency Law and other applicable laws relating to or affecting the enforcement of creditors' rights in Spain (including, without limitation, Additional Provision 14.3 of Law 11/2015), the payment obligations of the Issuer under the Subordinated Notes with respect to claims for principal, will rank:

- (i) in the case of Senior Subordinated Notes:
  - (A) junior to any unsubordinated obligations of or claims against the Issuer (including where the relevant obligations subsequently become subordinated pursuant to article 281.1.1° of the Insolvency Law);
  - (B) *pari passu* without any preference or priority among themselves and with all claims for principal in respect of other contractually subordinated obligations of the Issuer, present and future, not constituting Additional Tier 1 Capital or Tier 2 Capital of the Issuer for the purposes of Additional Provision 14.3.1° of Law 11/2015; and
  - (C) senior to any other subordinated obligations of or claims against the Issuer (*créditos subordinados*) which by law rank junior to the obligations of or claims against the Issuer for principal in respect of Senior Subordinated Notes, including, without limitation, any claim in respect of contractually subordinated obligations of the Issuer under any outstanding Additional Tier 1 Instruments or Tier 2 Instruments, present and future; and
- (ii) in the case of Tier 2 Subordinated Notes, and for so long as the obligations of the Issuer in respect of the Tier 2 Subordinated Notes constitute a Tier 2 Instrument of the Issuer:
  - (A) junior to (I) any unsubordinated obligations of or claims against the Issuer (including where the relevant obligations subsequently become subordinated pursuant to article 281.1.1° of the Insolvency Law), (II) any claim in respect of Senior Subordinated Notes, (III) any claim in respect of other contractually subordinated obligations of the Issuer, present and future, not constituting Additional Tier 1 Capital or Tier 2 Capital

of the Issuer for the purposes of Additional Provision 14.3.1° of Law 11/2015 and (IV) any other subordinated claims included under article 281.1 of the Insolvency Law;

- (B) *pari passu* without any preference or priority among themselves and with all claims for principal in respect of other contractually subordinated obligations of the Issuer under any outstanding Tier 2 Instruments, present and future; and
- (C) senior to any other subordinated obligations of or claims against the Issuer (*créditos subordinados*) which by law rank junior to the obligations of or claims against the Issuer in respect of Tier 2 Subordinated Notes, including, without limitation, any claim in respect of contractually subordinated obligations of the Issuer under any outstanding Additional Tier 1 Instruments, present and future,

such that any relevant claim in respect of the Subordinated Notes will be satisfied, as appropriate, only to the extent that all claims ranking senior to it have first been satisfied in full and then *pro rata* with any claims ranking *pari passu* with it, in each case as provided above.

To the extent the Tier 2 Subordinated Notes cease to constitute a Tier 2 Instrument of the Issuer, the payment obligations of the Issuer under the Tier 2 Subordinated Notes will rank as if the Notes were Senior Subordinated Notes.

*Pursuant to Additional Provision 14.3 of Law 11/2015, all claims arising from Tier 2 Instruments (which is expected to be the case for Tier 2 Subordinated Notes), even if they are only partly recognised as Tier 2 Instruments will rank behind any other subordinated claims included under article 281.1 of the Insolvency Law and will be paid after them.*

*Pursuant to article 152 of the Insolvency Law, the further accrual of interest shall be suspended from the date of declaration of the insolvency of the Issuer (save with respect to secured claims up to the value of the security). Claims in respect of interest on the Subordinated Notes (including with respect to any relative Coupon) expressly or implicitly accrued but unpaid as of the commencement of any insolvency procedure in respect of the Issuer shall constitute subordinated claims against the Issuer ranking in accordance with the provisions of article 281.1.3° of the Insolvency Law, which in the case of Tier 2 Subordinated Notes must read in conjunction with the Additional Provision 14.3 of Law 11/2015.*

### (c) **Waived Set-Off Rights**

No holder of any Notes may at any time exercise or claim any Waived Set-Off Rights against any right, claim or liability of the Issuer or that the Issuer may have or acquire against such holder, directly or indirectly and howsoever arising (and including all such rights, claims and liabilities arising under or in relation to any and all agreements or other instruments of any kind or any non-contractual obligation, whether or not relating to such Note) and each holder of any Note 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 amount payable by the Issuer in respect of, or arising under or in connection with, any Note to any holder of such Note is discharged by set-off or any netting, such holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer and, accordingly, any such discharge shall be deemed not to have taken place.

Nothing in this Condition 3(c) is intended to provide, or shall be construed as acknowledging, any Waived Set-Off Rights or that any such Waived Set-Off Right is or would be available to any holder of any Note but for this Condition 3(c).



### (d) Status of the Covered Bonds

This Condition 3(d) is applicable to Notes specified in the applicable Final Terms as being Covered Bonds.

The Covered Bonds and any relative Coupons constitute direct, unconditional and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves or among other Series of Covered Bonds of the same type (whether Mortgage Covered Bonds, Public Sector Covered Bonds or Internationalisation Covered Bonds), including in respect of the applicable Cover Pool. In accordance with Articles 1922.8 and 1923.6 of the Spanish Civil Code, holders of Covered Bonds are ‘creditors with special preference’ (*acreedores preferentes*) in respect of the assets in the applicable Cover Pool from time to time and upon the insolvency (*concurso de acreedores*) of the Issuer, the holders of the Covered Bonds shall be accorded special privilege status pursuant to Article 270.7 of the Insolvency Law. The Issuer undertakes to maintain a special register of the assets in the applicable Cover Pool in accordance with its obligations under article 9 of Royal Decree-Law 24/2021.

The Covered Bonds are obligations enforceable in accordance with the terms of Law 1/2000, of 7th January, 2000, on Civil Proceedings and issued in accordance with Royal Decree-Law 24/2021.

To the extent that claims in relation to the Covered Bonds are not fully satisfied from the assets in the applicable Cover Pool, the residual claims of holders of the Covered Bonds will rank *pari passu* with the claims of unsecured and unsubordinated creditors of the Issuer (including Senior Preferred Obligations), and in priority to the claims of creditors in respect of all Senior Non-Preferred Obligations and subordinated obligations.

Neither the insolvency (*concurso de acreedores*) of the Issuer nor the Issuer being subject to any resolution procedure shall:

- (i) cause the mandatory early redemption of the Covered Bonds or the suspension of principal or interest being due and payable under the Covered Bonds or otherwise affect the Issuer’s obligation to fulfil any of its obligations under the Covered Bonds (without prejudice to the provisions of article 42.2 of Law 11/2015);
- (ii) entitle holders of the Covered Bonds (the **Covered Bondholders**) to require the Issuer to redeem the Covered Bonds prior the Maturity Date or the Extended Final Maturity Date, as applicable;
- (iii) result in the suspension of the accrual of interest on the Covered Bonds; or
- (iv) result in the maturity or early termination of the derivative contracts included in the applicable Cover Pool.

*Upon the insolvency (concurso de acreedores) of the Issuer, a special cover pool administrator will be appointed (from among persons nominated by the FROB) to administer the Covered Bonds and to oversee the rights and interests of the Covered Bondholders, after consulting with the Bank of Spain, and materially segregate the applicable Cover Pool from the Issuer’s assets together with any derivative instruments entered into in respect of each Series of Covered Bonds such that it becomes a separate asset without legal personality.*

*The segregation described above implies that that the assets included in the applicable Cover Pool:*

- (i) *do not form part of the Issuer’s insolvency estate until the claims of Covered Bondholders and relevant derivative counterparties and the expenses related to the maintenance and administration of the separate estate and, if applicable, with its liquidation are satisfied; and*

- (ii) are protected against the rights of third parties, and cannot be rescinded by application of the reinstatement actions provided for in the insolvency legislation, except as provided in Article 42.2 of Royal Decree-Law 24/2021.

The special cover pool administrator shall facilitate that the assets in the applicable Cover Pool registered in the special register maintained by the Issuer, together with any corresponding liabilities, will be transferred to form an estate separate from the Issuer without legal personality.

### **Internal policies and procedures related to the nature and treatment of the cover pool**

The Issuer has defined a General Policy to govern the issue, management and control of Covered Bonds, approved by the Board of Directors, establishing a general framework for the issue, management and control of Covered Bonds and the corresponding procedures defined in development of this framework (the **Policy**).

The Policy applies to Covered Bonds issued by the Issuer in Spain, as well as to Covered Bonds issued outside of Spain in accordance with Royal Decree-Law 24/2021.

The Policy establishes the general guidelines that the Issuer must comply with, in addition to the recommendations from supervisory bodies and best market practices that it is also required to take into consideration.

In order to comply with Royal Decree-Law 24/2021, a set of specific roles and responsibilities are established and assigned to each one of the parties involved in the issue, management, and control of Covered Bonds. These roles and responsibilities are:

- a) the first line of defence, with thorough knowledge about all specific requirements applicable to Covered Bonds issues;
- b) the control body designated by the Issuer, which is responsible for monitoring the cover pool on an ongoing basis; and
- c) a specific committee, the “control body activity monitoring committee”, comprising the first and second lines of defence, which is responsible for tracking and monitoring the control, management and certification activity carried out by the control body, as well as for communicating to the Global Head of Regulation & Internal Control, the person with the highest responsibility in the Issuer's internal control function, of (i) any non-compliances detected by the external control body; and (ii) the six-monthly report.

Likewise, the Policy establishes that the Issuer must guarantee that the liabilities of covered bond programmes are backed at all time with the required collateral assets, complying in any case, and at all times, with the applicable Legal Overcollateralisation or Contractual Overcollateralisation levels. In this sense, and in order to safeguard investors' interests, compliance with these limits shall be monitored on an ongoing basis, both by the first line of defence and by the control body of the cover pool.

Only assets meeting the eligibility conditions of the covered bonds programme shall be included in the cover pool they are attached to, in compliance with applicable regulations. In this sense, inclusion or removal of any assets from the cover pool or adoption of any legal act that may affect its effectiveness shall be contingent upon verification of compliance with applicable regulations, following authorisation from the control body. To obtain this authorisation, the pertinent management measures set out in applicable regulations shall be adopted.

Only assets that can be segregated may be included in the cover pool. A special register will be created for this purpose, where each and every one of the assets comprising the covered Bond programme will be identified, and which shall be kept up to date at all times.

*The cover pool of each covered bond programme will consist of, at all times, collateral assets with differing characteristics in terms of structural features, lifetime or risk profile in the cover pool. An internal procedure has been developed to ensure compliance with this principle, setting forth a set of rules aimed at preserving the granularity of the pool of collateral assets, as well as at identifying and addressing potential mismatches in maturities, lifetime and interest rates, as well as, where appropriate, exchange rates. Furthermore, a set of internal tests have been included in this internal procedure to ensure compliance with the internal procedure at all times. The results from the execution of the aforementioned tests shall be made available to the Bank of Spain and the control body, for assessment and monitoring purposes.*

*Finally, specific stress tests must be conducted to assess the solvency and liquidity of the different covered bond programmes and these exercises must be consistent with the assumptions, premises and methodologies applied in the remaining stress tests that the Issuer conducts. Stress tests results shall be taken into account in the management of the covered bond programmes and shall be put at the disposal of the Bank of Spain for assessment and supervision purposes.*

### (e) Interpretation

In these Conditions:

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

**Additional Tier 1 Instrument** means any contractually subordinated obligation of the Issuer constituting an Additional Tier 1 instrument (*instrumento de capital de nivel 1 adicional*) in accordance with Applicable Banking Regulations;

**Applicable Banking Regulations** means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency then applicable to the Issuer and/or the Group including, without limitation to the generality of the foregoing, CRD V, the BRRD, the SRM Regulation and those laws, regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency then in effect in Spain (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Group);

**BRRD** means Directive 2014/59/EU of 15th May, 2014 establishing the framework for the recovery and resolution of credit institutions and investment firms or such other directive as may come into effect in place thereof, as partially implemented into Spanish law by Law 11/2015 and RD 1012/2015, as amended or replaced from time to time, including as amended by Directive 2019/879/EU of the European Parliament and of the European Council of 20th May, 2019, and including any other relevant implementing regulatory provisions;

**Cover Pool** means a pool of clearly defined Eligible Assets for Mortgage Covered Bonds, Eligible Assets for Public Sector Covered Bonds or Eligible Assets for Internationalisation Covered Bonds that secure the payment obligation attached to the Mortgage Covered Bonds, Public Sector Covered Bonds or Internationalisation Covered Bonds, respectively (each an **applicable Cover Pool**), with the Eligible Assets included in each applicable Cover Pool segregable from other assets of the Issuer, all in accordance with the provisions of Royal Decree-Law 24/2021;

**CRD V** means any or any combination of the CRD Directive, the CRR, and any CRD Implementing Measures;

**CRD Directive** means Directive 2013/36/EU of the European Parliament and of the Council of 26th 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 as amended by

Directive 2019/878/EU of the European Commission Parliament and of the European Council of 20th May, 2019;

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

**CRR** means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26th June, 2013 on the prudential requirements for credit institutions and investment firms, as amended or replaced from time to time, including as amended by CRR II;

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

**Eligible Assets** means the Eligible Assets for Internationalisation Covered Bonds, Eligible Assets for Mortgage Covered Bonds and Eligible Assets for Public Sector Covered Bonds, as applicable;

**Eligible Assets for Internationalisation Covered Bonds** means the eligible primary assets listed in letters a) and b) of Article 129.1 of the CRR and which form part of the Cover Pool for Internationalisation Covered Bonds, the eligible replacement assets, the liquid assets that make up the liquidity buffer of such Cover Pool and the economic flows generated by the derivative financial instruments linked to such Cover Pool, all in accordance with the legislation in force and the corresponding issue programme authorised by the Bank of Spain;

**Eligible Assets for Mortgage Covered Bonds** means the eligible primary assets listed in letters d) and f) of Article 129.1 of the CRR and which form part of the Cover Pool for Mortgage Covered Bonds, the eligible replacement assets, the liquid assets that make up the liquidity buffer of such Cover Pool and the economic flows generated by the derivative financial instruments linked to such Cover Pool, all in accordance with the legislation in force and the corresponding issue programme authorized by the Bank of Spain;

**Eligible Assets for Public Sector Covered Bonds** means the eligible primary assets listed in letter a) of Article 129.1 of the CRR and which form part of the Cover Pool for Public Sector Covered Bonds, the eligible replacement assets, the liquid assets that make up the liquidity buffer of such Cover Pool and by the economic flows generated by the derivative financial instruments linked to such Cover Pool, all in accordance with the legislation in force and the corresponding issue programme authorized by the Bank of Spain;

**FROB** means the Spanish Executive Resolution Authority (*Fondo de Reestructuración Ordenada Bancaria*);

**Group** means the Issuer and its consolidated subsidiaries;

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

**Internationalisation Covered Bonds** (*cédulas de internacionalización*) means Covered Bonds that must at all times be secured by loans or credits against or guaranteed by counterparties and secured by the eligible primary assets listed in letters (a) and (b) of Article 129.1 of Regulation (EU) No. 575/2013 of 26 June 2013, linked to the financing of contracts for the export of Spanish goods and services or of other nationalities or to the internationalisation of companies resident in Spain or in other countries, provided that the borrower is not a Spanish public sector entity;

**Law 10/2014** means Law 10/2014 of 26th June on the organisation, supervision and solvency of credit entities (*Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de crédito*), as amended, replaced or supplemented from time to time, including as amended by Royal Decree Law 7/2021 of 27th April on the transposition of European Union directives in matters of credit institutions, among others;

**Law 11/2015** means Law 11/2015 of 18th 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, replaced or supplemented from time to time, including as amended by Royal Decree Law 7/2021 of 27th April on the transposition of European Union directives in matters of credit institutions, among others;

**Mortgage Covered Bonds** (*cédulas hipotecarias*) means Covered Bonds that must at all times be secured by the eligible primary assets listed in letters (d) and (f) of Article 129.1 of Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No. 648/2012;

**ordinary claims** means the class of claims with respect to unsecured, non-privileged and unsubordinated obligations (*créditos ordinarios*) of the Issuer which, upon the insolvency (*concurso de acreedores*) of the Issuer and pursuant to Articles 269, 433 and 435 of the Insolvency Law, rank (i) junior to privileged claims (*créditos privilegiados*) (which shall include, among other claims, any claims in respect of deposits for the purposes of Additional Provision 14.1 of Law 11/2015 and any secured claims), and claims against the insolvency estate (*créditos contra la masa*) and (ii) senior to subordinated claims (*créditos subordinados*);

**Public Sector Covered Bonds** (*cédulas territoriales*) means Covered Bonds that must at all times be secured by loans or credits against counterparties and secured by the eligible primary assets listed in letter (a) of Article 129.1 of Regulation (EU) No. 575/2013 of 26 June 2013, provided that such loans are not linked to the financing of contracts for the export of goods and services or to the internationalisation of companies;

**RD 1012/2015** means Royal Decree 1012/2015 of 6th November by virtue of which Law 11/2015 is developed and Royal Decree 2606/1996 of 20th December on credit entities' deposit guarantee fund is amended (*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, replaced or supplemented from time to time;

**Royal Decree-Law 24/2021** means Royal Decree-Law 24/2021, of 2nd November, on the transposition of European Union directives in the areas of covered bonds, cross-border distribution of collective investment undertakings, open data and reuse of public sector information, exercise of copyright and related rights applicable to certain online transmissions and retransmissions of radio and television programmes, temporary exemptions for certain imports and supplies, for consumers and for the promotion of clean and energy efficient road transport vehicles (*Real Decreto-ley 24/2021, de 2 de noviembre, de transposición de directivas de la Unión Europea en las materias de bonos garantizados, distribución transfronteriza de organismos de inversión colectiva, datos abiertos y reutilización de la información del sector público, ejercicio de derechos de autor y derechos afines aplicables a determinadas transmisiones en línea y a las retransmisiones de programas de radio y*

*televisión, exenciones temporales a determinadas importaciones y suministros, de personas consumidoras y para la promoción de vehículos de transporte por carretera limpios y energéticamente eficientes*), as amended, replaced or supplemented from time to time;

**Regulator** means the European Central Bank, *Banco de España* or the Relevant Spanish Resolution Authority, as applicable, or such other or successor authority having primary bank supervisory authority with respect to prudential or resolution matters in relation to the Issuer and/or the Group;

**Relevant Spanish Resolution Authority** means the Fund for Orderly Bank Restructuring (*Fondo de Reestructuración Ordenada Bancaria*), the Single Resolution Mechanism, the Bank of Spain, the Spanish Securities Market Commission or any other entity with the authority to exercise any the resolution tools and powers contained in Law 11/2015 and the SRM Regulation from time to time;

**Senior Non-Preferred Obligations** means the obligations of the Issuer with respect to (i) the payment of the principal under the Senior Non-Preferred Notes and (ii) all other ordinary claims, present and future, which, upon the insolvency (*concurso de acreedores*) of the Issuer are expressed to rank within the ordinary claims but junior to Senior Preferred Obligations;

**Senior Preferred Obligations** means the obligations of the Issuer with respect to (i) the payment of principal under the Senior Preferred Notes and (ii) all other ordinary claims, present and future, other than Senior Non-Preferred Obligations;

**SRM Regulation** means Regulation (EU) No. 806/2014 of the European Parliament and the Council of 15th 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 as amended by Regulation (EU) No. 877/2019 of the European Parliament and of the Council of 20th May, 2019;

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

**Tier 2 Instrument** means any contractually subordinated obligation of the Issuer constituting a Tier 2 instrument (*instrumentos de capital de nivel 2*) in accordance with Applicable Banking Regulations; and

**Waived Set-Off Rights** means any and all rights or claims of any holder of a Note against the Issuer for deduction, set-off, netting, compensation, retention or counterclaim arising directly or indirectly under or in connection with any Note.

## 4. INTEREST

### (a) Interest on Fixed Rate Notes

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

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

## TERMS AND CONDITIONS OF THE NOTES

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

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

- (i) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (ii) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

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

For the purposes of the calculation of an amount of interest, in accordance with this Condition 4(a), **Day Count Fraction** means:

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
  - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - I. the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
    - II. the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- (ii) if “Actual/Actual (ISDA)” is specified in the applicable Final Terms, the actual number of days in the relevant period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date divided by 365 (or, if any portion of that period falls in a leap year, the sum of (A) the actual number of days in that portion of the period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the period falling in a non-leap year divided by 365);

## TERMS AND CONDITIONS OF THE NOTES

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- (iii) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;
- (iv) if “30/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the relevant period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the interest period is the 31st day of a month but the first day of the interest period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the interest period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (v) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365.

In these Conditions, the following expressions have the following meanings:

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

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

### (b) Interest on Fixed Reset Notes

Each Fixed Reset Note bears interest from (and including):

- (i) the Interest Commencement Date to (but excluding) the Reset Date at the rate per annum equal to the Initial Interest Rate; and
- (ii) the Reset Date to (but excluding) either (A) the Maturity Date or (B) if applicable, the first Subsequent Reset Date and each successive period from (and including) any Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date (if any) (each period in (A) and (B) a **Reset Period**), in each case at the rate per annum equal to the relevant Reset Rate,

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

The provisions of this Condition 4(b) shall apply, as applicable, in respect of any determination by the Principal Paying Agent of the Rate of Interest for a Reset Period in accordance with this Condition 4(b) as if the Fixed Reset Notes were Floating Rate Notes. The Rate of Interest for each Reset Period shall otherwise be determined by the Principal Paying Agent on the relevant Reset Determination Date in accordance with the provisions of this Condition 4(b). Once the Rate of Interest is determined for a Reset Period, the provisions of Condition 4(a) shall apply to Fixed Reset Notes, as applicable, as if the Fixed Reset Notes were Fixed Rate Notes.

In these Conditions, with respect to any Fixed Reset Notes:



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**Reset Determination Date** means the second Business Day immediately preceding the relevant Reset Date or relevant Subsequent Reset Date, as the case may be;

**Reset Rate** means the sum of the Reset Margin and the Reset Reference Rate for the relevant Reset Period (which rate if not calculated on the basis of a Reset Reference Rate with the same frequency of payments, shall be converted in accordance with market convention to a rate with the frequency with which scheduled interest payments are payable on the Fixed Reset Notes or, if market convention is for the Reset Reference Rate first to be so converted, the Reset Reference Rate for the purposes of determining the Reset Rate shall be the Reset Reference Rate as so converted without any further such conversion); and

If the Reset Reference Rate specified in the applicable Final Terms is the Mid-Swap Rate:

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

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

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

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

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

**Reset Reference Bank Rate** means, in relation to the Reset Date or relevant Subsequent Reset Date, as the case may be, and the Reset Period commencing on the Reset Date or that Subsequent Reset Date, the percentage determined on the basis of the Reset Period Mid-Swap Rate Quotations provided by the Reference Banks at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date. The Principal Paying Agent, with the assistance of the Issuer if required will request the principal office of each of the Reference Banks to provide a quotation of its rate. If at least three quotations are provided, the rate for the Reset Date or relevant Subsequent Reset Date, as the case may be, will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, it will be the arithmetic

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mean of the quotations provided. If only one quotation is provided, it will be the quotation provided. If no quotations are provided, the Mid-Swap Rate will be the Mid-Swap Rate for the immediately preceding Reset Period or, if none, the Initial Mid-Swap Rate.

If the Reset Reference Rate specified in the applicable Final Terms is the Reset Reference Bond Rate, unless otherwise specified in the applicable Final Terms:

**Reset Determination Time** means, in relation to a Reset Determination Date, 11.00 a.m. in the principal financial centre of the Specified Currency (which, if the Specified Currency is euro, shall be Frankfurt, Germany) on such Reset Determination Date;

**Reset Reference Bond** means, in relation to any Reset Period, a government security or securities issued by the government of the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany) (a **Relevant Government Bond**) selected by the Issuer as having the nearest actual or interpolated maturity comparable with such Reset Period and that (in the opinion of the Issuer) would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issuances of corporate debt securities denominated in the Specified Currency and of a comparable maturity to such Reset Period;

**Reset Reference Bond Yield** means, in respect of any Reset Determination Date, the arithmetic average of the Reset Reference Government Bond Dealer Quotations for such Reset Determination Date, as determined by the Principal Paying Agent or the Calculation Agent, as applicable, after excluding the highest and lowest such Reset Reference Government Bond Dealer Quotations; *provided, however*, that (A) if fewer than five but more than one Reset Reference Government Bond Dealer Quotations are received, the Reset Reference Bond Yield shall be equal to the arithmetic average of all such quotations, or (B) if only one Reset Reference Government Bond Dealer Quotation is received, the Reset Reference Bond Yield shall be equal to such quotation, or (C) if no Reset Reference Government Bond Dealer Quotations are received, the Reset Reference Bond Yield will be the Reset Reference Bond Rate for the immediately preceding Reset Period or, if none, the Initial Reference Rate;

**Reset Reference Rate** means, in relation to any Reset Period, the rate per annum equal to the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reset Reference Bond, expressed as a percentage, which equals the Reset Reference Bond Yield for the relevant Reset Determination Date;

**Reset Reference Government Bond Dealers** means five banks or other financial institutions that are (A) primary dealers in Relevant Government Bonds, or (B) market makers in pricing corporate bond issues denominated in the Specified Currency, in each case as selected by the Issuer and notified in writing to the Principal Paying Agent; and

**Reset Reference Government Bond Dealer Quotations** means, with respect to each Reset Reference Government Bond Dealer and any Reset Determination Date, the bid and offered yields to maturity or interpolated yields to maturity (on the relevant day count basis) for the Reset Reference Bond (expressed as a percentage of its principal amount) as at or around the Reset Determination Time on such Reset Determination Date, and, if relevant, on a dealing basis for settlement that is customarily used for such Reset Reference Bond at such time, quoted in writing to the Issuer by such Reset Reference Government Bond Dealer.

If the Reset Reference Rate specified in the applicable Final Terms is the CMT Rate, unless otherwise specified in the applicable Final Terms:

**Business Day** means a U.S. Government Securities Business Day (as defined in Condition 4(c)(ii)(D)(C));

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**H.15** means the daily statistical release designated as H.15, or any successor publication, published by the Board of Governors of the Federal Reserve System at <http://www.federalreserve.gov/releases/H15> or any successor site or publication;

**Original Reset Reference Rate Payment Basis** has the meaning specified in the applicable Final Terms;

**Reference Bond Quotation** means, with respect to each Reset Reference Bank and any Reset Determination Date, the rate of the Original Reset Reference Rate Payment Basis yield-to-maturity based on the secondary market bid price of the relevant Reset U.S. Treasury Security as determined by the Reset Reference Bank at approximately the Reset Determination Time on the Business Day following such Reset Determination Date;

**Reset Reference Bank Rate** means, with respect to any Reset Period and any Reset Determination Date, the rate (expressed as a percentage rate per annum and rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards) determined on the basis of the Reference Bond Quotations provided by the Reset Reference Banks to the Principal Paying Agent at approximately the Reset Determination Time on the Business Day following such Reset Determination Date.

If at least three such Reference Bond Quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean (rounded as aforesaid) of the Reference Bond Quotations provided, 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 Reference Bond Quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean (rounded as aforesaid) of the Reference Bond Quotations provided. If fewer than two Reference Bond Quotations are provided, the Reset Reference Bank Rate for the relevant Reset Period will be the last observable Original Reset Reference Rate Payment Basis yield for U.S. Treasury Securities at "constant maturity" for a period of maturity which is equal or comparable to the duration of the relevant Reset Period, as published in H.15 under the caption "Treasury constant maturities (nominal)", as that yield is displayed on the Relevant Screen Page;

**Reset Reference Banks** means the principal office in the principal financial centre of the Specified Currency of five major banks which are primary U.S. Treasury Securities dealers or market makers in pricing corporate bond issues determined in U.S. dollars, as published on the Federal Reserve Bank of New York's website at <http://www.newyorkfed.org>, or any successor source;

**Reset Reference Rate** means in relation to any Reset Determination Date:

- (i) the Original Reset Reference Rate Payment Basis yield for U.S. Treasury Securities at "constant maturity" for a period of maturity which is equal or comparable to the duration of the relevant Reset Period, as published in H.15 under the caption "Treasury constant maturities (nominal)", as that yield is displayed on such Reset Determination Date, on the Relevant Screen Page;
- (ii) if the yield referred to in paragraph (A) above is not published on the Relevant Screen Page on such Reset Determination Date, the Original Reset Reference Rate Payment Basis yield for U.S. Treasury Securities at "constant maturity" having a period to maturity which is equal or comparable to the duration of the relevant Reset Period as published in H.15 under the caption "Treasury constant maturities (nominal)" on such Reset Determination Date; or
- (iii) if neither the yield referred to in paragraph (A) above nor the yield referred to in paragraph (B) above is published on such Reset Determination Date, the Reset Reference Bank Rate on such Reset Determination Date,

in each case, all as determined by the Principal Paying Agent; and

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**U.S. Treasury Securities** means securities that are direct obligations of the United States Treasury, issued other than on a discount basis.

### (c) Interest on Floating Rate Notes

#### (i) *Interest Payment Dates*

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

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

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

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

- I. in any case where Specified Periods are specified in accordance with Condition 4(c)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- II. the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- III. the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- IV. the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means:

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

currency deposits) in each Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;

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

(ii) *Rate of Interest*

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

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or the Calculation Agent, as applicable, under an interest rate swap transaction if the Principal Paying Agent or the Calculation Agent, as applicable, were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating (i) if “2006 ISDA Definitions” is specified in the applicable Final Terms, the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes or (ii) if “2021 ISDA Definitions” is specified in the applicable Final Terms, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions as published by ISDA as at the Issue Date of the first Tranche of the Notes; (together the **ISDA Definitions**) and under which:

- I. the Floating Rate Option is specified in the applicable Final Terms;
- II. the Designated Maturity is a period specified in the applicable Final Terms;
- III. the relevant Reset Date is the day specified in the applicable Final Terms;
- IV. if the Floating Rate Option is an Overnight Floating Rate Option, the Overnight Rate Compounding Method is one of the following as specified in the applicable Final Terms:
  - (a) Compounding with Lookback;
  - (b) Compounding with Observation Period Shift; or
  - (c) Compounding with Lockout; and

- V. if the Floating Rate Option is a Compounded Index Floating Rate Option, the Index Method is Compounded Index Method with Observation Period Shift as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), if “2006 ISDA Definitions” is specified in the applicable Final Terms, the definition of ‘Fallback Observation Day’ in the ISDA Definitions shall be deemed deleted in its entirety and replaced with the following: **Fallback Observation Day** means, in respect of a Reset Date and the Calculation Period (or any Compounding Period included in that Calculation Period) to which that Reset Date relates, the day specified in the applicable Final Terms.

In connection with the Overnight Rate Compounding Method, references in the ISDA Definitions to numbers or other items specified in the relevant confirmation shall be deemed to be references to the numbers or other items specified for such purpose in the applicable Final Terms.

For the purposes of this sub-paragraph (A), **Floating Rate, Floating Rate Option, Designated Maturity, Reset Date, Overnight Floating Rate Option, Overnight Rate Compounding Method, Compounding with Lookback, Compounding with Observation Period Shift, Compounding with Lockout, Averaging with Lookback, Averaging with Observation Period Shift, Averaging with Lockout, Compounded Index Floating Rate Option, Index Method and Compounded Index Method with Observation Period Shift** have the meanings given to those terms in the ISDA Definitions.

- (B) *Screen Rate Determination for Floating Rate Notes not referencing Compounded Daily SONIA or Compounded Daily SOFR*

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

- I. the offered quotation; or
- II. the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

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

If the Relevant Screen Page is not available or if, in the case of Condition 4(c)(ii)(B)I, no rate or offered quotation appears or, in the case of Condition 4(c)(ii)(B)II, fewer than three offered quotations appear, in each case as at the Specified Time, the Issuer shall request each of the Reference Banks to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in

question. If two or more of the Reference Banks provide the Principal Paying Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Principal Paying Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to the Principal Paying Agent by the Reference Banks or any two or more of them at the request of the Issuer, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Principal Paying Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer is suitable for the purpose) informs the Principal Paying Agent it is quoting to leading banks in the Euro-zone inter-bank market plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph by 5.00 p.m. (Brussels time) on the Interest Determination Date in question, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than EURIBOR, the Rate of Interest in respect of the Notes will be determined as provided in the applicable Final Terms.

(C) *Screen Rate Determination for Floating Rate Notes referencing Compounded Daily SONIA*

(A) Where **Screen Rate Determination** is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified as being *Compounded Daily SONIA*, the Rate of Interest with respect to each Interest Period will, subject as provided below, be Compounded Daily SONIA for such Interest Period plus or minus the Margin (if any) as specified in the applicable Final Terms, all as determined and calculated by the Principal Paying Agent or the Calculation Agent, as applicable.

**Compounded Daily SONIA** means, with respect to an Interest Period,

(I) if Index Determination is specified as being applicable in the applicable Final Terms, the rate determined by the Principal Paying Agent or the Calculation Agent, as applicable, on the relevant Interest Determination Date in accordance with the following formula (and

the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left( \frac{\text{SONIA Compounded Index}_y}{\text{SONIA Compounded Index}_x} - 1 \right) \times \frac{365}{d}$$

where:

**SONIA Compounded Index<sub>x</sub>** is the SONIA Compounded Index for the day falling *p* London Banking Days prior to the first day of the relevant Interest Period;

**SONIA Compounded Index<sub>y</sub>** is the SONIA Compounded Index for the day falling *p* London Banking Days prior to the last day of such Interest Period (but which by its definition is excluded from such Interest Period);

**d** is the number of calendar days in the relevant SONIA Observation Period;

*provided* that if the SONIA Compounded Index required to determine SONIA Compounded Index<sub>x</sub> or SONIA Compounded Index<sub>y</sub> does not appear on the Bank of England's Interactive Statistical Database, or any successor source on which the compounded daily SONIA rate is published by the Bank of England (or any successor administrator of SONIA) at the Specified Time on the relevant London Banking Day (or by 5:00 p.m. London time or such later time falling one hour after the customary or scheduled time for publication of the SONIA Compounded Index in accordance with the then-prevailing operational procedures of the administrator of the SONIA Reference Rate or SONIA authorised distributors, as the case may be), then Compounded Daily SONIA for such Interest Period and each subsequent Interest Period shall be *Compounded Daily SONIA* determined in accordance with paragraph (II) below and for these purposes the "Observation Method" shall be deemed to be *Shift*; or

- (II) if either (x) Index Determination is specified as being not applicable in the applicable Final Terms, or (y) this Condition 4(c)(ii)(C) applies to such Interest Period pursuant to the proviso in Condition 4(c)(ii)(C)(I) above, the rate determined by the Principal Paying Agent or the Calculation Agent, as applicable, on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{\text{SONIA}_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

**d** is the number of calendar days in (where in the applicable Final Terms *Lag* is specified as the Observation Method) the relevant Interest Period or (where in the applicable Final Terms "Shift" is



specified as the Observation Method) the SONIA Observation Period;

$d_0$  is the number of London Banking Days in (where in the applicable Final Terms “Lag” is specified as the Observation Method) the relevant Interest Period or (where in the applicable Final Terms *Shift* is specified as the Observation Method) the SONIA Observation Period;

$i$  is a series of whole numbers from one to  $d_0$ , each representing the relevant London Banking Day in chronological order from, an including, the first London Banking Day in (where in the applicable Final Terms *Lag* is specified as the Observation Method) the relevant Interest Period or (where in the applicable Final Terms *Shift* is specified as the Observation Method) the relevant SONIA Observation Period;

$n_i$ , for any London Banking Day  $i$ , is the number of calendar days from (and including) such London Banking Day  $i$  up to (but excluding) the following London Banking Day;

**SONIA<sub>i-pLBD</sub>** means:

- (a) where in the applicable Final Terms Lag is specified as the Observation Method, in respect of any London Banking Day  $i$  falling in the relevant Interest Period, the SONIA Reference Rate for the London Banking Day falling  $p$  London Banking Days prior to such London Banking Day  $i$ ; or
  - (b) where in the applicable Final Terms Shift is specified as the Observation Method, SONIA<sub>i-pLBD</sub> shall be replaced in the above formula with SONIA<sub>i</sub>, where SONIA<sub>i</sub> means, in respect of any London Banking Day  $i$  falling in the relevant SONIA Observation Period, the SONIA Reference Rate for such London Banking Day  $i$ .
- (B) In the event that Compounded Daily SONIA for any Interest Period cannot be determined by the Principal Paying Agent or the Calculation Agent, as applicable, in accordance with the foregoing provisions, the Rate of Interest shall be:
- (I) determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or the Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, the Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Period); or
  - (II) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first scheduled Interest Period had the Notes been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement

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Date (and applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Interest Period).

- (C) For the purposes of this Condition 4(c)(ii)(C):

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

**Observation Look-Back Period** means the period specified as such in the applicable Final Terms;

**p** means the number of London Banking Days included in the Observation Look-Back Period, as specified in the applicable Final Terms;

**SONIA** has the meaning given to such term in the definition of SONIA Reference Rate;

**SONIA Compounded Index** means, in respect of any London Banking Day, the compounded daily SONIA rate for such London Banking Day as published by the Bank of England (or a successor administrator of SONIA) on the Bank of England's Interactive Statistical Database (or any successor source on which the compounded daily SONIA rate is published by the Bank of England (or such successor administrator)), at the Specified Time on such London Banking Day;

**SONIA Observation Period** means, in respect of any Interest Period, the period from (and including) the date falling *p* London Banking Days prior to the first day of such Interest Period to (but excluding) the date falling *p* London Banking Days prior to the Interest Payment Date for such Interest Period or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

**SONIA Reference Rate** means, in respect of any London Banking Day, the daily Sterling Overnight Index Average (**SONIA**) rate for such London Banking Day as provided by the Bank of England (or a successor administrator of SONIA) to authorised distributors (the **SONIA authorised distributors**) and as then published on the Relevant Screen Page (or, if the Relevant Screen Page is unavailable, as otherwise published by the SONIA authorised distributors) on the London Banking Day immediately following such London Banking Day, *provided* that if, in respect of any London Banking Day, the applicable SONIA Reference Rate is not made available on the Relevant Screen Page (or has not otherwise been published by the SONIA authorised distributors) by 5.00 p.m. London time, then (unless the Principal Paying Agent or the Calculation Agent, as applicable, has been notified of any Successor Rate or Alternative Rate (and any related Adjustment Spread and/or Benchmark Amendments) pursuant to Condition 4(d) below, if applicable) the SONIA Reference Rate in respect of such London Banking Day shall be:

- (I) the sum of (i) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at 5.00 p.m. (or, if earlier, close of business) on such London Banking Day; and (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five London

Banking Days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and the lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads); or

- (II) if the Bank Rate described in sub-clause (I) above at such time on such London Banking Day, the SONIA Reference Rate published on the Relevant Screen Page (or as otherwise published by the SONIA authorised distributors) for the first preceding London Banking Day on which the SONIA Reference Rate was published on the Relevant Screen Page (or otherwise published by the SONIA authorised distributors); and

**Specified Time** means 10:00 a.m., London time, or such other time as is specified in the applicable Final Terms.

- (D) *Screen Rate Determination for Floating Rate Notes referencing Compounded Daily SOFR*

- (A) Where "Screen Rate Determination" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the "Reference Rate" is specified as being Compounded Daily SOFR, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SOFR for such Interest Period plus or minus (as specified in the applicable Final Terms) the Margin (if any), all as determined and calculated by the Principal Paying Agent or the Calculation Agent, as applicable.

**Compounded Daily SOFR** means, with respect to an Interest Period,

- (I) if Index Determination is specified as being applicable in the applicable Final Terms, the rate determined by the Principal Paying Agent or the Calculation Agent, as applicable, on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left( \frac{\text{SOFR Index}_{\text{End}}}{\text{SOFR Index}_{\text{Start}}} - 1 \right) \times \left( \frac{360}{d} \right)$$

where:

**SOFR Index<sub>Start</sub>** is the SOFR Index value for the day falling "p" U.S. Government Securities Business Days prior to the first day of the relevant Interest Period;

**SOFR Index<sub>End</sub>** is the SOFR Index value for the day falling "p" U.S. Government Securities Business Days prior to the last day of the relevant Interest Period; and

**d** is the number of calendar days in the relevant SOFR Observation Period;

*provided* that, if the SOFR Index value required to determine SOFR Index<sub>Start</sub> or SOFR Index<sub>End</sub> does not appear on the SOFR

Administrator's Website at the Specified Time on the relevant U.S. Government Securities Business Day (or by 3:00 pm New York City time on the immediately following US Government Securities Business Day or such later time falling one hour after the customary or scheduled time for publication of the SOFR Index value in accordance with the then-prevailing operational procedures of the administrator of SOFR Index), "Compounded Daily SOFR" for such Interest Period and each Interest Period thereafter will be determined in accordance with Condition 4(c)(ii)(D)(II) below; or

- (II) if either (x) Index Determination is specified as being not applicable in the applicable Final Terms, or (y) this Condition 4(c)(ii)(D)(II) applies to such Interest Period pursuant to the proviso in Condition 4(c)(ii)(D)(I) above, the rate determined by the Principal Paying Agent or the Calculation Agent, as applicable, on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{\text{SOFR}_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

**d** is the number of calendar days in the relevant SOFR Observation Period;

**d<sub>0</sub>** is the number of U.S. Government Securities Business Days in the relevant SOFR Observation Period;

**i** is a series of whole numbers from one to "d<sub>0</sub>", each representing the relevant U.S. Government Securities Business Days in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant SOFR Observation Period;

**n<sub>i</sub>**, for any U.S. Government Securities Business Day "i", in the relevant SOFR Observation Period, is the number of calendar days from (and including) such U.S. Government Securities Business Day "i" up to (but excluding) the following U.S. Government Securities Business Day ("i+1"); and

**SOFR<sub>i</sub>** means, in respect of any U.S. Government Securities Business Day "i" falling in the relevant SOFR Observation Period, the SOFR Reference Rate for such U.S. Government Securities Business Day.

- (B) If the SOFR Benchmark Replacement is at any time required to be used pursuant to paragraph (3) of the definition of SOFR Reference Rate, then the Issuer or the SOFR Benchmark Replacement Agent, if any, will determine the SOFR Benchmark Replacement in accordance with the definition thereof with respect to the then-current SOFR Benchmark and, if the Issuer or the SOFR Benchmark Replacement Agent has so determined the SOFR Benchmark Replacement:

- (I) the SOFR Benchmark Replacement Agent shall also determine the method for determining the rate described in sub-paragraph (a) of paragraph (1), (2) or (3) of the definition of SOFR Benchmark Replacement, as applicable (including (i) the page, section or other part of a particular information service on or source from which such rate appears or is obtained (the **Alternative Relevant Source**), (ii) the time at which such rate appears on, or is obtained from, the Alternative Relevant Source (the **Alternative Specified Time**), (iii) the day on which such rate will appear on, or is obtained from, the Relevant Source in respect of each U.S. Government Securities Business Day (the **Alternative Relevant Date**), and (iv) any alternative method for determining such rate if is unavailable at the Alternative Specified Time on the applicable **Alternative Relevant Date**), which method shall be consistent with industry-accepted practices for such rate;
  - (II) from (and including) the Affected Day, references to the Specified Time in these Conditions shall be deemed to be references to the Alternative Specified Time;
  - (III) if the SOFR Benchmark Replacement Agent determines that (i) changes to the definitions of Business Day, Business Day Convention, Compounded Daily SOFR, Day Count Fraction, Interest Determination Date, Interest Payment Date, Interest Period, Observation Look-Back Period, SOFR Observation Period, SOFR Reference Rate or U.S. Government Securities Business Day and/or (ii) any other technical changes to any other provision in this Condition 4(c)(ii), are necessary in order to implement the SOFR Benchmark Replacement (including any alternative method described in sub-paragraph (iv) of paragraph (I) above) as the SOFR Benchmark in a manner substantially consistent with market practice (or, if the SOFR Benchmark Replacement Agent decides that adoption of any portion of such market practice is not administratively feasible or if the SOFR Benchmark Replacement Agent determines that no market practice for use of the SOFR Benchmark Replacement exists, in such other manner as the SOFR Benchmark Replacement Agent, as the case may be, determines is reasonably necessary), the Issuer and the Fiscal Paying Agent and/or the Calculation Agent, as applicable, shall agree without any requirement for the consent or approval of Noteholders to the necessary modifications to these Conditions and/or the Agency Agreement in order to provide for the amendment of such definitions or other provisions to reflect such changes; and
  - (IV) the Issuer will give notice or will procure that notice is given as soon as practicable to the Principal Paying Agent and the Calculation Agent, as applicable, and to the Noteholders in accordance with Condition 13, specifying the SOFR Benchmark Replacement, as well as the details described in paragraph (A) above and the amendments implemented pursuant to paragraph (III) above.
- (C) For the purposes of this Condition 4(c)(ii)(D):

**Corresponding Tenor** means, with respect to a SOFR Benchmark Replacement, a tenor (including overnight) having approximately the same

length (disregarding any applicable Business Day Convention) as the applicable tenor for the then-current SOFR Benchmark;

**ISDA Definitions** means the 2021 ISDA Definitions published by ISDA or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by ISDA;

**ISDA Fallback Adjustment** means, with respect to any ISDA Fallback Rate, the spread adjustment, which may be a positive or negative value or zero, that would be applied to such ISDA Fallback Rate in the case of derivatives transactions referencing the ISDA Definitions that will be effective upon the occurrence of an index cessation event with respect to the then-current SOFR Benchmark for the applicable tenor;

**ISDA Fallback Rate** means, with respect to the then-current SOFR Benchmark, the rate that would apply for derivatives transactions referencing the ISDA Definitions that will be effective upon the occurrence of an index cessation date with respect to the then-current SOFR Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

**Observation Look-Back Period** means the period specified as such in the applicable Final Terms;

**p** means the number of U.S. Government Securities Business Days included in the Observation Look-Back Period, as specified in the applicable Final Terms;

**Relevant Governmental Body** means the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York or any successor thereto;

**SOFR** means, in respect of any U.S. Government Securities Business Day, the daily secured overnight financing rate for such U.S. Government Securities Business Day as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate);

**SOFR Administrator** means the Federal Reserve Bank of New York (or a successor administrator of the daily Secured Overnight Financing Rate or the SOFR Index, as applicable);

**SOFR Administrator's Website** means the website of the Federal Reserve Bank of New York, or any successor source;

**SOFR Benchmark** means SOFR, provided that if a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred with respect to SOFR or such other then-current SOFR Benchmark, then "SOFR Benchmark" means the applicable SOFR Benchmark Replacement;

**SOFR Benchmark Replacement** means, with respect to the then-current SOFR Benchmark, the first alternative set forth in the order presented below that can be determined by the SOFR Benchmark Replacement Agent as of the

SOFR Benchmark Replacement Date with respect to the then-current SOFR Benchmark:

- (1) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current SOFR Benchmark for the applicable Corresponding Tenor and (b) the SOFR Benchmark Replacement Adjustment; or
- (2) the sum of (a) the ISDA Fallback Rate and (b) the SOFR Benchmark Replacement Adjustment;
- (3) the sum of: (a) the alternate rate of interest that has been selected by the SOFR Benchmark Replacement Agent as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (b) the SOFR Benchmark Replacement Adjustment, provided that, (i) if the SOFR Benchmark Replacement Agent determines that there is an industry-accepted replacement rate of interest for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time, it shall select such industry-accepted rate, and (ii) otherwise, it shall select such rate of interest that it has determined is most comparable to the then-current Benchmark, and the Benchmark Replacement Adjustment;

**SOFR Benchmark Replacement Adjustment** means, with respect to any Benchmark Replacement, the first alternative set forth in the order below that can be determined by the SOFR Benchmark Replacement Agent, if any, as of the Benchmark Replacement Date with respect to the then-current Benchmark:

- (1) the spread adjustment, or method for calculating or determining such spread adjustment, which may be a positive or negative value or zero, that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment;
- (3) the spread adjustment, which may be a positive or negative value or zero, that has been selected by the SOFR Benchmark Replacement Agent to be applied to the applicable Unadjusted SOFR Benchmark Replacement in order to reduce or eliminate, to the extent reasonably practicable under the circumstances, any economic prejudice or benefit (as applicable) to Noteholders as a result of the replacement of the then-current SOFR Benchmark with such Unadjusted SOFR Benchmark Replacement for the purposes of determining the SOFR Reference Rate, which spread adjustment shall be consistent with any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, applied to such Unadjusted SOFR Benchmark Replacement where it has replaced the then-current SOFR Benchmark for U.S. dollar denominated floating rate notes at such time;

**SOFR Benchmark Replacement Agent** means any person that has been appointed by the Issuer to make the calculations and determinations to be

made by the SOFR Benchmark Replacement Agent described in this Condition 4(c)(ii)(D) that may be made by either the SOFR Benchmark Replacement Agent or the Issuer, so long as such person is a leading bank or other financial institution or a person with appropriate expertise, in each case that is experienced in such calculations and determinations;

**SOFR Benchmark Replacement Date** means, with respect to the then-current SOFR Benchmark, the earliest to occur of the following events with respect thereto:

- (1) in the case of sub-paragraph (1) or (2) of the definition of SOFR Benchmark Transition Event, the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the SOFR Benchmark permanently or indefinitely ceases to provide the SOFR Benchmark; or
- (2) in the case of sub-paragraph (3) of the definition of SOFR Benchmark Transition Event, the date of the public statement or publication of information referenced therein.

If the event giving rise to the SOFR Benchmark Replacement Date occurs on the same day as, but earlier than, the Specified Time in respect of any determination, the SOFR Benchmark Replacement Date will be deemed to have occurred prior to the Specified Time for such determination;

**SOFR Benchmark Transition Event** means, with respect to the then-current SOFR Benchmark, the occurrence of one or more of the following events with respect thereto:

- (1) a public statement or publication of information by or on behalf of the administrator of the SOFR Benchmark announcing that such administrator has ceased or will cease to provide the SOFR Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the SOFR Benchmark;
- (2) a public statement or publication of information by the regulatory supervisor for the administrator of the SOFR Benchmark, the central bank for the currency of the SOFR Benchmark, an insolvency official with jurisdiction over the administrator for the SOFR Benchmark, a resolution authority with jurisdiction over the administrator for the SOFR Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the SOFR Benchmark, which states that the administrator of the SOFR Benchmark has ceased or will cease to provide the SOFR Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the SOFR Benchmark; or
- (3) a public statement or publication of information by the regulatory supervisor for the administrator of the SOFR Benchmark announcing that the SOFR Benchmark is no longer representative;



**SOFR Index** means, in respect of any U.S. Government Securities Business Day, the compounded daily SOFR rate for such U.S. Government Securities Business Day as published by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) on the SOFR Administrator's Website;

**SOFR Index value** means, in respect of any U.S. Government Securities Business Day, the value of the SOFR Index published for such U.S. Government Securities Business Day as such value appears on the by the SOFR Administrator's Website at the Specified Time on such U.S. Government Securities Business Day;

**SOFR Observation Period** means, in respect of any Interest Period, the period from (and including) the date falling "p" U.S. Government Securities Business Days prior to the first day of such Interest Period to (but excluding) the date falling *p* U.S. Government Securities Business Days prior to the Interest Payment Date for such Interest Period or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period); and

**SOFR Reference Rate** means, in respect of any U.S. Government Securities Business Day:

- (1) a rate equal to SOFR for such U.S. Government Securities Business Day appearing on the SOFR Administrator's Website on or about the Specified Time on the U.S. Government Securities Business Day immediately following such U.S. Government Securities Business Day; or
- (2) if SOFR in respect of such U.S. Government Securities Business Day does not appear as specified in paragraph (1) above, unless the SOFR Benchmark Replacement Agent determines that a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred with respect to SOFR on or prior to the Specified Time on the U.S. Government Securities Business Day immediately following such U.S. Government Securities Business Day, SOFR in respect of the last U.S. Government Securities Business Day for which such rate was published on the SOFR Administrator's Website; or
- (3) if the SOFR Benchmark Replacement Agent determines that a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred with respect to the then-current SOFR Benchmark on or prior to the Specified Time on the U.S. Government Securities Business Day immediately following such U.S. Government Securities Business Day (or, if the then-current SOFR Benchmark is not SOFR, on or prior to the Specified Time on the Alternative Relevant Date), then (subject to the subsequent operation of this paragraph (3)) from (and including) the U.S. Government Securities Business Day immediately following such U.S. Government Securities Business Day (or the Alternative Relevant Date, as applicable) (the Affected Day), SOFR Reference Rate shall mean, in respect of any U.S. Government Securities Business Day, the applicable SOFR Benchmark Replacement for such U.S. Government Securities Business Day appearing on, or

obtained from, the Alternative Relevant Source at the Alternative Specified Time on the Alternative Relevant Date.

**Specified Time** means 3:00 p.m., New York City time or such other time as is specified in the applicable Final Terms;

**Unadjusted SOFR Benchmark Replacement** means the SOFR Benchmark Replacement excluding the SOFR Benchmark Replacement Adjustment; and

**U.S. Government Securities Business Day** means any day (other than a Saturday or Sunday) that is not a day on which the Securities Industry and Financial Markets Association or any successor organisation recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

- (D) Notwithstanding the other provisions of this Condition 4(c)(ii), in the event the SOFR Benchmark Replacement Agent determines it appropriate, in its sole discretion, to consult with an Independent Adviser in connection with any determination to be made by the SOFR Benchmark Replacement Agent pursuant to this Condition 4(c)(ii), the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, for the purposes of any such consultation.

An Independent Adviser appointed pursuant to this Condition 4(c)(ii) shall act in good faith in a commercially reasonable manner but shall have no relationship of agency or trust with the Noteholders and (in the absence of fraud) shall have no liability whatsoever to the SOFR Benchmark Replacement Agent or the Noteholders, the Receiptholders or the Couponholders for any determination made by it or for any advice given to the Replacement Benchmark Replacement Agent in connection with any determination made by the SOFR Benchmark Replacement Agent pursuant to this Condition 4(c)(ii) or otherwise in connection with the Notes.

If the SOFR Benchmark Replacement Agent consults with an Independent Adviser as to the occurrence of any SOFR Benchmark Transition Event and/or the related SOFR Benchmark Replacement Date, a written determination of that Independent Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error, and (in the absence of fraud) the SOFR Benchmark Replacement Agent shall have no liability whatsoever to any Noteholders, Receiptholders or Couponholders in respect of anything done, or omitted to be done, in relation to that matter in accordance with any such written determination or otherwise in connection with the Notes.

- (E) Any determination, decision or election that may be made by the SOFR Benchmark Replacement Agent pursuant to this Condition 4(c)(ii), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event (including any determination that a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred with respect to the then-current SOFR Benchmark), circumstance or date and any decision to take or refrain from taking any action or any selection, will be made in the sole discretion of the SOFR Benchmark Replacement Agent, acting in good faith and in a commercially reasonable manner.

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

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

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

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

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

The Principal Paying Agent or the Calculation Agent, as applicable, will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented (i) by a Global Note or (ii) Registered Notes in Definitive Form, the aggregate outstanding nominal amount of (A) the Notes represented by such Global Note or (B) such Registered Notes; or
- (B) in the case of Floating Rate Notes which are Bearer Notes in definitive form, the Calculation Amount,

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

For the purposes of the calculation of an amount of interest in accordance with this Condition 4(c), **Day Count Fraction** means:

- (A) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (B) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (C) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

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- (D) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (E) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

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

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

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“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30; and

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

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

(v) *Linear Interpolation*

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

For the purposes of this Condition 4(c)(v), **Designated Maturity** means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

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

The Principal Paying Agent or the Calculation Agent, as applicable, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment

Date to be notified to the Issuer and any stock exchange or other relevant authority on which the relevant Floating Rate Notes are for the time being listed or by which they have been admitted to listing and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which the relevant Floating Rate Notes are for the time being listed or by which they have been admitted to listing and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(vii) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(c) or Condition 4(d), whether by the Principal Paying Agent or if applicable, the Calculation Agent or the SOFR Benchmark Replacement Agent or the Benchmark Calculation Agent, as the case may be, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent or if applicable, the Calculation Agent or the SOFR Benchmark Replacement Agent or the Benchmark Calculation Agent, as the case may be, the other Agents and all Noteholders and Couponholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Calculation Agent or the SOFR Benchmark Replacement Agent or the Benchmark Calculation Agent, as the case may be, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions. The Calculation Agent or the SOFR Benchmark Replacement Agent or the Benchmark Calculation Agent, as the case may be (if applicable and in the case of Condition 4(d)) is acting solely as an agent of the Issuer (if it is an entity other than the Issuer), and the Calculation Agent or the SOFR Benchmark Replacement Agent or the Benchmark Calculation Agent, as the case may be (acting in such capacity) does not assume any obligation to, or relationship of agency or trust with, nor have any liability whatsoever to, any Noteholders or Couponholders.

(d) **Benchmark Discontinuation**

By its acquisition of the Notes, each Noteholder (which for these purposes includes each holder of a beneficial interest in the Notes) will be deemed to have expressly consented to the application of the provisions of this Condition 4(d). Without any requirement for any further consent or approval of the Noteholders (whether pursuant to Condition 14 or otherwise) and notwithstanding the provisions in Conditions 4(b) or 4(c) above, as the case may be, (in the case of Floating Rate Notes other than where the Reference Rate is specified in the applicable Final Terms as being Compounded Daily SOFR, in which case the provisions of this Condition 4(d) shall not apply) if the Issuer or the Benchmark Calculation Agent (in consultation with the Issuer, where the Benchmark Calculation Agent is a party other than the Issuer, or, if the Benchmark Calculation Agent deems it appropriate, an Independent Adviser) determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to that Original Reference Rate, then the following provisions of this Condition 4(d) shall apply.

(i) *Successor Rate or Alternative Rate*

If the Benchmark Calculation Agent, acting in good faith and in a commercially reasonable manner, and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in its sole discretion that:

- (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4(d)(ii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 4(d)); or
- (B) 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(d)(ii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 4(d)).

(ii) *Adjustment Spread*

If the Benchmark Calculation Agent, acting in good faith and in a commercially reasonable manner, and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in its sole discretion that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be), then the Benchmark Calculation Agent shall, if necessary, calculate such Adjustment Spread and apply such Adjustment Spread to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(iii) *Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4(d) and the Benchmark Calculation Agent, acting in good faith and in a commercially reasonable manner, and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in its sole discretion (A) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**) and (B) the terms of the Benchmark Amendments, then the Issuer and the Principal Paying Agent and/or the Benchmark Calculation Agent, as applicable, shall, subject to giving notice thereof in accordance with Condition 4(d)(v), without any requirement for the consent or approval of Noteholders or Couponholders (whether pursuant to Condition 14 or otherwise), agree to the necessary modifications to these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such modifications in accordance with this Condition 4(d)(iii), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading. Notwithstanding any other provision of this Condition 4(d), no Successor Rate, Alternative Rate or Adjustment Spread will be adopted, nor will any other amendment to the terms and conditions of any Series of Notes be made to effect the Benchmark Amendments, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the treatment of any relevant Series of Notes as Tier 2 capital or eligible liabilities for the purposes of Article 45 of the BRRD, in each case of the Issuer or the Group, as applicable.

(iv) *Benchmark Calculation Agent and any Independent Adviser*

In the event the Benchmark Calculation Agent determines it appropriate, in its sole discretion, to consult with an Independent Adviser in connection with any determination to be made by the Benchmark Calculation Agent pursuant to this Condition 4(d), the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, for the purposes of any such consultation.

An Independent Adviser appointed pursuant to this Condition 4(d) shall act in good faith in a commercially reasonable manner but shall have no relationship of agency or trust with the Noteholders and (in the absence of fraud) shall have no liability whatsoever to the Benchmark Calculation Agent or the Noteholders or the Couponholders for any determination made by it or for any advice given to the Benchmark Calculation Agent in connection with any determination made by the Benchmark Calculation Agent pursuant to this Condition 4(d) or otherwise in connection with the Notes.

If the Benchmark Calculation Agent consults with an Independent Adviser as to the occurrence of any Benchmark Event and/or whether there is a Successor Rate or an Alternative Rate and/or any Adjustment Spread is required to be applied and/or in relation to the quantum of, or any formula or methodology for determining such Adjustment Spread and/or whether any Benchmark Amendments are necessary and/or in relation to the terms of any such Benchmark Amendments, a written determination of that Independent Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error, and (in the absence of fraud) the Benchmark Calculation Agent shall have no liability whatsoever to any Noteholders or Couponholders in respect of anything done, or omitted to be done, in relation to that matter in accordance with any such written determination or otherwise in connection with the Notes.

(v) *Notice*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(d) will be notified promptly by the Issuer to the Paying Agents and, in accordance with Condition 13, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(vi) *Survival of Original Reference Rate Provisions*

Without prejudice to the obligations of the Benchmark Calculation Agent and the Issuer under this Condition 4(d), the Original Reference Rate and the fallback provisions provided for in Conditions 4(b) and 4(c)(ii)(B) and the applicable Final Terms, as the case may be, will continue to apply unless and until the Benchmark Calculation Agent has determined the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with the relevant provisions of this Condition 4(d).

(vii) Notwithstanding any other provision of Condition 4(c) or this Condition 4(d), neither the Principal Paying Agent and/or the Calculation Agent, as applicable, shall be obliged to concur with the Issuer in respect of any Benchmark Amendments which, in the reasonable opinion of the Principal Paying Agent or the Calculation Agent, as applicable, would have the effect of increasing the obligations or duties, or decreasing the rights or protections, of the Principal Paying Agent or the Calculation Agent, as applicable in the Agency Agreement and/or those contained herein.

(viii) Notwithstanding any provision of the Conditions, if in the sole opinion of the Principal Paying Agent or the Calculation Agent, as applicable, there is any uncertainty between two or more alternative courses of action in making any determination or calculation provided for by



the terms of a Benchmark Amendment, the Principal Paying Agent or Calculation Agent, as applicable, shall promptly notify the Issuer thereof and the Issuer shall following consultation with the Calculation Agent direct the Principal Paying Agent or Calculation Agent in writing as to which alternative course of action to adopt. If the Principal Paying Agent or Calculation Agent is not promptly provided with such direction or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Principal Paying Agent or Calculation Agent, as the case may be, shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

(ix) *Definitions*

In this Condition 4(d), the following expressions shall have the following meanings:

**Adjustment Spread** means either a spread, or the formula or methodology for calculating a spread and the spread resulting from such calculation, which spread may in either case be positive or negative or zero and is to be applied to the Successor Rate or the Alternative Rate (as the case may be) where the Original Reference Rate is replaced with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) in the case of a Successor Rate if no such spread, formula or methodology is formally recommended or provided as an option by any Relevant Nominating Body or in the case of an Alternative Rate, is in customary market usage in the international debt capital market for transactions which reference the Original Reference Rate, where such rate has been replaced by the Alternative Rate,

or if no such recommendation or option has been made (or made available), or the Benchmark Calculation Agent, acting in good faith and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines there is no such spread, formula or methodology in customary market usage, the spread, formula or methodology which the Benchmark Calculation Agent, following consultation with an Independent Adviser, and acting in good faith and a commercially reasonable manner, determines in its sole discretion:

- (A) is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (B) if the Benchmark Calculation Agent so determines that no such industry standard is recognised or acknowledged, to be appropriate, having regard to the objective, so far as is reasonably practicable in the circumstances, of reducing or eliminating any economic prejudice or benefit (as the case may be) to Noteholders, as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be),

and in either such case, which the Benchmark Calculation Agent, following consultation with an Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is required to be so applied;

**Alternative Rate** means an alternative benchmark or screen rate which the Benchmark Calculation Agent determines in accordance with this Condition 4(d) is used in place of the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period or reset period, as applicable, and in the same Specified Currency as the Notes;

**Benchmark Calculation Agent** means the Calculation Agent in respect of the Notes unless (i) where such party is a party other than the Issuer, that party fails to perform or notifies the Issuer that it is unable to perform any of its duties or obligations as Benchmark Calculation Agent under this Condition 4(d) or (ii) where such party is the Issuer, the Issuer determines in its sole discretion to appoint another party as Benchmark Calculation Agent, in which case for each of (i) and (ii) above, the Benchmark Calculation Agent shall be such other party as is appointed by the Issuer to act as Benchmark Calculation Agent, which party may, in the case of (i) above, include the Issuer or an affiliate of the Issuer and shall be a leading bank or financial institution, or another party of recognised standing and with appropriate expertise to make the determinations and/or calculations to be made by the Benchmark Calculation Agent;

**Benchmark Event** means:

- (A) the Original Reference Rate ceasing to be published for at least five business days or ceasing to exist or be administered;
- (B) the later of (a) the making of a public statement by the administrator of the Original Reference Rate that it will, by a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (b) the date falling six months prior to such specified date;
- (C) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued, is prohibited from being used or is no longer representative or will no longer be representative, or that its use is subject to restrictions or adverse consequences or, where such discontinuation, prohibition, restrictions or adverse consequences are to apply from a specified date after the making of any public statement to such effect, the later of the date of the making of such public statement and the date falling six months prior to such specified date; or
- (D) it has or will prior to the next Interest Determination Date or Reset Determination Date, as applicable, become unlawful for the Calculation Agent, any Paying Agent or the Issuer to determine any Rate of Interest and/or calculate any Interest Amount using the Original Reference Rate (including, without limitation, under Regulation (EU) No. 2016/1011 (including as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018), if applicable).

**Independent Adviser** means an independent financial institution of international repute or other independent adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense;

**Original Reference Rate** means the benchmark or screen rate (as applicable) originally specified in the applicable Final Terms for the purposes of determining the relevant Rate of Interest (or any component part thereof) in respect of the Notes (provided that if, following one or more Benchmark Events, such originally specified benchmark or screen rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in

respect of such Successor Rate or Alternative Rate, the term “Original Reference Rate” shall include any such Successor Rate or Alternative Rate);

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

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

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

**(e) Interest – Interest Rate and Payments from the Maturity Date in the event of extension of maturity of a Series of Notes**

This Condition 4(e) is applicable to Notes specified in the applicable Final Terms as being Covered Bonds.

If “Extended Final Maturity” is specified as applicable in the applicable Final Terms and any of the triggering circumstances for an extension of maturity set forth in Article 15 of Royal Decree-Law 24/2021 occurs, then payment of the nominal amount payable by the Issuer on the Maturity Date shall, subject to receiving any required authorisation from the Bank of Spain in connection therewith, be deferred until the Extended Final Maturity Date specified in the applicable Final Terms.

*As of the date of this Offering Circular the circumstances for an extension of maturity set forth in Article 15 of Royal Decree-Law 24/2021 are (i) the existence of a danger of default in respect of the Covered Bonds due to liquidity issues in the applicable Cover Pool or for the Issuer; (ii) the insolvency or resolution of the Issuer; (iii) a declaration of non-viability of the Issuer in accordance with Article 8 of Law 11/2015; and (iv) the existence of serious disturbances affecting national financial markets, where this has been announced by the Macroeconomic and Financial Stability Board (AMCESFI) by means of a communication in the form of a warning or recommendation, which is not of a confidential nature.*

If “Extended Final Maturity” is specified as applicable in the applicable Final Terms and the maturity of the Notes is extended beyond the Maturity Date, the Notes shall bear interest from (and including) the Maturity Date to (but excluding) the Extended Final Maturity Date, subject to Condition 6(l). In that event, interest shall be payable on those Notes at the rate determined in accordance with Condition 4(e) on the nominal amount outstanding of the Notes in arrear on (i) the Interest Payment Date in each month after the Maturity Date, or (ii) the Extended Final Maturity Date, as applicable, in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date or the Extended Final Maturity Date, respectively. The final Interest Payment Date shall fall no later than the Extended Final Maturity Date.

If “Extended Final Maturity” is specified as applicable in the applicable Final Terms and the maturity of the Notes is extended beyond the Maturity Date in accordance with Condition 6(m), the rate of interest payable from time to time in respect of the nominal amount outstanding of the Notes on each Interest Payment Date after the Maturity Date in respect of the Interest Period ending immediately

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prior to the relevant Interest Payment Date or the Extended Final Maturity Date, as applicable, will be as specified in the applicable Final Terms and, in the case of Floating Rate Notes, determined by the Principal Paying Agent or the Calculation Agent, as applicable, two Business Days after the Maturity Date in respect of the first such Interest Period and thereafter as specified in the applicable Final Terms.

In the case of Notes which are Zero Coupon Notes up to (and including) the Maturity Date and for which an Extended Final Maturity Date is specified in the applicable Final Terms, for the purposes of this Condition 4(e), the nominal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Conditions.

### **(f) Accrual of interest**

Each Note will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Principal Paying Agent or the relevant Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 13.

## **5. PAYMENTS**

### **(a) Method of payment**

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (ii) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, but without prejudice to the provisions of Condition 7, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto.

### **(b) Presentation of definitive Bearer Notes and Coupons**

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons,

## TERMS AND CONDITIONS OF THE NOTES

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in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or to such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

Upon the date on which any Floating Rate Note, Fixed Reset Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

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

### (c) **Payments in respect of Bearer Global Notes**

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

### (d) **Payments in respect of Registered Notes**

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the relevant Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the relevant Registrar (the **Register**) at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the

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principal amount of the Notes held by a holder is less than USD250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the relevant Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the relevant Registrar not less than three business days in the city where the specified office of the relevant Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the relevant Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the relevant Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer to an account in the relevant Specified Currency of the Exchange Agent for conversion into and payment in U.S. dollars unless the participant in DTC with an interest in the Notes has elected to receive any part of such payment in that Specified Currency, in the manner specified in the Agency Agreement and in accordance with the rules and procedures for the time being of DTC. In order to convert amounts from the Specified Currency into U.S. dollars, the Exchange Agent may use Deutsche Bank AG or its affiliates (collectively, **DBAG**) to effect such conversion by seeking to enter into a foreign exchange (**FX**) transaction with DBAG. DBAG's FX disclosure available from time to time can be found at <https://www.db.com/en/content/Foreign-Exchange-Disclosures.htm>. As set out in the FX disclosures, DBAG may charge a price which is inclusive of bid-ask spread, mark-up or fees. A portion of these fees or commissions or mark-up may be shared with the Exchange Agent. In no event shall the Exchange Agent or DBAG be liable to the Issuer or any other party for the conversion rate so obtained. The Exchange Agent may deduct a fee for such conversion from any amounts received by it.

Neither the Issuer nor any Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

### (e) General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note. No person other than the holder of the relevant Global Note shall have any claim against the Issuer in respect of any payments due in respect of such Global Note.

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

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

### (f) Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) the relevant place of presentation (if presentation is required); and
  - (B) each Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (ii) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open;
- (iii) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open; and

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- (iv) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

### (g) Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6(h)); and
- (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

### (h) RMB Currency Event

If “RMB Currency Event” is specified in the applicable Final Terms and a RMB Currency Event, as determined by the Issuer acting in good faith, exists on a date for payment of any amount in respect of any Note or Coupon, the Issuer’s obligation to make a payment in RMB under the terms of the Notes may be replaced by an obligation to pay such amount in the Relevant Currency converted using the Spot Rate for the relevant Determination Date.

Upon the occurrence of a RMB Currency Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 13 stating the occurrence of the RMB Currency Event, giving details thereof and the action proposed to be taken in relation thereto.

For the purpose of this Condition and unless stated otherwise in the Final Terms:

**Determination Business Day** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Madrid, Hong Kong, London and New York City;

**Determination Date** means the day which is two Determination Business Days before the due date of the relevant payment under the Notes;

**Governmental Authority** means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

**Relevant Currency** means U.S. dollars or such other currency as may be specified in the applicable Final Terms;



**RMB Currency Events** means any one of RMB Illiquidity, RMB Non-Transferability and RMB Inconvertibility;

**RMB Illiquidity** means the general RMB exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient RMB in order to make a payment under the Notes, as determined by the Issuer in a commercially reasonable manner following consultation by such Issuer with two independent foreign exchange dealers of international repute active in the RMB exchange market in Hong Kong;

**RMB Inconvertibility** means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes into RMB on any payment date at the general RMB exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

**RMB Non-Transferability** means the occurrence of any event that makes it impossible for the Issuer to deliver RMB between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong (including where the RMB clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation); and

**Spot Rate** means, unless specified otherwise in the applicable Final Terms, the spot CNY/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Determination Business Days, as determined by the RMB Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the RMB Calculation Agent shall determine the rate taking into consideration all available information which the RMB Calculation Agent deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in Hong Kong or elsewhere and the CNY/U.S. dollar exchange rate in the PRC domestic foreign exchange market.

**(i) RMB account**

All payments in respect of any Note or Coupon in RMB will be made solely by credit to a RMB account maintained by the payee at a bank in Hong Kong or such other financial centre(s) as may be specified in the applicable Final Terms as RMB Settlement Centre(s) in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of Renminbi in Hong Kong or any relevant RMB Settlement Centre(s)).

**6. REDEMPTION AND PURCHASE**

**(a) Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms (or, if applicable, the Extended Final Maturity Date).

Senior Preferred Notes will have a maturity of more than one month.

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Zero Coupon Notes will not have a maturity of more than 12 months.

Senior Non-Preferred Notes, Senior Subordinated Notes and, if intended to qualify as eligible liabilities of the Issuer or the Group for the purposes of Article 45 of the BRRD, Senior Preferred Notes will have an original maturity of at least one year from their date of effective disbursement or such minimum or maximum maturity as may be permitted or required from time to time by Applicable Banking Regulations.

Tier 2 Subordinated Notes will have an original maturity of at least five years from their date of effective disbursement or such minimum or maximum maturity as may be permitted or required from time to time by Applicable Banking Regulations for their qualification as regulatory capital for capital adequacy purposes.

Covered Bonds will have the maturity specified in the applicable Final Terms.

### **(b) Redemption for tax reasons**

Subject to Condition 6(h), the Issuer may, subject to such redemption being in compliance with Applicable Banking Regulations then in force, and subject to the prior consent of the Regulator if required pursuant to such regulations, redeem all or, if so specified in the applicable Final Terms, some only of the Notes then outstanding at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 nor more than 90 days' prior notice to the Principal Paying Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if as a result of any change in, or amendment to, the laws or regulations of Spain (as defined in Condition 7) or any change in the application or binding official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the most recent Tranche of the Notes:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts, as provided or referred to in Condition 7; or
- (ii) the Issuer would not be entitled to claim a deduction in computing taxation liabilities in Spain in respect of any payment of interest to be made on the Notes on the occasion of the next payment due under the Notes or the value of such deduction to the Issuer would be reduced; or
- (iii) the applicable tax treatment of the Notes would be materially affected,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which (A) the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due, (B) the Issuer would not be entitled to claim such deduction or the amount of such deduction would be reduced or (C) such tax treatment on the Notes would be affected.

Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver to the Principal Paying Agent to make available at its specified office to the Noteholders (i) a certificate signed by a duly authorised signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts or, as the case may be, will not be entitled to claim such deduction or the amount of such deduction would be reduced or, as the case may be, the applicable tax treatment of the Notes has been or will be affected, in each case as a result of such change or amendment and a copy of the Regulator's consent to redemption (if required).

Notes redeemed pursuant to this Condition 6(b) will be redeemed at their Early Redemption Amount referred to in Condition 6(h) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

**(c) Redemption at the option of the Issuer (Issuer Call)**

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, subject to such redemption being in compliance with Applicable Banking Regulations then in force, and subject to the prior consent of the Regulator if required pursuant to such regulations, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date.

**(d) Redemption at the option of the Issuer (Eligible Liabilities Event)**

This Condition shall not apply to any Tier 2 Subordinated Notes for so long as such Tier 2 Subordinated Notes are included in, or count towards, the Group's or the Issuer's Tier 2 Capital.

If, on or after the Issue Date, and other than in the case of Senior Preferred Notes where Eligible Liabilities Event has been specified as not applicable in the applicable Final Terms, an Eligible Liabilities Event occurs, the Notes may be redeemed at the option of the Issuer in whole, but not in part, subject to such redemption being in compliance with Applicable Banking Regulations then in force, and subject to the prior consent of the Regulator if required pursuant to such regulations, at any time, on giving not less than 30 nor more than 90 days' notice to the Principal Paying Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption).

Notes redeemed pursuant to this Condition 6(d) will be redeemed at their Early Redemption Amount referred to in paragraph (h) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

In these Conditions:

**Eligible Liabilities Event** means:

- (i) in the case of MREL Eligible Notes, a change (or any pending change which the Regulator considers sufficiently certain) in Spanish law or Applicable Banking Regulations or any official application or interpretation thereof, that results (or is likely to result) in:
  - (A) in the case of Notes other than Senior Preferred Notes where Additional Events of Default has been specified as not applicable in the applicable Final Terms, the relevant Notes not being (or ceasing to be) fully eligible for inclusion in the amount of eligible liabilities of the Issuer or the Group (the **Eligible Liabilities Amount**) for the purposes of Article 45 of the BRRD or Applicable Banking Regulations or any other regulations applicable in Spain from time to time; or
  - (B) in the case of Senior Preferred Notes where Additional Events of Default has been specified as not applicable in the applicable Final Terms, the relevant Notes not meeting the eligibility criteria for their inclusion in the Eligible Liabilities Amount, except for any requirement in relation to the ranking of such Senior Preferred Notes upon the insolvency (*concurso de acreedores*) of the Issuer and subject to any limitation on the amount of such Notes that may be eligible for inclusion in the Eligible Liabilities Amount, in each case under the Applicable Banking Regulations

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(or any other regulations applicable in Spain from time to time) effective on the Issue Date; or

- (ii) in the case of Senior Preferred Notes where Additional Events of Default has been specified as applicable in the applicable Final Terms, a change (or any pending change which the Regulator considers sufficiently certain) in Spanish law or Applicable Banking Regulations or in any official application or interpretation thereof after CRR II has come into force, that results (or is likely to result) in the relevant Notes not meeting the eligibility criteria for their inclusion in the Eligible Liabilities Amount, except for any requirement in relation to the ranking of such Senior Preferred Notes upon the insolvency (*concurso de acreedores*) of the Issuer and subject to any limitation on the amount of such notes that may be eligible for inclusion in the Eligible Liabilities Amount, in each case under the Applicable Banking Regulations (or any other regulations applicable in Spain from time to time) effective on the Issue Date;

provided that an Eligible Liabilities Event shall not occur where such ineligibility for inclusion of such Notes in the Eligible Liabilities Amount is due to the remaining maturity of those Notes being less than any period prescribed by any applicable eligibility criteria under the Applicable Banking Regulations (or any other regulations applicable in Spain from time to time) effective on (1) the Issue Date, in the case of (i) above and (2) the date on which CRR II comes into force in Spain, in the case of (ii) above; and

**MREL Eligible Notes** means Notes other than Senior Preferred Notes where Additional Events of Default has been specified as applicable in the applicable Final Terms.

### (e) **Redemption at the option of the Issuer (Capital Event): Tier 2 Subordinated Notes**

If, on or after the Issue Date and in the case of Tier 2 Subordinated Notes only, a Capital Event occurs, the Tier 2 Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part, subject to such redemption being in compliance with Applicable Banking Regulations then in force, and subject to the prior consent of the Regulator if required pursuant to such regulations, at any time, on giving not less than 30 nor more than 90 days' notice to the Principal Paying Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption).

Tier 2 Subordinated Notes redeemed pursuant to this Condition 6(e) will be redeemed at their Early Redemption Amount referred to in paragraph (h) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

**Capital Event** means a change (or any pending change which the Regulator considers sufficiently certain) in Spanish law or Applicable Banking Regulations that results (or is likely to result) in any of the outstanding aggregate nominal amount of the relevant Tier 2 Subordinated Notes ceasing to be included in, or counting towards, the Group's or the Issuer's Tier 2 Capital.

### (f) **Redemption at the option of the Issuer (Issuer Residual Call)**

If Issuer Residual Call is specified as being applicable in the applicable Final Terms and, at any time, the outstanding aggregate nominal amount of the Notes is 25 per cent. or less of the aggregate nominal amount of the Series issued, the Notes may be redeemed at the option of the Issuer in whole, but not in part, subject to such redemption being in compliance with Applicable Banking Regulations then in force, and subject to the prior consent of the Regulator if required pursuant to such regulations, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 nor more than 90 days' notice to the Principal Paying Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) at the Residual Call Early Redemption Amount specified

in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the date of redemption.

### (g) **Redemption at the option of the Noteholders (Investor Put)**

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem, in whole or in part, such Note on the Optional Redemption Date and at the relevant Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. No such redemption option will be applicable to any Tier 2 Subordinated Notes, except as permitted under Applicable Banking Regulations.

To exercise the right to require redemption of any Note the holder of such Note must if such Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg deliver at the specified office of any Paying Agent (in the case of Bearer Notes) or the relevant Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the relevant Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the relevant Registrar (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed. If a Note is in definitive bearer form, the Put Notice must be accompanied by such Note or evidence satisfactory to the Paying Agent concerned that such Note will, following delivery of the Put Notice, be held to its order or under its control. If a Note is represented by a global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of such Note the holder of such Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time, and, if such Note is a Bearer Note represented by a global Note, the terms of which require presentation for recording changes to its nominal amount, at the same time present or procure the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and/or DTC given by a holder of any Note pursuant to this Condition 6(g) shall be irrevocable except where prior to the due date of redemption an Event of Default has occurred and is continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6(g) and instead to declare such Note forthwith due and payable pursuant to Condition 9.

### (h) **Early Redemption Amounts**

For the purpose of paragraphs (b), (d) and (e) above and Condition 9:

- (i) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount as specified in the applicable Final Terms; and
- (ii) each Zero Coupon Note will be redeemed at its Early Redemption Amount, being an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Amortised Face Amount} = \text{RP} \times (1 + \text{AY})^Y$$

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

**y** is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

### (i) **Partial redemption of Notes**

In the event of any redemption of some only of the Notes pursuant to Conditions 6(b) or 6(c) above, such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of any partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and/or DTC, in the case of Redeemed Notes represented by a Global Note, in accordance with applicable law, not more than 30 days prior to the date fixed for redemption (or such lesser period specified in the applicable Final Terms) (such date of selection being hereinafter called the Selection Date). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption (or such lesser period specified in the applicable Final Terms). No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (i) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least five days prior to the Selection Date.

### (j) **Purchases**

The Issuer or any of its subsidiaries may purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise (subject to such purchase being in compliance with Applicable Banking Regulations then in force, and subject to the prior consent of the Regulator if required pursuant to such regulations). Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation (subject to such holding, reissue, resale or cancellation being in compliance with Applicable Banking Regulations).

### (k) **Cancellation**

All Notes which are redeemed and all Notes purchased by the Issuer pursuant to Condition 6(j) above that are to be cancelled will be forwarded to the Principal Paying Agent for cancellation (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption) and forthwith cancelled by the Principal Paying Agent. Notes which are cancelled in accordance with this Condition 6(k) cannot be reissued or resold.

### **(l) Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b) or (c) above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (h)(ii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the relevant Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 13.

### **(m) Extension of Final Maturity of Covered Bonds up to Extended Final Maturity Date**

This Condition 6(m) is applicable to Notes specified in the applicable Final Terms as being Covered Bonds.

An Extended Final Maturity Date may be specified in the applicable Final Terms applying to a Series of Covered Bonds.

If “Extended Final Maturity” is specified as applicable in the applicable Final Terms, and any of the triggering circumstances for an extension of maturity set forth in Article 15 of Royal Decree-Law 24/2021 occurs, the maturity of the Notes and the date on which the Notes will be due and repayable for the purposes of these Conditions may be extended up to the Extended Final Maturity Date, subject as otherwise provided in the applicable Final Terms, and subject to such extension being authorised by the Bank of Spain and all other prerequisite requirements for such extension being met.

The Issuer shall give notice to the Noteholders (in accordance with Condition 13) and the Principal Paying Agent of (a) any extension of the maturity of the Notes, as soon as practicable and (b) its intention to redeem all or any of the nominal amount outstanding of the Notes in full at least three Business Days, in the case of notice to the Noteholders and five Business Days, in the case of notice to the Principal Paying Agent, prior to the Maturity Date, where practicable for the Issuer to do so and otherwise as soon as practicable.

Any failure by the Issuer to so notify the Noteholders and the Principal Paying Agent shall not affect the validity or effectiveness of any such extension of the maturity of the Notes or, as applicable, redemption by the Issuer on the Maturity Date or give rise to any such person having any rights in respect of any such redemption but such failure may result in a delay in payment being received by a Noteholder through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be (including on the Maturity Date where at least three Business Days' notice of such redemption is not given to the Noteholders (in accordance with Condition 13) and the Paying Agents) and Noteholders shall not be entitled to further interest or any other payment in respect of such delay. Accordingly, as soon as practicable after receipt of any such notice, the Principal Paying Agent will notify Euroclear and/or Clearstream, Luxembourg, as the case may be, of the Issuer's intention to redeem the Notes or of any extension of the Maturity Date (and in any event by no later than three Business Days prior to the relevant date for redemption of the Notes wherever practicable for it to do so).

Any extension of the maturity of the Notes under this Condition 6(m) shall be irrevocable. Where this Condition 6(m) applies, any failure to redeem the Notes on the Maturity Date or any extension of the maturity of the Notes under this Condition 6(m) shall not constitute an event of default for any purpose or give any Noteholder any right to receive any payment of interest, principal or otherwise on the relevant Notes other than as expressly set out in these Conditions.

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In the event of the extension of the maturity of the Notes under this Condition 6(m), interest rates, interest periods and interest payment dates on the Notes from (and including) the Maturity Date to (but excluding) the Extended Final Maturity Date shall be determined and made in accordance with the applicable Final Terms and Condition 4(e).

If the Issuer redeems part and not all of the principal amount outstanding of the Notes on an Interest Payment Date falling in any month after the Maturity Date, the redemption proceeds shall be applied rateably across the Notes and the nominal amount outstanding on the Notes shall be reduced by the level of that redemption.

### 7. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature unless such withholding or deduction is required by law. In the event that any withholding or deduction is imposed or levied by or on behalf of the Kingdom of Spain or any political subdivision or authority thereof or therein having the power to tax (**Spain**) in respect of payments of interest only, in the case of MREL Eligible Notes, and principal and interest, in the case of all other Notes, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of interest only, in the case of MREL Eligible Notes, and principal and interest, in the case of all other Notes, which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with Spain other than the mere holding of such Note or Coupon; or
- (b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such 30th day assuming that day to have been a Payment Day (as defined in Condition 5(f)); or
- (c) presented for payment by or on behalf of a holder who would not be liable or subject to the withholding or deduction by making a declaration concerning the nationality, residence or identity of the holder (or providing information, documentation or other evidence of the same) or other similar claim for exemption to the relevant tax authority or to (or on behalf of) the Issuer, where such declaration or claim is required or imposed by the Spanish Tax Authorities; or
- (d) to or to a third party on behalf of a holder if the Issuer does not receive any relevant information as may be required by Spanish tax law, regulation or binding ruling, including a duly executed and completed certificate from the Paying Agent issued in accordance with Royal Decree 1065/2007 of 27th July; or
- (e) in case of Notes where such withholding tax is imposed on payments made to individuals with tax residence in Spain following the criteria held by the Spanish Tax Authorities in relation to Article 44.5 of Royal Decree 1065/2007 of 27th July, as amended by Royal Decree 1145/2011 of 29th July.

Notwithstanding any other provision of these Conditions, in no event will the Issuer be required to pay any additional amounts in respect of the Notes, Receipts and Coupons for, or on account of, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or



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agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

In these Conditions, the **Relevant Date**, in respect of any payment, means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the relevant Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

*See “Taxation” for a fuller description of certain tax considerations relating to the Notes, the formalities which must be followed in order to claim exemption from withholding tax and for a description of certain disclosure requirements imposed on the Issuer. **Holders should note that if certain required information is not supplied in a timely fashion, they will not receive the full amount of interest due but may be entitled to obtain a refund of amounts withheld. See “Taxation”.***

### 8. PRESCRIPTION

In the case of Notes governed by English law, claims for payment in respect of Notes (whether in bearer or registered form) and Coupons will become void unless made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefore. In the case of Notes governed by Spanish law, claims for payment in respect of Notes (whether in bearer or registered form) will become void unless made within a period of three years after the Relevant Date (as defined in Condition 7) therefore.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5(b) or any Talon which would be void pursuant to Condition 5(b).

### 9. EVENTS OF DEFAULT

#### (a) Events of Default

If an order is made by any competent court commencing insolvency proceedings (*procedimiento concursal*) against the Issuer or an order is made or a resolution is passed for the liquidation or winding up of the Issuer (except (i) in any such case for the purpose of a reconstruction or a merger or amalgamation which has been approved by an Extraordinary Resolution or (ii) where the entity resulting from any such reconstruction or merger or amalgamation is a Financial Institution (*Entidad de Crédito* according to article 1 of Law 10/2014) and will have a rating for long-term senior or subordinated debt, as applicable, assigned by Standard & Poor’s Rating Services or Moody’s Investors Services equivalent to or higher than the rating for long-term senior or subordinated debt, respectively, of the Issuer immediately prior to such reconstruction or merger or amalgamation) (each an **Event of Default**), and such Event of Default is continuing, then the holder of any Note may declare such Note by written notice to the Issuer at the specified office of the Principal Paying Agent or the relevant Registrar, as the case may be, effective upon receipt thereof by the Principal Paying Agent or the relevant Registrar, as the case may be, to be forthwith due and payable, whereupon the same shall become immediately due and payable at its Early Redemption Amount (as described in Condition 6(h)), together with accrued interest (if any) to the date of repayment.

#### (b) Additional Events of Default

This Condition 9(b) applies only to Senior Preferred Notes if specified as applicable in the applicable Final Terms and references to “Notes” shall be construed accordingly.

If any of the following events (together with the Events of Default referred to in Condition 9(a) above, each an **Event of Default**) shall have occurred and be continuing:

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- (i) a default is made for more than 14 days in the payment of any principal due in respect of any of the Notes or 30 days or more in the payment of any interest due in respect of any of the Notes; or
- (ii) a default is made in the performance by the Issuer of any other obligation under the provisions of the Notes and such default continues for more than 60 days following service by a Noteholder on the Issuer of a notice requiring the same to be remedied; or
- (iii) the Issuer is adjudicated or found bankrupt or insolvent by any competent court, or any order of any competent court or administrative agency is made for, or any resolution is passed by the Issuer to apply for, judicial composition proceedings with its creditors or for the appointment of a receiver or trustee or other similar official in insolvency proceedings in relation to the Issuer or substantially all of its assets (unless in the case of an order for a temporary appointment, such appointment is discharged within 60 days); or
- (iv) the Issuer (except (A) for the purpose of an amalgamation, merger or reconstruction (i) approved by an Extraordinary Resolution or (ii) where the entity resulting from any such reconstruction or merger or amalgamation will have a rating for long term senior debt assigned by Standard & Poor's Rating Services or Moody's Investor Services equivalent to or higher than the rating for long-term senior debt of the Issuer immediately prior to such reconstruction or merger or amalgamation, or (B) where the Issuer otherwise continues to carry on the relevant business whether directly or indirectly) ceases or threatens to cease to carry on the whole or substantially the whole of its business; or
- (v) an application is made for the appointment of an administrative or other receiver, manager, administrator or similar official in relation to the Issuer or in relation to the whole or substantially the whole of the undertaking or assets of the Issuer and is not discharged within 60 days,

then the holder of any Note may declare such Note by written notice to the Issuer at the specified office of the Principal Paying Agent or the relevant Registrar, as the case may be, effective upon the date of receipt thereof by the Principal Paying Agent or the relevant Registrar, as the case may be, (in the case of paragraph (iii), (iv) and (v) above, only if then permitted by applicable Spanish Law) to be forthwith due and payable, whereupon the same shall become immediately due and payable at its Early Redemption Amount (as described in Condition 6(h)), together with accrued interest (if any) to the date of repayment.

### (c) **SDG Notes**

In the case of any Notes where the Notes are stated to be “Green”, “Social” or “Sustainability” Notes in “*Reasons for the offer*” in Part B of the applicable Final Terms and it is stated that the proceeds from the issue of the Notes are intended to be used for “green”, “social” or “sustainability” purposes as described in the “*Use of Proceeds*” section (the **SDG Notes Use of Proceeds Disclosure**) in the Offering Circular dated 9th August, 2022 (**SDG Notes**), no Event of Default shall occur or other claim against the Issuer or right of a holder of, or obligation or liability of the Issuer in respect of, such SDG Notes arise as a result of the net proceeds of such SDG Notes not being used, any report, assessment, opinion or certification not being obtained or published, or any other step or action not being taken, in each case as set out and described in the SDG Notes Use of Proceeds Disclosure.

*For the purposes of this Condition 9:*

*The Insolvency Law provides, among other things: (i) that any claim not included in the company's accounts or otherwise reported to the insolvency administrators within one month from the last official publication of the court order declaring the insolvency may not be recognised within the insolvency proceedings or may become subordinated, (ii) that provisions in contracts granting one party the right to terminate on the other's insolvency are void and (iii) for the further accrual of*

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*interest to be suspended from the date of declaration of the insolvency (save with respect to secured claims up to the value of the security).*

*Noteholders may also not be able to exercise their rights on an event of default in the event of the adoption of any early intervention or resolution measure under Law 11/2015 and the SRM Regulation. See “Risk Factors – Risks related to Early Intervention and Resolution – Noteholders may not be able to exercise their rights on an Event of Default in the event of the adoption of any early intervention or resolution measure under Law 11/2015 and the SRM Regulation”.*

### (d) Covered Bonds

None of the provisions of this Condition 9 shall apply to any Series of Notes specified in the applicable Final Terms as being Covered Bonds.

## 10. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes or Coupons) or the relevant Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

## 11. AGENTS

The names of the initial Agents and their initial specified offices are set out below. If any additional Agents are appointed in connection with any Series, the names of such Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of such other stock exchange or other relevant authority; and
- (c) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5(e). Notice of any variation, termination, appointment or change in Agents will be given promptly by the Issuer to the Noteholders in accordance with Condition 13.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

## 12. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

### 13. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published in one leading English language daily newspaper of general circulation in London (which is expected to be the *Financial Times*). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or any other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a manner which complies with those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for such publication in such newspaper(s) or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes except that for so long as any Notes are listed on a stock exchange or admitted to listing by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a manner which complies with those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the third day after the day on which such notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the relevant Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the relevant Registrar through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent, the relevant Registrar and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

### 14. MEETINGS OF NOTEHOLDERS

#### (a) Convening of Meetings, Quorum, Adjourned Meetings

- (i) The Issuer may at any time and, if required in writing by Noteholders holding not less than 5 per cent. in nominal amount of the Notes for the time being outstanding, shall convene a meeting of the Noteholders and, if the Issuer fails for a period of seven days to convene the meeting, the meeting may be convened by the relevant Noteholders. Whenever the Issuer is about to convene any meeting it shall immediately give notice in writing to the Principal Paying Agent and the Dealers of the day, time and place of the meeting (which need not be a physical place and instead may be by way of conference call, including by use of a

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videoconference platform) and of the nature of the business to be transacted at the meeting. Every meeting shall be held at a time and place approved by the Principal Paying Agent.

- (ii) At least 21 clear days' notice specifying the place, day and hour of the meeting shall be given to the Noteholders in the manner provided in Condition 13. The notice, which shall be in the English language, shall state generally the nature of the business to be transacted at the meeting and, in the case of an Extraordinary Resolution only, shall either (i) specify the terms of the Extraordinary Resolution to be proposed or (ii) inform Noteholders that the terms of the Extraordinary Resolution are available free of charge from the Principal Paying Agent, provided that, in the case of (ii) such resolution is so available in its final form with effect on and from the date on which the notice convening such meeting is given as aforesaid. The notice shall (i) include statements as to the manner in which Noteholders are entitled to attend and vote at the meeting or (ii) inform Noteholders that details of the voting arrangements are available free of charge from the Principal Paying Agent, provided that, in the case of (ii), the final form of such details are so available with effect on and from the date on which the notice convening such meeting is given as aforesaid. A copy of the notice shall be sent by post to the Issuer (unless the meeting is convened by the Issuer).
- (iii) The person (who may but need not be a Noteholder) nominated in writing by the Issuer shall be entitled to take the chair at each meeting but if no nomination is made or if at any meeting the person nominated is not present within 15 minutes after the time appointed for holding the meeting the Noteholders present shall choose one of their number to be Chairman failing which the Issuer may appoint a Chairman. The Chairman of an adjourned meeting need not be the same person as was Chairman of the meeting from which the adjournment took place.
- (iv) At any meeting one or more Eligible Persons present and holding or representing in the aggregate not less than 5 per cent. in nominal amount of the Notes for the time being outstanding, shall (except for the purpose of passing an Extraordinary Resolution) form a quorum for the transaction of business and no business (other than the choosing of a Chairman in accordance with Condition 14(a)(iii) above) shall be transacted at any meeting unless the required quorum is present at the commencement of business. The quorum at any meeting for passing an Extraordinary Resolution shall (subject as provided below) be one or more Eligible Persons present and holding or representing in the aggregate not less than 50 per cent. in nominal amount of the Notes for the time being outstanding provided that at any meeting the business of which includes any of the following matters (each of which shall only be capable of being effected after having been approved by Extraordinary Resolution):
  - (A) modification of the Maturity Date (if any) of the Notes or reduction or cancellation of the nominal amount payable at maturity;
  - (B) reduction or cancellation of the amount payable or modification of the payment date in respect of any interest in respect of the Notes or variation of the method of calculating the rate of interest in respect of the Notes;
  - (C) reduction of any Minimum Rate of Interest and/or Maximum Rate of Interest specified in the applicable Final Terms;
  - (D) modification of the currency in which payments under the Notes are to be made; or
  - (E) modification of the majority required to pass an Extraordinary Resolution;
  - (F) the sanctioning of any scheme or proposal described in Condition 14(b)(viii)(E) below; or
  - (G) alteration of this proviso or the proviso to Condition 14(a)(v) below,

the quorum shall be one or more Eligible Persons present and holding or representing in the aggregate not less than two-thirds in nominal amount of the Notes for the time being outstanding.

- (v) If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the meeting shall, if convened by Noteholders, be dissolved. In any other case it shall be adjourned to the same day in the next week (or if that day is a public holiday the next following business day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it shall be adjourned for a period being not less than 14 clear days nor more than 42 clear days and at a place appointed by the Chairman and approved by the Principal Paying Agent). If within 15 minutes (or a longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any adjourned meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the Chairman may either dissolve the meeting or adjourn it for a period, being not less than 14 clear days (but without any maximum number of clear days) and to a place as may be appointed by the Chairman (either at or after the adjourned meeting) and approved by the Principal Paying Agent, and the provisions of this sentence shall apply to all further adjourned meetings.
- (vi) At any adjourned meeting one or more Eligible Persons present (whatever the nominal amount of the Notes so held or represented by them) shall (subject as provided below) form a quorum and shall (subject as provided below) have power to pass any Extraordinary Resolution or other resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the required quorum been present provided that at any adjourned meeting the business of which includes any of the matters specified in the proviso to Condition 14(a)(iv) above the quorum shall be one or more Eligible Persons present and holding or representing in the aggregate not less than one-third in nominal amount of the relevant Notes for the time being outstanding.
- (vii) Notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given in the same manner as notice of an original meeting but as if 10 were substituted for 21 in Condition 14(a)(ii) above and the notice shall state the relevant quorum. Subject to this it shall not be necessary to give any notice of an adjourned meeting.

### **(b) Conduct of Business at Meetings**

- (i) Every question submitted to a meeting shall be decided in the first instance by a show of hands and in the case of an equality of votes the Chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as an Eligible Person.
- (ii) At any meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or the Issuer or by any Eligible Person present (whatever the nominal amount of the Notes held by him), a declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- (iii) Subject to Condition 14(b)(v), if at any meeting a poll is demanded it shall be taken in the manner and, subject as provided below, either at once or after an adjournment as the Chairman may direct and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand

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for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.

- (iv) The Chairman may, with the consent of (and shall if directed by) any meeting, adjourn the meeting from time to time and from place to place. No business shall be transacted at any adjourned meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.
- (v) Any poll demanded at any meeting on the election of a Chairman or on any question of adjournment shall be taken at the meeting without adjournment.
- (vi) Any director or officer of the Issuer and its lawyers and financial advisers may attend and speak at any meeting. Subject to this, but without prejudice to the proviso to the definition of outstanding in Condition 14(c) below, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of the Noteholders or join with others in requiring the convening of a meeting unless he is an Eligible Person. No person shall be entitled to vote at any meeting in respect of Notes held by, for the benefit of, or on behalf of the Issuer or any subsidiary of the Issuer. Nothing contained in this Condition 14(b)(vi) shall prevent a director, officer or representative of or otherwise connected with the Issuer from being duly appointed as a proxy or representative of the Noteholders.
- (vii) Subject as provided in Condition 14(b)(vi) above, at any meeting:
  - (A) on a show of hands every Eligible Person present shall have one vote; and
  - (B) on a poll every Eligible Person present shall have one vote in respect of each:
    - I. €1.00; and
    - II. in the case of a meeting of the holders of Notes denominated in a currency other than euro, the equivalent of €1.00 in that currency (calculated as specified in Condition 14(b)(xiv) below),or such other amount as the Principal Paying Agent shall in its absolute discretion specify in nominal amount of the relevant Notes in respect of which he is an Eligible Person.
- (viii) The duly appointed proxies or representatives of Noteholders do not need to be Noteholders themselves.
- (ix) A meeting of the Noteholders shall in addition to the powers set out above have the following powers exercisable only by Extraordinary Resolution (subject to the provisions relating to quorum contained in Conditions 14(a)(iv) and 14(a)(vi) above), namely:
  - (A) power to approve any compromise or arrangement proposed to be made between the Issuer and the Noteholders and Couponholders or any of them;
  - (B) power to approve any abrogation, modification, compromise or arrangement in respect of the rights of the Noteholders and Couponholders against the Issuer or against any of its property whether these rights arise under the Agency Agreement, the Notes or the Coupons or otherwise;

## TERMS AND CONDITIONS OF THE NOTES

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- (C) power to agree to any modification of the provisions contained in the Agency Agreement, these Conditions, the Notes, the Coupons or the Deed of Covenants which is proposed by the Issuer;
  - (D) power to give any authority or approval which under the provisions of this Condition 14 or the Notes is required to be given by Extraordinary Resolution;
  - (E) power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders and to confer upon any committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution;
  - (F) power to approve any scheme or proposal for the exchange or sale of the Notes for, or the conversion of the Notes into, or the cancellation of the Notes in consideration of, shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as stated above and partly for or into or in consideration of cash; and
  - (G) power to approve the substitution of any entity in place of the Issuer (or any previous substitute) as the principal debtor in respect of the Notes and the Coupons.
- (x) Any resolution (i) passed at a meeting of the Noteholders duly convened and held (ii) passed as a resolution in writing or (iii) passed by way of electronic consents given by Noteholders through the relevant clearing system(s), shall be binding upon all the Noteholders whether present or not present at the meeting referred to in (i) above and whether or not voting and upon all Couponholders and each of them shall be bound to give effect to the resolution accordingly and the passing of any resolution shall be conclusive evidence that the circumstances justify its passing. Notice of the result of voting on any resolution duly considered by the Noteholders shall be published in accordance with Condition 13 by the Issuer within 14 days of the result being known provided that non-publication shall not invalidate the resolution.
- (xi) The expression **Extraordinary Resolution** when used in this Condition 14 means (a) a resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provisions of this Condition 14 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; (b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding, which resolution in writing may be contained in one document or in several documents in similar form each signed by or on behalf of one or more of the Noteholders; or (c) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Agent) by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding.
- (xii) Subject to Condition 14(b)(i) above, to be passed at a meeting of the Holders duly convened and held in accordance with the provisions of this Condition 14, 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.
- (xiii) Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer and any minutes signed by the Chairman of the meeting at which any resolution was passed or proceedings had shall



## TERMS AND CONDITIONS OF THE NOTES

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be conclusive evidence of the matters contained in them and, until the contrary is proved, every meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had at the meeting to have been duly passed or had.

- (xiv) 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.
- (xv) If the Issuer has issued and has outstanding Notes which are not denominated in euro, the nominal amount of such Notes shall:
  - (A) for the purposes of Condition 14(a)(ii) above, be the equivalent in euro at the spot rate of a bank nominated by the Principal Paying Agent for the conversion of the relevant currency or currencies into euro on the seventh dealing day before the day on which the written requirement to call the meeting is received by the Issuer; and
  - (B) for the purposes of Conditions 14(a)(iv), 14(a)(vi) and 14(a)(vii) above (whether in respect of the meeting or any adjourned meeting or any poll), be the equivalent at that spot rate on the seventh dealing day before the day of the meeting,

and, in all cases, the equivalent in euro of Zero Coupon Notes or any other Notes issued at a discount or a premium shall be calculated by reference to the original nominal amount of those Notes.

In the circumstances set out above, on any poll each person present shall have one vote for each euro 1.00 in nominal amount of the Notes (converted as above) which he holds or represents.

### (c) Definitions

For the purposes of this Condition 14,

- (i) **Eligible Person** means those persons entitled to attend and vote at a meeting of the Noteholders as stated in the relevant notice of meeting or pursuant to the relevant voting arrangements details of which are available from the Principal Paying Agent, in each case in accordance with Condition 14(a)(ii) above (being the relevant Noteholders or duly appointed proxies or representatives of such Noteholders);
- (ii) those Notes (if any) which are for the time being held by or for the benefit of the Issuer or any subsidiary of the Issuer shall (unless and until ceasing to be so held) be deemed not to remain **outstanding**; and
- (iii) a **relevant clearing system** means, in respect of any Notes represented by a Global Note, any clearing system on behalf of which the Global Note is held or which is the bearer or (directly or through a nominee) registered owner of the Global Note, in each case whether alone or jointly with any other clearing system(s).

## 15. MODIFICATION AND WAIVER, SUBSTITUTION AND VARIATION

- (a) By its acquisition of the Notes, each Noteholder and Couponholder (which for these purposes includes each holder of a beneficial interest in the Notes or the Coupons) will be deemed to have expressly consented to any modification of the Notes, the Coupons or the Agency Agreement pursuant to this Condition 15(a). Without any requirement for any further consent or approval of the Noteholders or Couponholders (whether pursuant to Condition 14 or otherwise) and without limiting and notwithstanding Condition 15(b), the Principal Paying Agent and the Issuer may agree to:

## TERMS AND CONDITIONS OF THE NOTES

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- (i) any modification (except as mentioned above) of the Notes, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall, unless notified prior to the relevant modification, be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

- (b) By its acquisition of the Notes, each Noteholder (which for these purposes includes each holder of a beneficial interest in the Notes) will be deemed to have expressly consented to any substitution or modification of the Notes pursuant to this Condition 15(b). Without any requirement for any further consent or approval of the Noteholders (whether pursuant to Condition 14 or otherwise) and without limiting and notwithstanding Condition 15(a) above, if an Eligible Liabilities Event, other than in the case of Senior Preferred Notes where Eligible Liabilities Event has been specified as not applicable in the applicable Final Terms, or a Capital Event, in the case of Tier 2 Subordinated Notes only, occurs and is continuing, the Issuer may substitute or modify the terms of all (but not some only) of the Notes, provided that any variation in the terms of the Notes resulting from such substitution or modification is not materially prejudicial to the interests of the Noteholders, so that the Notes are substituted for, or the terms and conditions of the Notes are varied to become again or remain, Qualifying Notes, at any time on giving not less than 30 nor more than 60 days' notice to the Principal Paying Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable and shall specify the date for such substitution or, as applicable, variation), and subject to the prior consent of the Regulator if required pursuant to Applicable Banking Regulations.

For the purposes of the foregoing paragraph, any variation in the ranking of the relevant Notes as set out in Condition 3 resulting from any such substitution or modification shall be deemed not to be prejudicial to the interests of the Noteholders where the ranking of such Notes following such substitution or modification is at least the same ranking as is applicable to such Notes under Condition 3 on the Issue Date of such Notes. In addition, in the case of any Notes governed by English law pursuant to Condition 19 below, any change in the governing law of such Notes from English law to Spanish law so that the Notes become again or remain Qualifying Notes shall be deemed not to be prejudicial to the interests of the Noteholders.

Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Noteholders can inspect or obtain copies of the new terms and conditions of the Notes. Such substitution or variation will be effected without any cost or charge to the Noteholders.

Noteholders (which for the purpose of this Condition 15(b) includes each holder of a beneficial interest in the Notes) shall, by virtue of purchasing and holding any Notes, be deemed to accept any substitution or variation of the terms pursuant to this Condition 15(b) and to grant to the Issuer full power and authority to take any action and/or to execute and deliver any document in the name and/or on behalf of the Noteholders which is necessary or convenient to complete any such substitution or variation.

In these Conditions:

**London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London; and

**Qualifying Notes** means, at any time, any securities denominated in the Specified Currency and issued directly by the Issuer, provided that the Issuer shall have delivered a certificate signed by a duly authorised signatory of the Issuer to that effect to the Principal Paying Agent not less than five

## TERMS AND CONDITIONS OF THE NOTES

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London Business Days prior to (i) in the case of a substitution of the Notes, the issue date of the relevant securities or (ii) in the case of a variation of the terms and conditions of the Notes, the date such variation becomes effective, provided that such securities shall:

- (a) contain terms which comply with the then current requirements (i) for inclusion in the Eligible Liabilities Amount and/or (ii) to be included in, or count towards, the Group's or the Issuer's Tier 2 Capital, as applicable;
- (b) have at least the same ranking as is applicable to the Notes under Condition 3 on the Issue Date of such Notes;
- (c) have the same denomination and aggregate outstanding principal amount, the same rate of interest and terms for the determination of any applicable rate of interest, the same date of maturity and the same dates for payment of interest as the relevant Notes immediately prior to any substitution or variation pursuant to this Condition 15(b); and
- (d) be listed or admitted to trading on any stock exchange as selected by the Issuer, if the Notes were listed or admitted to trading on a stock exchange immediately prior to the relevant substitution or variation pursuant to this Condition 15(b).

### 16. FURTHER ISSUES

If specified in the applicable Final Terms, the Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

### 17. SUBSTITUTION OF THE ISSUER

- (i) By its acquisition of the Notes, each Noteholder (which for these purposes includes each holder of a beneficial interest in the Notes) will be deemed to have expressly consented to any substitution of the Issuer pursuant to this Condition 17. Without any requirement for any further consent or approval of the Noteholders (whether pursuant to Condition 14 or otherwise), the Issuer may, but subject to such substitution being in compliance with Applicable Banking Regulations then in force, and subject the prior consent of the Regulator if required pursuant to such regulations, be replaced and substituted by another company incorporated anywhere in the world as the principal debtor (in such capacity, the **Substituted Debtor**) in respect of the Notes provided that:
  - (A) a deed poll or a substitution deed executed before a Spanish public Notary, as applicable and/or such other applicable documents (if any) shall be executed by the Issuer and the Substituted Debtor as may be necessary to give full effect to the substitution (together, the **Documents**) and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder to be bound by the Terms and Conditions of the Notes and the provisions of the Agency Agreement and the Deed of Covenant as fully as if the Substituted Debtor had been named in the Notes and the Agency Agreement and the Deed of Covenant as the principal debtor in respect of the Notes in place of the Issuer (or any previous substitute);
  - (B) without prejudice to the generality of Condition 17(i)(A), where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than Spain, the Documents shall contain a covenant by the Substituted Debtor and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 7 with the

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- substitution for the references to Spain of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes;
- (C) the Documents shall contain a warranty and representation by the Substituted Debtor that the Substituted Debtor has obtained all necessary governmental and regulatory approvals and consents for such substitution, that the Substituted Debtor has obtained all necessary governmental and regulatory approvals and consents for the performance by it of its obligations under the Documents and that all such approvals and consents are in full force and effect;
  - (D) each stock exchange which has the Notes listed thereon shall have confirmed that following the proposed substitution of the Substituted Debtor the Notes would continue to be listed on such stock exchange;
  - (E) the Issuer shall have delivered or procured the delivery to the Principal Paying Agent and the relevant Registrar a copy of a legal opinion addressed to the Issuer and the Substituted Debtor from a leading firm of lawyers in the country of incorporation of the Substituted Debtor, to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Debtor, such opinion(s) to be dated not more than seven days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders at the specified offices of the Principal Paying Agent and the relevant Registrar;
  - (F) the Issuer shall have delivered or procured the delivery to the Principal Paying Agent and the relevant Registrar a copy of a legal opinion addressed to the Issuer and the Substituted Debtor from a leading firm of, in the case of Notes specified in the applicable Final Terms as being governed by English law, English lawyers and in the case of Notes specified in the applicable Final Terms as being governed by Spanish law, Spanish lawyers, to the effect that the Documents constitute legal, valid and binding obligations of the parties thereto under English law or Spanish law, as applicable, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders at the specified offices of the Principal Paying Agent and the relevant Registrar;
  - (G) in the case of Notes specified in the applicable Final Terms as being governed by English law, the Substituted Debtor shall have appointed a process agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes or the Documents;
  - (H) there is no outstanding Event of Default in respect of the Notes;
  - (I) any credit rating assigned to the Notes will remain the same or be improved when the Substituted Debtor replaces and substitutes the Issuer in respect of the Notes; and
  - (J) the substitution complies with all applicable requirements established under Spanish law.
- (ii) Upon the execution of the Documents as referred to in Condition 17(i) above, the Substituted Debtor shall be deemed to be named in the Notes as the principal debtor in place of the Issuer (or of any previous substitute under these provisions) and the Notes shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer (or such previous substitute as aforesaid) from all of its obligations in respect of the Notes.

## TERMS AND CONDITIONS OF THE NOTES

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- (iii) The Documents shall be deposited with and held by the Principal Paying Agent and the relevant Registrar for so long as any Note remains outstanding and for so long as any claim made against the Substituted Debtor by any Noteholder in relation to the Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor shall acknowledge in the Documents the right of every Noteholder to the production of the Documents for the enforcement of any of the Notes or the Documents.
- (iv) Not later than 15 London Business Days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 13.
- (v) In the case of Notes specified in the applicable Final Terms as being governed by Spanish law, each Noteholder (which for these purposes includes each holder of a beneficial interest in the Notes), by its acquisition of the Notes will be deemed to have expressly:
  - (A) consented to the substitution of the Issuer with the Substituted Debtor prior to when the relevant assignment and acknowledged and accepted that such prior consent is fully effective for the purposes of article 1,205 of the Spanish Civil Code;
  - (B) acknowledged and accepted that the amendment made by the substitution of the Issuer with the Substituted Debtor is to be considered as a non-extinctive amendment (“*novación no extintiva*” or “*impropia*”) for all purposes; and
  - (C) acknowledged and accepted that the substitution requirements set forth under this Condition 17 are fully reasonable considering all of the requirements to be met to complete such a substitution which include the rating condition set forth under Condition 17(i)(I) above and, therefore, that the Noteholders have accepted the substitution as reasonable and in accordance with the applicable requirements of law as the substitution may only be made in the case of a Substituted Debtor which provides for a rating of the Notes that is the same or an improvement on the rating assigned to the Notes before the substitution.

### 18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

In the case of Notes specified in the applicable Final Terms as being governed by English law, no rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

### 19. GOVERNING LAW AND SUBMISSION TO JURISDICTION

Other than in the case of any Series of Notes specified in the applicable Final Terms as being Covered Bonds, the governing law of the Notes will be specified in Part A of the applicable Final Terms.

#### (a) English Law

If English law is specified as the governing law of the Notes in the applicable Final Terms, the provisions of this Condition 19(a) shall apply to the Notes.

##### (i) Governing law:

The Notes (except for Conditions 3 (including the application of any Spanish Statutory Loss-Absorption Powers by the Relevant Spanish Resolution Authority) and 20), the Coupons and any non-contractual obligations arising out of or in connection with the Notes (except for Conditions 3 and 20), and the Coupons are governed by, and shall be construed in accordance with, English law. Conditions 3 and 20 (and any non-contractual obligations arising out of or in connection with either of them) are governed by, and shall be construed in accordance

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with, Spanish law in accordance with Condition 19(b) below. The Notes are issued in accordance with the formalities prescribed by Spanish company law.

(ii) Submission to jurisdiction:

- (A) Subject to Condition 19(a)(ii)(C) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons (a **Dispute**) and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (B) For the purposes of this Condition 19(a), each of the Issuer and any Noteholders or Couponholders in relation to any Dispute waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (C) This Condition 19(a)(ii) is for the benefit of the Noteholders and the Couponholders only. To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.
- (D) Notwithstanding the above, the Spanish courts in the city of Madrid have exclusive jurisdiction to settle any dispute arising out of or in connection with the application of any Spanish Statutory Loss-Absorption Powers by the Relevant Spanish Resolution Authority (a **Bail-in Dispute**) and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Bail-in Dispute submits to the exclusive jurisdiction of the Spanish courts. Each of the Issuer and any Noteholders or Couponholders in relation to any Bail-in Dispute further waives any objection to the Spanish courts on the grounds that they are an inconvenient or inappropriate forum to settle any Bail-in Dispute.

(iii) Service of Process:

The Issuer agrees that process may be served on it in relation to any proceedings before the English courts in relation to any Dispute at Banco Bilbao Vizcaya Argentaria, S.A., London Branch being its registered office for the time being in England and agrees that, in the event of Banco Bilbao Vizcaya Argentaria, S.A., London Branch ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Dispute. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(b) **Spanish Law**

If Spanish law is specified as the governing law of the Notes in the applicable Final Terms and in the case of any Series of Notes specified in the applicable Final Terms as being Covered Bonds, the provisions of this Condition 19(b) shall apply to the Notes.

(i) Governing law:

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

(ii) Submission to jurisdiction:

The Issuer hereby irrevocably agrees for the benefit of the Holders that the courts of Spain in the city of Madrid are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes) and that accordingly any suit, action or proceedings arising out of or in connection with the Notes (together referred to as **Proceedings**) may be brought in such courts. The Issuer irrevocably waives any objection which it may have now or hereinafter to the laying of the venue of any Proceedings in the courts of Spain in the city of Madrid. To the extent permitted by law, nothing contained in this Condition 19(b) shall limit any right of any Noteholders or Couponholders (other than in relation to any Bail-in Dispute) to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other competent jurisdictions, whether concurrently or not.

In addition, the Spanish courts in the city of Madrid have exclusive jurisdiction to settle any Bail-in Dispute and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Bail-in Dispute submits to the exclusive jurisdiction of the Spanish courts. Each of the Issuer and any Noteholders or Couponholders in relation to any Bail-in Dispute further waives any objection to the Spanish courts on the grounds that they are an inconvenient or inappropriate forum to settle any Bail-in Dispute.

## 20. RECOGNITION OF SPANISH STATUTORY LOSS-ABSORPTION POWERS

Notwithstanding any other term of the Notes or any other agreements, arrangements, or understandings between the Issuer and any Noteholder, by its acquisition of the Notes, each Noteholder (which, for the purposes of this Condition 20, includes each holder of a beneficial interest in the Notes) acknowledges, accepts, consents to and agrees to be bound by:

- (a) the exercise and effect of any Spanish Statutory Loss-Absorption Power by the Relevant Spanish Resolution Authority, which may be imposed with or without any prior notice with respect to the Notes, and which may include and result in any of the following, or some combination thereof:
  - (A) the reduction or cancellation of all, or a portion, of the Amounts Due;
  - (B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer, the Group or another person (and the issue to or conferral on the Noteholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes;
  - (C) the cancellation of the Notes; and
  - (D) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and
- (b) the variation of the terms of the Notes, as deemed necessary by the Relevant Spanish Resolution Authority, to give effect to the exercise of any Spanish Statutory Loss-Absorption Power by the Relevant Spanish Resolution Authority.

*The exercise of any Spanish Statutory Loss-Absorption Power by the Relevant Spanish Resolution Authority pursuant to any relevant laws, regulations, rules or requirements in effect in Spain is not dependent on the application of this Condition 20.*

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No such exercise of any Spanish Statutory Loss-Absorption Power or variation of the terms of the Notes shall give rise to any Event of Default or any other right of Noteholders to declare such Note due and payable.

In this Condition 20,

**Amounts Due** means the principal amount of or outstanding amount, together with any accrued but unpaid interest, due on the Notes. References to such amount will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Spanish Statutory Loss-Absorption Power by the Relevant Spanish Resolution Authority;

**regulated entity** means any entity subject to any Spanish Statutory Loss-Absorption Power; and

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



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## USE OF PROCEEDS

The net proceeds from each issue of Notes will be used for the Group's general corporate purposes, which include making a profit. In addition, where the Notes are stated to be "Green", "Social" or "Sustainability" Notes in "*Reasons for the offer*" in Part B of the applicable Final Terms and it is stated that the proceeds from the issue of the Notes are intended to be used for "green", "social" or "sustainability" purposes as described in this "*Use of Proceeds*" section (**Green Notes**, **Social Notes** or **Sustainability Notes**, respectively, and, together, **SDG Notes**) the net proceeds from each such issue of SDG Notes will be used as so described. If specified otherwise in the applicable Final Terms, the net proceeds from the issue of the relevant Notes will be used as so specified.

For any SDG Notes, an amount equal to the net proceeds from each issue of SDG Notes will be separately identified and applied by the Issuer in financing or refinancing on a portfolio basis Green Projects and/or Social Projects (each as defined below and further described in the Issuer's SDGs Bond Framework) (together, the **Sustainability Projects**), including the financing of new or future Sustainability Projects, and the refinancing of existing and on-going Sustainability Projects where originally financed within three years of the issue of the relevant Notes, all in accordance with the SDGs Bond Framework. In the case of Green Notes, such financing or refinancing shall be of Green Projects, in the case of Social Notes, such financing or refinancing shall be of Social Projects and, in the case of Sustainability Notes, such financing or refinancing shall be of Green Projects and Social Projects.

**Green Projects** are projects where at least 80 per cent. of (i) the principal amount financed is for the financing of activities falling or (ii) the business of the borrower in respect of the relevant project falls, under the "green eligible categories" described in the SDGs Bond Framework of energy efficiency, sustainable transport, water, waste management and/or renewable energy, each as further described in the SDGs Bond Framework, and, at any time, include any other "green" projects in accordance with any update of the ICMA Green Bond Principles at such time.

The **ICMA Green Bond Principles**, at any time, are the Green Bond Principles published by the International Capital Markets Association at such time, which as of the date of this Offering Circular are the Green Bond Principles June 2021 (<https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-140621.pdf>).

The **SDGs Bond Framework** means the Sustainable Development Goals (SDGs) Bond Framework (April 2018) of the Issuer published on its website (<https://shareholdersandinvestors.bbva.com>), including as amended, supplemented, restated or otherwise updated on such website from time to time.

**Social Projects** are projects where at least 80 per cent. of (i) the principal amount financed is for the financing of activities falling, or (ii) the business of the borrower in respect of the relevant project falls, under the "social eligible categories" described in the SDGs Bond Framework of healthcare, education, SME financing and microfinancing, and/or affordable housing, each as further described in the SDGs Bond Framework, and, at any time, include any other "social" projects in accordance with any update of the ICMA Social Bond Principles at such time.

The **ICMA Social Bond Principles**, at any time, are the Social Bond Principles published by the International Capital Markets Association at such time, which as of the date of this Offering Circular are the Social Bond Principles June 2021 (<https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Social-Bond-Principles-June-2021-140621.pdf>).

The proceeds of any SDG Notes will not be used to finance nuclear power generation, large scale (above 20 megawatt) dam, defence, mining, carbon related or oil and gas activities.

Pending the application of any net proceeds of SDG Notes in financing or refinancing the relevant Sustainability Projects, such proceeds will be applied by the Issuer on the same basis as for the management of its liquidity portfolio. The Issuer will endeavour to apply a percentage of the net proceeds of any SDG

## USE OF PROCEEDS

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Notes in financing Sustainability Projects originated in the year of issue of such SDG Notes. In the event that any Sustainability Project to which the net proceeds of any SDG Notes are allocated, ceases or will cease to comply with the relevant categories for such Sustainability Project to constitute a Green Project or a Social Project, as the case may be, the Issuer will substitute that Sustainability Project within the relevant portfolio for a compliant Sustainability Project.

Within 12 months of the issue date of each Series of SDG Notes and for each year until the maturity or early redemption of those SDG Notes, the Issuer will publish a report on its website (<https://shareholdersandinvestors.bbva.com>) in respect of that Series of SDG Notes as described in the SDGs Bond Framework.

The Issuer has obtained an independent verification assessment from DNV GL Business Assurance Services Limited in respect of the SDGs Bond Framework. This independent verification assessment is published on the Issuer's website (<https://shareholdersandinvestors.bbva.com>).

The Issuer further intends to obtain an independent verification assessment from an external verifier for each benchmark Series of SDG Notes it issues and will publish that verification assessment on its website (<https://shareholdersandinvestors.bbva.com>).

In addition, the Issuer may request, on an annual basis starting one year after the issue of each Series of SDG Notes and until maturity (or until redemption in full), a limited assurance report of the allocation of the net proceeds of those SDG Notes to Green Projects and/or Social Projects, as the case may be, which may be provided by its external auditor or another suitably qualified provider and published on its website (<https://shareholdersandinvestors.bbva.com>).

Neither the SDGs Bond Framework, nor any of the above reports, verification assessments or contents of any of the above websites are incorporated in or form part of this Offering Circular.

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# DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

## HISTORY AND DEVELOPMENT OF THE ISSUER

BBVA's predecessor bank, BBV (Banco Bilbao Vizcaya), was incorporated as a public limited company (a *sociedad anónima* or S.A.) under the Spanish Corporations Law on 1st October, 1988. BBVA was formed following the merger of Argentaria into BBV (Banco Bilbao Vizcaya), which was approved by the shareholders of each entity on 18th December, 1999 and registered on 28th January, 2000. It conducts its business under the commercial name "BBVA". BBVA is registered with the Commercial Registry of Vizcaya (Spain) (volume 2,083, Folium 1, Page BI-17.A, first inscription). It has its registered office at Plaza de San Nicolás 4, Bilbao, Spain, 48005, and has its main place of business at Calle Azul, 4, 28050, Madrid, Spain (telephone number: +34 91 374 6201). BBVA is incorporated for an unlimited term. The Legal Entity Identifier (LEI) of BBVA is K8MS7FD7N5Z2WQ51AZ71. The website of the Issuer is <https://www.bbva.com/en/>. The information contained in such web page shall not be deemed to constitute a part of this Offering Circular unless specifically incorporated by reference.

BBVA's corporate purpose contained in article 3 of its bylaws is to engage in all kinds of activities, operations, acts, contracts and services within the banking business or directly or indirectly related to it, that are permitted or not prohibited by prevailing provisions and ancillary activities. Its corporate purpose also includes the acquisition, holding, utilisation and divestment of securities, public offerings to buy and sell securities, and any kind of holdings in any company or enterprise.

## CAPITAL EXPENDITURES

BBVA's principal investments are financial investments in its subsidiaries and affiliates. The main capital expenditures from 2020 to the date of this Offering Circular were the following:

### 2022

#### *Announcement of the agreement with Neon Payments Limited*

On 14th February, 2022, BBVA announced the agreement with the company Neon Payments Limited, a company incorporated and domiciled in the United Kingdom (**Neon Payments**) for the subscription of 492,692 preference shares, representing approximately 21.7 per cent of its share capital, through a share capital increase and in consideration of approximately USD 300 million (equal to approximately €263 million, using the applicable 1.14 EUR/USD exchange rate as of 11th February, 2022).

Neon Payments is the owner of 100 per cent of the shares of the Brazilian company Neon Pagamentos S.A.

As of 14th February, 2022, BBVA was already the indirect owner of approximately 10.2 per cent of the share capital of Neon Payments (through Propel Venture Partners Global, S.L. and Propel Venture Partners Brazil, S.L., with BBVA owning more than 99 per cent of the share capital of these two companies). Consequently, following the completion of the above Neon share subscription, BBVA holds, direct and indirectly, approximately 29.7 per cent (equal to approximately 25.6 per cent of the share capital on a fully diluted basis) of the share capital of Neon Payments.

#### *Voluntary takeover bid for the entire share capital of Türkiye Garanti Bankası A.Ş. (Garanti BBVA)*

On 15th November, 2021, BBVA announced a voluntary takeover bid (**VTB**) addressed to the holders of the 2,106,300,000 shares<sup>17</sup> of Garanti BBVA not controlled by BBVA, representing 50.15 per cent. of Garanti

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<sup>17</sup> All references to "shares" or "share" in the case of Garanti shall be deemed to be made in respect of lots of 100 shares, which is the trading unit at Borsa Istanbul.

## **DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**

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BBVA's total share capital. BBVA submitted for authorisation an application for the VTB to the supervisor of the securities markets in Turkey, the Capital Markets Board (the **CMB**) on 18th November, 2021.

On 31st March, 2022, the CMB approved the offer information document and on the same day BBVA announced the commencement of the VTB acceptance period on 4th April, 2022.

On 25th April, 2022, BBVA informed of an increase of the cash offer price per Garanti BBVA share, from the initially announced price (12.20 Turkish Lira) to 15.00 Turkish Lira. On 18th May, 2022, BBVA announced the finalisation of the offer acceptance period, with the acquisition of 36.12 per cent. of Garanti BBVA's share capital in the VTB. The total amount paid by BBVA was approximately 22,758 million Turkish Lira (equivalent to approximately €1,390 million, including the expenses associated with the transaction and net of the collection of the dividends corresponding to the stake acquired).

The transaction has given rise to a capital gain of approximately €924 million (including the impacts after the application of IAS 29), which has been recorded under the heading "Other reserves". Additionally, the "Accumulated other comprehensive income (loss)" corresponding to the 36.12 per cent. acquired from minority interests has been reclassified to the "Accumulated other comprehensive income (loss)" of the parent company.

The percentage of the total share capital of Garanti BBVA owned by BBVA (after the VTB) is 85.97 per cent..

### **2021**

In 2021, there were no significant capital expenditures.

### **2020**

In 2020, there were no significant capital expenditures.

## **CAPITAL DIVESTITURES**

BBVA's principal divestitures are financial divestitures in its subsidiaries and affiliates. The main capital divestitures from 2020 to the date of this Offering Circular were the following:

### **2022**

In 2022, there were no significant capital divestitures.

### **2021**

#### ***Sale of BBVA USA Bancshares, Inc. to PNC Financial Service Group***

On 1st June, 2021, after obtaining all required authorisations, BBVA completed the sale to The PNC Financial Services Group, Inc. (**PNC**) of 100 per cent. of the capital stock of its subsidiary BBVA USA Bancshares, Inc., which in turn owned all the capital stock of the bank, BBVA USA.

The consideration received in cash by BBVA, as a consequence of this sale, amounted to approximately USD11,500 million (which was the price provided in the agreement minus the agreed closing price adjustments) equivalent to approximately €9,600 million (with an exchange rate of 1.20 EUR/USD).

The accounting of both the results generated by BBVA USA Bancshares, Inc. since the announcement of the transaction and the closing of its sale has had an aggregate positive impact on the Group's CET1 fully loaded ratio of approximately 294 basis points, which includes the generation of capital (including net income and dividends) contributed by the subsidiary to the Group until the closing of the transaction (on 1st June, 2021) and a profit net of taxes of €582 million. Thus, the Group has been reflecting the results that BBVA USA

## DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

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Bancshares, Inc. has been generating, as well as the positive impact, mainly, of these results on the Group's CET1 fully loaded ratio. The calculation of the impact on CET1 was made taking into account the amount of the transaction in euros and the Group's consolidated interim financial statements as of 30th June, 2021.

The Group continues to develop the institutional and wholesale business in the United States that it currently carries out through its broker-dealer BBVA Securities Inc. and its branch in New York. BBVA also maintains its investment activity in the fintech sector through its participation in Propel Venture Partners US Fund I, L.P..

### *Sale of the Group's stake in Paraguay*

On 22nd January 2021, once the mandatory authorisations were obtained, BBVA completed the sale of its direct and indirect shareholding of 100 per cent. of the capital stock of Banco Bilbao Vizcaya Argentaria Paraguay, S.A. (**BBVA Paraguay**) to Banco GNB Paraguay S.A., a subsidiary of the Gilinski Group. This transaction was originally agreed in 2019. The total amount received by BBVA amounted to approximately USD 250 million (approximately €210 million). The transaction generated a capital loss net of taxes of approximately €9 million. This transaction had a positive impact on the CET1 fully loaded ratio of the Group of approximately 6 basis points, which was reflected in the capital base of the Group in the fiscal year 2021.

## 2020

### *Alliance with Allianz, Compañía de Seguros y Reaseguros, S.A.*

On 27th April, 2020, BBVA reached an agreement with Allianz, Compañía de Seguros y Reaseguros, S.A. to create a bancassurance joint venture in order to develop non-life insurance in Spain, excluding the health insurance line of the business.

On 14th December, 2020, once the required authorisations had been obtained, BBVA completed the operation and announced the transfer to Allianz, Compañía de Seguros y Reaseguros, S.A., 50 per cent of the share capital plus one share in BBVA Allianz Seguros y Reaseguros, S.A., for which it received €274 million, without taking into account a variable part of the price (up to €100 million depending on certain business objectives and planned milestones). This operation resulted in a profit net of taxes of €304 million and a positive impact on the Group's CET1 (fully loaded) ratio of 7 basis points, recorded in the Consolidated Financial Statements for the year ended 31st December, 2020.

## BUSINESS OVERVIEW

The Group is a customer-centric global financial services group founded in 1857. The Group is internationally diversified and with strengths in the traditional banking businesses of retail banking, asset management and wholesale banking. The Group is committed to offering a compelling digital proposition focused on the customer experience.

The Group is focused on increasingly offering products online and through mobile channels, improving the functionality of its digital offerings and refining the customer experience, thereby contributing to the delivery of its strategy in a sustainable and inclusive way. BBVA incorporates sustainability considerations as part of its daily activities and in everything it does, encompassing not only relations with customers but also internal processes. In 2021, the number of digital and mobile customers and the volume of digital sales of the Group continued to increase.

### **Standards and interpretations that became effective in 2022**

#### *Standards and interpretations effective and with impact on the Consolidated Financial Statements as of 30th June, 2022*

As stated in Note 2.2.19 to the consolidated financial statements of the Group for the year ended 31st December, 2021, in accordance with the criteria established in IAS 29 "Financial Reporting in

Hyperinflationary Economies”, to determine whether an economy has a high inflation rate the country's economic situation is examined, analysing whether certain circumstances are fulfilled, such as whether the general population prefers to keep its wealth or savings in non-monetary assets or in a relatively stable foreign currency, whether prices may be quoted in that currency, whether interest rates, wages and prices are linked to a price index or whether the cumulative inflation rate over three years is approaching or exceeds 100 per cent.. The fact that any of these circumstances is fulfilled will not be a decisive factor in considering an economy hyperinflationary, but it does provide some reasons to consider it as such.

## **Turkey**

As of 30th June, 2022, Turkey's economy has been considered highly hyperinflationary based on the criteria mentioned above. As a result, the financial statements of the Group's entities located in Turkey have been adjusted to correct them for the effects of inflation, in accordance with IAS 29, with retrospective application from 1st January, 2022. This means that:

- The historical cost of non-monetary assets and liabilities (see Notes 16, 17 and 18), assets contractually linked to changes in prices and various headings in equity must be adjusted to reflect changes in the purchasing power of the currency due to inflation from their date of acquisition or inclusion in the consolidated balance sheet, or if this is later, with the limit of its recoverable value. The restatement has been made using the Consumer Price Index published by the Turkish Statistical Institute.
- The different lines of the income statement are adjusted by the inflation index since their inception, with a corresponding entry under the heading "Accumulated other comprehensive income (loss)".
- The loss of the net monetary position, which represents the loss of purchasing power of the entity due to maintaining an excess of monetary assets not linked to inflation (mainly loans, credits and bonds) over monetary liabilities, is registered in the line "Other operating expense" in the income statement and with a credit to "Accumulated other comprehensive income (loss)".
- All the components of the financial statements of the subsidiaries are converted at the closing exchange rate, registering the conversion differences to the euro within "Accumulated other comprehensive income (loss)" as stated in IAS 21.
- The figures for years prior to 2022 have not been modified since the Group's presentation currency is the euro.

The combined result derived from the application of the above criteria amounts to a loss of €1,776 million, of which €1,022 million is attributed to the parent company of the Group. This impact includes mainly the loss of the net monetary position, which amounts to a gross amount of €1,686 million and is recorded in the line “Other operating expense” in the consolidated income statement, partially offset by the positive impact of the revaluation of certain bonds linked to inflation, for a gross amount of €1,132 million, given that, under IAS 29, these types of bonds are considered protective assets (see Note 36).

The first application of IAS 29 in the Turkish subsidiaries led to an increase in equity of €130 million as of 1st January, 2022, and is mainly the result of the revaluation of tangible assets and inflation-linked bonds.

Accumulated inflation in the first half of 2022 stood at 42.35 per cent. and the exchange rate used as of 30th June, 2022 was 17.32 TRY/€.

## ***Standards and interpretations effective and with impact on the Consolidated Financial Statements as of 31st December, 2021***

**Minor changes to IFRS Standards (IAS 37 Provisions - Onerous contracts, IAS 16 Property, Plant and Equipment and IFRS 3 Business Combination) and Annual Improvements to IFRS 2018 - 2020 (IFRS 1**

**- First application of IFRS, IFRS 9 Financial Instruments, IAS 41 Agriculture and modifications to the illustrative examples of IFRS 16 - Leases)**

From 1st January, 2022, the following amendments to the IFRS standards or their interpretations (hereinafter "IFRIC" or "interpretation") became effective:

The IASB has issued minor amendments and improvements to various IFRS to clarify the wording or correct minor consequences, oversights or conflicts between the requirements of the Standards as of 1st January, 2022. The modified standards are: IAS 37 Provisions, IAS 16 Property, Plant and Equipment, IFRS 3 Business Combination, IFRS 1 First application of IFRS, IFRS 9 Financial Instruments, IAS 41 Agriculture and IFRS 16 Leases.

The amendments are effective for annual reporting periods beginning on or after 1st January, 2022, with no significant impact on the Group's consolidated financial statements.

**IBOR Reform**

As detailed in Note 2.3 of the Consolidated Financial Statements for the year 2021, the transition from an inter-bank offered rate (**IBOR**) to a risk free rate (**RFR**) is a complex initiative, which has affected and affects the Group in different geographical areas and business lines, as well as in multitude of products, systems and processes.

As of 30th June, 2022, the Group continues to hold financial assets and liabilities whose contracts are referenced to USD Libor rates, as they are used, among others, for loans, deposits and debt issues as well as underlying derivative financial instruments.

Below is the Group's exposure to financial assets and liabilities maturing after June 2023 at USD Libor (date of discontinuation of publication of these indices). As of 30th June, 2022, the Group has robust transition fallbacks or a synthetic, statutory or counter-clearinghouse solution for all transactions that have not transitioned to the new benchmark as of June 2022. The table shows the gross amounts in the case of loans and advances to customers, asset and liability debt instruments and deposits and, the notional amount for derivatives.

**Millions of Euros**

	<b>Loans &amp; Advances</b>	<b>Debt Securities Assets</b>	<b>Debt Securities Issued (Liabilities)</b>	<b>Deposits</b>	<b>Derivatives (notional)</b>
EONIA with maturity > 31st December, 2021	157	—	—	—	—
LIBOR ex USD & USD LIBOR 1W/2M with maturity > 31st December, 2021	22,110	175	2,112	191	513,549
<b>Total</b>	<b>22,266</b>	<b>175</b>	<b>2,112</b>	<b>191</b>	<b>513,549</b>

It should be noted that all these exposures (with the exception of USD LIBOR for terms other than one week and two months) effectively transition, in accordance with the established mechanisms described, from 1st January, 2022, as the next fixings of interest rates occurs.

Out of the derivative instruments, 93 per cent. of the exposure is either settled by Clearing Houses (mainly LCH or EUREX) or is operational with counterparties currently adhered to the ISDA protocol.

**Operating Segments**

As of 30th June, 2022, the structure of the operating segments used by the Group for management purposes remained the same as in 2021.

During the first half of 2022, the allocation criteria for certain expenses related to global technology projects between the Corporate Center and the business areas changed. In addition, an equity team from the Global Markets unit was transferred from Spain to New York, with the corresponding transfer of the costs associated

## DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

with this reallocation from the Spain business segment to the Rest of Business business segment. In order to make the information as of 31st December, 2021 and for the six months ended 30th June, 2021 comparable with the information as of and for the six months ended 30th June, 2022, segment figures as of 31st December, 2021 and for the six months ended 30th June, 2021 have been revised in conformity with the new allocation criteria.

Set forth below are the Group's current five operating segments:

- Spain;
- Mexico;
- Turkey;
- South America; and
- Rest of Business.

In addition to the operating segments referred to above, the Group has a Corporate Center which includes those items that have not been allocated to an operating segment. It includes the Group's general management functions, including costs from central units that have a strictly corporate function, management of structural exchange rate positions carried out by the Financial Planning unit, certain proprietary portfolios, certain tax assets and liabilities, certain provisions related to commitments with employees, and goodwill and other intangibles, as well as the financing of such asset portfolios. It also includes the results of the Group's stake in the venture capital fund Propel Venture Partners. Additionally, the results obtained by the Group's businesses in the United States included within the scope of the sale of BBVA USA Bancshares, Inc., through the date of its closing, have been presented in a single line under the heading "Profit (loss) after tax from discontinued operations" in the income statement of the Corporate Center.

The breakdown of the Group's total assets by each of BBVA's operating segments and the Corporate Center as of 30th June, 2022 and 31st December, 2021 was as follows:

	As of 30th June, 2022	As of 31st December, 2021(*)
	(in millions of Euros)	
Spain	432,012	413,430
Mexico	140,360	118,106
Turkey	64,101	56,245
South America	66,343	56,124
Rest of Business	46,176	40,328
<b>Subtotal Assets by Operating Segment</b>	<b>748,991</b>	<b>684,233</b>
Corporate Center and Adjustments	(33,698)	(21,348)
<b>Total Assets Group</b>	<b>715,294</b>	<b>662,885</b>

(\*) In the first quarter of 2022 the Group changed the allocation criteria for certain expenses related to global technology projects between the Corporate Center and the business areas, therefore, to ensure that year-on-year comparisons are homogeneous, the figures corresponding to the financial year 2021 have been revised, which has not affected the consolidated financial information of the Group. Also in the first quarter of 2022, an equity team from the Global Markets unit was transferred from Spain to New York, with the corresponding transfer of the costs associated with this reallocation from Spain to Rest of Business.

The following table sets forth the attributable profit and main margins of the condensed consolidated income statement by operating segment and the Corporate Center for the six months ended 30th June, 2022 and 2021:



## DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

### Main margins and profit by operating segments (Millions of Euros)

	Operating Segments						Corporate Center and adjustments (**)
	BBVA Group	Spain	Mexico	Turkey	South America	Rest of Business	
<b>June 2022</b>							
Net interest income	8,551	1,763	3,684	1,163	1,849	155	(64)
Gross income	11,509	3,069	4,887	1,342	1,975	384	(147)
Operating profit /(loss) before tax	4,787	1,414	2,502	637	738	162	(667)
<b>Attributable profit (loss)</b>	<b>3,001</b>	<b>808</b>	<b>1,821</b>	<b>62</b>	<b>413</b>	<b>128</b>	<b>(230)</b>
<b>June 2021 (*)</b>							
Net interest income	6,955	1,761	2,771	1,036	1,328	141	(82)
Gross income	10,259	3,035	3,604	1,571	1,480	422	146
Operating profit /(loss) before tax	2,889	985	1,593	952	414	205	(1,259)
<b>Attributable profit (loss)</b>	<b>1,911</b>	<b>725</b>	<b>1,119</b>	<b>384</b>	<b>210</b>	<b>159</b>	<b>(687)</b>

(\*) In the first quarter of 2022 the Group changed the allocation criteria for certain expenses related to global technology projects between the Corporate Center and the business areas, therefore, to ensure that year-on-year comparisons are homogeneous, the figures corresponding to the financial year 2021 have been revised, which has not affected the consolidated financial information of the Group. Also in the first quarter of 2022, an equity team from the Global Markets unit was transferred from Spain to New York, with the corresponding transfer of the costs associated with this reallocation from Spain to Rest of Business.

(\*\*) Includes the impact gross of taxes for the purchase of Tree *Inversiones Inmobiliarias* in June 2022. See Note 5 to the H1 2022 Report.

### Spain

This operating segment includes all of BBVA's banking and non-banking businesses in Spain, other than those included in the Corporate Center. The primary business units included in this operating segment are:

- **Spanish Retail Network:** including individual customers, private banking, small companies and businesses in the domestic market;
- **Corporate and Business Banking:** which manages SMEs, companies and corporations and public institutions;
- **Corporate and Investment Banking:** responsible for business with large corporations and multinational groups and the trading floor and distribution business in Spain; and
- **Other units:** which includes the insurance business unit in Spain (BBVA Seguros) as well as the Group's shareholding in the bancassurance joint venture with Allianz, Compañía de Seguros y Reaseguros, S.A. (see “—History and Development of the Issuer—Capital Divestitures—2020”), the Asset Management unit (which manages Spanish mutual funds and pension funds), lending to real estate developers and foreclosed real estate assets in Spain, as well as certain proprietary portfolios and certain funding and structural interest-rate positions of the euro balance sheet which are not included in the Corporate Center.

### Mexico

The Mexico operating segment includes the banking and insurance businesses conducted in Mexico by BBVA Mexico. It also includes BBVA Mexico's branch in Houston.

The Mexican peso appreciated 10.4 per cent. against the euro as of 30th June, 2022 compared with 31st December, 2021, positively affecting the business activity of the Mexico operating segment as of 30th June, 2022 expressed in euros. See “Item 5. Operating and Financial Review and Prospects—Item 5A. Operating Results—Factors Affecting the Comparability of our Results of Operations and Financial Condition—Trends in Exchange Rates” in the Form 20-F.

### **Turkey**

This operating segment comprises the activities carried out by Garanti BBVA as an integrated financial services group operating in every segment of the banking sector in Turkey, including corporate, commercial, SME, payment systems, retail, private and investment banking, together with its subsidiaries in pension and life insurance, leasing, factoring, brokerage and asset management, as well as its international subsidiaries in the Netherlands and Romania.

On 18th May, 2022, BBVA closed its voluntary takeover bid for the entire share capital of Garanti BBVA, which resulted in BBVA increasing its stake in Garanti BBVA from 49.85 per cent. to 85.97 per cent.. See “*Capital Expenditures – 2022 – Voluntary Takeover Bid for the Entire Share Capital of Türkiye Garanti Bankası A.Ş. (Garanti BBVA)*” above.

The Turkish lira depreciated against the euro as of 30th June, 2022 compared to 31st December, 2021, adversely affecting the business activity of the Turkey operating segment as of 30th June, 2022 expressed in euros. See “*Item 5. Operating and Financial Review and Prospects—Item 5A. Operating Results—Factors Affecting the Comparability of our Results of Operations and Financial Condition—Trends in Exchange Rates*” in the Form 20-F.

Since 2022, the Turkish economy is considered to be hyperinflationary as defined by IAS 29. See “*Presentation of Financial Information—Changes in Accounting Policies—Hyperinflationary economies*” in the Form 20-F. As a result, the income statement and the balance sheet of the Group’s entities located in Turkey have been adjusted to correct them for the effects of inflation as of 30th June, 2022.

### **South America**

The South America operating segment includes the Group’s banking and insurance businesses in the region.

The main business units included in the South America operating segment are:

- Retail and Corporate Banking: includes banks in Argentina, Colombia, Peru, Uruguay and Venezuela.
- Insurance: includes insurance businesses in Argentina, Colombia and Venezuela.

The sale of BBVA Paraguay closed in January 2021.

As of 30th June, 2022, the Colombian peso and the Peruvian sol appreciated against the euro by 5.2 per cent. and 14.8 per cent., respectively compared to 31st December, 2021. On the other hand, the Argentine peso depreciated against the euro by 10.4 per cent. Changes in exchange rates have positively affected the business activity of the South America operating segment as of 30th June, 2022 expressed in euros. See “*Item 5. Operating and Financial Review and Prospects—Item 5A. Operating Results—Factors Affecting the Comparability of our Results of Operations and Financial Condition—Trends in Exchange Rates*” in the Form 20-F.

As of 30th June, 2022 and 31st December, 2021, the Argentine and Venezuelan economies were considered to be hyperinflationary as defined by IAS 29 (see “*Presentation of Financial Information—Changes in Accounting Policies—Hyperinflationary economies*” in the Form 20-F).

### **Rest of Business**

This operating segment includes the wholesale activity carried out by the Group in Europe, excluding Spain, and in the United States, as well the banking business developed through the BBVA branches located in Asia.

## DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

### Organisational Structure

For information on the composition of the Group as of 31st December, 2021, see Note 1.1 to the Consolidated Financial Statements for the year ended 31st December, 2021.

The companies comprising the Group are principally domiciled in the following countries: Argentina, Belgium, Chile, Colombia, France, Germany, Italy, Mexico, Netherlands, Peru, Portugal, Romania, Spain, Switzerland, Turkey, the United Kingdom, the United States of America and Uruguay. In addition, BBVA has an active presence in Asia.

Below is a simplified organisational chart of BBVA's most significant subsidiaries as of 31st December, 2021.

Subsidiary	Country of Incorporation	Activity	BBVA Voting Power (in percentages)	BBVA Ownership	Total Assets(1) (in millions of euros)
BBVA MEXICO	MEXICO	Bank	100.00	100.00	103,490
GARANTI BBVA AS	TURKEY	Bank	49.85	49.85	48,162
BBVA PERU	PERU	Bank	92.24 <sup>(2)</sup>	46.12	22,199
BBVA COLOMBIA S.A.	COLOMBIA	Bank	95.47	95.47	16,818
BBVA SEGUROS SA DE SEGUROS Y REASEGUROS	SPAIN	Insurance	99.96	99.96	16,333
BANCO BBVA ARGENTINA S.A.	ARGENTINA	Bank	66.55	66.55	8,627
BBVA SEGUROS MÉXICO SA DE CV GRUPO FINANCIERO BBVA MEXICO	MEXICO	Insurance	100.00	100.00	6,658
BBVA PENSIONES MEXICO, S.A. DE C.V., GRUPO FINANCIERO BBVA MEXICO	MEXICO	Insurance	100.00	100.00	5,719
GARANTIBANK BBVA INTERNATIONAL N.V.	THE NETHERLANDS	Bank	49.85	100.00	4,105
BANCO BILBAO VIZCAYA ARGENTARIA URUGUAY SA	URUGUAY	Bank	100.00	100.00	3,431

(1) Information for non-EU subsidiaries has been calculated using the prevailing exchange rates on 31st December, 2021.

(2) Subject to certain exceptions

### Selected Consolidated Financial Data

The historical financial information set forth below has been selected from, and should be read together with, the Consolidated Financial Statements, which are incorporated by reference herein.

#### Consolidated statement of income data

	For the six months ended 30th June,		For the year ended 31st December,		
	2022	2021	2021	2020	2019
	(in millions of euros)				
Net interest income.....	8,551	6,955	14,686	14,592	15,789
Profit (loss) .....	3,119	2,387	5,618	2,060	4,345
Profit (loss) attributable to parent company .....	3,001	1,911	4,653	1,305	3,512

#### Consolidated balance sheet data

	As of 30th June,	As at 31st December,		
	2022	2021	2020	2019
	(in millions of euros)			
Total assets .....	715,294	662,885	733,797	695,471
Financial assets at amortized cost.....	408,148	372,676	367,668	439,162
Customers' deposits at amortized cost .....	376,973	349,761	342,661	384,219
Debt certificates.....	57,639	59,159	66,311	68,619
Non-controlling interests .....	3,351	4,853	5,471	6,201

## DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

	As of 30th June, 2022	As at 31st December, 2021 2020 2019		
		<i>(in millions of euros)</i>		
Total equity.....	48,793	48,760	50,020	54,925

### DIRECTORS AND SENIOR MANAGEMENT

BBVA is managed by a Board of Directors which, in accordance with its current by-laws (*Estatutos*), must consist of no less than 5 and no more than 15 members. All members of the Board of Directors are elected to serve three-year terms. BBVA's Board of Directors Regulations state that the Board of Directors must try to ensure that there is an ample majority of non-executive directors over the number of executive directors on the Board of Directors.

BBVA's corporate governance system is based on the distribution of functions between the Board of Directors, the Executive Committee (*Comisión Delegada Permanente*) and other specialised Board Committees, namely: the Audit Committee; the Appointments and Corporate Governance Committee; the Remuneration Committee; the Risk and Compliance Committee; and the Technology and Cybersecurity Committee. BBVA's Board of Directors is assisted in fulfilling its responsibilities by the Executive Committee. The Executive Committee will deal with those matters of the Board of Directors that the Board agrees to delegate to it, in accordance with the law, the Bylaws, the Board of Directors' Regulations or its own Regulations approved by the Board of Directors.

#### Board of Directors

The Board of Directors of BBVA currently comprises 15 members. The business address of the directors of BBVA is Calle Azul, 4, 28050 Madrid.

BBVA may, from time to time, enter into transactions in the ordinary course of its business, and on an arm's-length basis, with the directors.

BBVA's Board of Directors Regulations includes rules which are designed to prevent situations where a potential conflict of interest may arise. These Regulations provide, among other matters, that directors must refrain from participating in deliberations and votes on resolutions or decisions in which they or a related party may have a direct or indirect conflict of interest. Accordingly, there are no potential conflicts of interest between the private interests or other duties of the directors and their duties to BBVA.

The following table sets forth the names of the members of the Board of Directors as of the date of this Offering Circular, their date of appointment and re-election, if applicable, their current positions and their present principal outside occupation and employment history.

Name	Birth Year	Current Position	Date Nominated	Date Re-elected	Principal Business Activities and Employment History <sup>(*)</sup>
Carlos Torres Vila <sup>(1) (6)</sup>	1966	Chair	4th May, 2015	18th March, 2022	Chair of the Board of Directors of BBVA. Chair of the Executive Committee and of the Technology and Cybersecurity Committee. Director of Grupo Financiero BBVA México, S.A. de C.V. and BBVA México S.A., Institución de Banca Múltiple, Grupo Financiero BBVA México. Chief Executive Officer of BBVA from May

## DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Name	Birth Year	Current Position	Date Nominated		Date Re-elected		Principal Business Activities and Employment History <sup>(*)</sup>
							2015 to December 2018. He started at BBVA in September 2008 holding senior management posts such as Head of Digital Banking from March 2014 to May 2015 and BBVA Strategy & Corporate Development Director from January 2009 to March 2014.
Onur Genç <sup>(1)</sup>	1974	Chief Executive Officer	20th December, 2018		18th March, 2022		Chief Executive Officer of BBVA. Director of Grupo Financiero BBVA México, S.A., de C.V., and BBVA México S.A., Institución de Banca Múltiple, Grupo Financiero BBVA México. Chair and CEO of BBVA USA and BBVA's Country Manager in the United States from January 2017 to December 2018. Deputy CEO at Garanti BBVA between 2015 and 2017 and Vice President for retail and private banking at Garanti BBVA between 2012 and 2015.
José Miguel Andrés Torrecillas <sup>(1)</sup> (2) (3) (8)	1955	Deputy Chair (Independent Director)	13th March, 2015		20th April, 2021		Deputy Chair of the Board of Directors of BBVA since April 2019 and Chair of the Appointments and Corporate Governance Committee. Chair of Ernst & Young Spain from 2004 to 2014, where he was a partner since 1987 and also held a series of senior offices, including Managing Partner of the Banking Group from 1989 to 2004 and Managing Director of the Audit and Advisory practices at Ernst & Young Italy and Portugal from 2008 to 2013. He has been director of Zardoya Otis, S.A. from 2015 to 2022.
Jaime Félix Caruana Lacorte <sup>(1) (2) (5)</sup>	1952	Independent Director	16th March, 2018		20th April, 2021		Chair of the Audit Committee since April 2019. Member of the Group of Thirty (G-30), Sponsor ( <i>patrono</i> ) of the Spanish Aspen Institute Foundation, President of the International Center for

**DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**

<b>Name</b>	<b>Birth Year</b>	<b>Current Position</b>	<b>Date Nominated</b>	<b>Date Re-elected</b>	<b>Principal Business Activities and Employment History<sup>(*)</sup></b>
					Monetary and Banking Studies' (ICMB) Foundation Board and Member of the China Banking and Insurance Regulatory Commission's (CBIRC) International Advisory Committee. General Manager of the Bank of International Settlements (BIS) between 2009 and 2017. Between 2006 and 2009 he was Head of the Monetary, Capital Markets Department and Financial Counselor and General Manager at the International Monetary Fund (IMF), and between 2003 and 2006, he was Chair of the Basel's Banking Supervision Committee.
Raúl Catarino Galamba de Oliveira <sup>(5)</sup> <sup>(6)</sup> <sup>(7)</sup>	1964	Independent Director	13th March, 2020	Not applicable	Lead Director of BBVA since April 2022. Independent Chair of the Board of Directors of CTT – Correios de Portugal, S.A. and non-executive director of José de Mello Saúde and José de Mello Capital. His career path has been mainly linked to McKinsey & Company, where he was appointed partner in 1995, Director of the Portugal office in 2000, Managing Partner of Global Risk practice between 2013 and 2016, member of the Global Shareholders' Board from 2005 to 2011, member of the Global Partner Election and Evaluation Committees between 2001 and 2017, member of the Remuneration Committee from 2005 to 2013 and Chair of the Global Learning Board from 2006 to 2011.
Belén Garijo López <sup>(2)</sup> <sup>(3)</sup> <sup>(4)</sup>	1960	Independent Director	16th March, 2012	20th April, 2021	Chair of the Remuneration Committee. Chair of the Executive Board and CEO of Merck Group, member of the Board of Directors of L'Oréal

**DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**

<b>Name</b>	<b>Birth Year</b>	<b>Current Position</b>	<b>Date Nominated</b>	<b>Date Re-elected</b>	<b>Principal Business Activities and Employment History<sup>(*)</sup></b>
					and, since 2011, Chair of the International Senior Executive Committee (ISEC) of PhRMA, (Pharmaceutical Research and Manufacturers of America). Previously, she was President of Commercial Operations for Europe and Canada at Sanofi Aventis.
Connie Hedegaard Koksang	1960	Independent Director	18th March, 2022	Not applicable	Independent director at Danfoss A/S and non-executive director at Cadeler A/S. She is also Advisor to the Board of Directors at Gazelle Wind Power Limited. Moreover, she participates on an ongoing basis in international forums and organisations and in foundations such as her membership of the Supervisory Board at the European Climate Foundation. She is also Chair of the OECD's Round Table on Sustainable Development, a member of the Climate and Environment Advisory Council of the European Investment Bank (EIB), Chair of the Board of Trustees at the KR Foundation, Chair of CONCITO, Chair of the European Commission's Mission Adaptation to Climate Change, including Social Change, Chair of the Board at Aarhus University, and a member of the Sustainability Council at Volkswagen. She has been non-executive director of Nordex SE from 2016 to 2022.
Lourdes Máiz Carro <sup>(2) (4)</sup>	1959	Independent Director	14th March, 2014	13th March, 2020	Secretary of the Board of Directors and Director of Legal Services at Iberia, Líneas Aéreas de España from 2001 until 2016. Joined the Spanish State Counsel Corps (Cuerpo de Abogados del Estado) and from 1992 until

## DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Name	Birth Year	Current Position	Date Nominated	Date Re-elected	Principal Business Activities and Employment History <sup>(*)</sup>
					1993 she was Deputy to the Director in the Ministry of Public Administration. From 1993 to 2001 held various senior positions in the Public Administration, including Director of the Cabinet of the Assistant Secretary of Public Administration and General Director of the Sociedad Estatal de Participaciones Patrimoniales (SEPPA) within the Ministry of Economy and Finance.
José Maldonado Ramos <sup>(1) (3)</sup>	1952	External Director	28th January, 2000	20th April, 2021	Appointed Director and General Secretary of BBVA in January 2000. Took early retirement as Bank executive in December 2009. Previously, he was Board Secretary and Director of Legal Services for Empresa Nacional para el Desarrollo de la Industria Alimentaria, S.A. (Endiasa); Astilleros Españoles, S.A.; and Iberia, Líneas Aéreas de España, S.A.
Ana Cristina Peralta Moreno <sup>(2) (4)</sup>	1961	Independent Director	16th March, 2018	20th April, 2021	Independent director of Grenergy Renovables, S.A. and of Inmobiliaria Colonial, SOCIMI, S.A. and member of the Professional Board of ESADE. Independent director at Deutsche Bank SAE from 2014 to 2018; independent director at Banco Etcheverría, S.A. from 2013 to 2014. Previously, she was General Director of Risks and Member of the Management Committee of Banco Pastor, S.A. and she held several positions at Bankinter, S.A. including Chief Risk Officer and member of the Management Committee.
Juan Pi Llorens <sup>(3) (5) (6)</sup>	1950	Independent Director	27th July, 2011	20th April, 2021	Chair of the Risk and Compliance Committee of BBVA. Chair of the Board of Directors of Ecolumer, S.A., and non-executive director of



**DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**

<b>Name</b>	<b>Birth Year</b>	<b>Current Position</b>	<b>Date Nominated</b>	<b>Date Re-elected</b>	<b>Principal Business Activities and Employment History<sup>(*)</sup></b>
					Oesia Networks, S.L., Tecnobit, S.L.U., UAV Navigation, S.L. and of Inster Tecnología y Comunicaciones, S.A.U. Had a professional career at IBM holding various senior posts at a national and international level including Vice President for Sales at IBM Europe from 2005 to 2008, Vice President of Technology & Systems Group at IBM Europe from 2008 to 2010 and Vice President of the Finance Services Sector at GMU (Growth Markets Units) in China from 2009 to 2011. He was executive President of IBM Spain between 1998 and 2001.
Ana Leonor Revenga Shanklin <sup>(5) (6)</sup>	1963	Independent Director	13th March, 2020	Not applicable	Senior Fellow at the Brookings Institution and Chair of the ISEAK Foundation Board of Trustees since 2018 and Associate Professor at the Walsh School of Foreign Service at Georgetown University since 2019. She has held several positions of responsibility at the World Bank, including Senior Global Director of Poverty and Equity between 2014 and 2016 and Deputy Chief Economist in 2016 and 2017.
Susana Rodríguez Vidarte <sup>(1) (3) (5)</sup>	1955	External Director	28th May, 2002	13th March, 2020	Professor Emeritus of Strategy at the Faculty of Economics and Business Sciences at Universidad de Deusto. She was Dean of the faculty of Economics and Business Administration of the University of Deusto from 1996 to 2009, Director of the Instituto Internacional de Dirección de Empresas (INSIDE) from 2003 to 2008 and Director of the Postgraduate Area from 2009 to 2012. Doctor in Economic

## DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Name	Birth Year	Current Position	Date Nominated		Date Re-elected		Principal Business Activities and Employment History <sup>(*)</sup>
Carlos Vicente Salazar Lomelín <sup>(4)</sup>	1951	External Director	13th	March, 2020	Not applicable		Chair of Mexico's Business Coordinating Council since 2019 and independent director of Sukarne, S.A. de C.V. and Alsea, S.A.B. de C.V. since 2017 and 2019, respectively. Director of Grupo Financiero BBVA México, S.A. de C.V. and of BBVA México, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA México. His career path has been linked to the Grupo Fomento Económico Mexicano S.A.B. de C.V. (Femsa) until 2019, having held roles such as General Manager of Cervecería Cuauhtémoc-Moctezuma and General Manager of Femsa from 2014 to 2017.
Jan Paul Marie Francis Verplancke <sup>(4)(6)</sup>	1963	Independent Director	16th	March, 2018	20th April, 2021		Advisor to the Internal Advisory Board at Abdul Latif Jameel. Director, Chief Information Officer, Group Head of Technology and Banking Operations, of Standard Chartered Bank, between 2004 and 2015. Before that, he held several positions in multinational companies, such as Vice President of Technology and Chief Information Officer, in the EMEA region of Dell (1999-2004).

(\*) Where no date is provided, the position is currently held.

(1) Member of the Executive Committee.

(2) Member of the Audit Committee.

(3) Member of the Appointments and Corporate Governance Committee.

(4) Member of the Remuneration Committee.

(5) Member of the Risk and Compliance Committee.

(6) Member of the Technology and Cybersecurity Committee.

(7) Lead Director.

(8) Deputy Chair.

### Major Shareholders and Share Capital

On 18th April, 2019, Blackrock, Inc. reported to the Spanish Securities Market Commission that it had an indirect holding of BBVA common stock totalling 5.917 per cent., of which 5.480 per cent. are voting rights attributed to shares and 0.437 per cent. are voting rights held through financial instruments.

On 11th February, 2021, GQG Partners LLC (**GQG Partners**) reported that it held 3.090 per cent. of the voting rights attributed to BBVA's shares and 3.090 per cent. of the total voting rights (GQG Partners does not report voting rights held through financial instruments).

As of 27th July, 2022, no other person, corporation or government beneficially owned, directly or indirectly, three per cent. or more of BBVA's shares. BBVA's major shareholders do not have voting rights which are different from those held by the rest of its shareholders. To the extent known to BBVA, BBVA is not controlled, directly or indirectly, by any other corporation, government or any other natural or legal person. As of 27th July, 2022, there were 821,351 registered holders of BBVA's shares, with an aggregate of 6,386,667,870 shares, of which 710 shareholders with registered addresses in the United States held a total of 1,613,079,405 shares (including shares represented by American Depositary Shares evidenced by American Depositary Receipts (**ADRs**)). Since certain of such shares and ADRs are held by nominees, the foregoing figures are not representative of the number of beneficial holders.

### Legal Proceedings

Spanish judicial authorities are investigating the activities of Cenyt. Such investigation includes the provision of services by Cenyt to BBVA. On 29th July, 2019, BBVA was named as an investigated party (*investigado*) in a criminal judicial investigation (Preliminary Proceeding No. 96/2017 – Piece No. 9, Central Investigating Court No. 6 of the National High Court) for alleged facts which could constitute bribery, revelation of secrets and corruption. On 3rd February, 2020, BBVA was notified by the Central Investigating Court No. 6 of the National High Court of the order lifting the secrecy of the proceedings. Certain current and former officers and employees of the Group, as well as former directors, have also been named as investigated parties in connection with this investigation. BBVA has been and continues to be proactively collaborating with the Spanish judicial authorities, including sharing with the courts the relevant information obtained in the internal investigation hired by the entity in 2019 to contribute to the clarification of the facts. As of the date of this Offering Circular, no formal accusation against BBVA has been made.

This criminal judicial proceeding is in the pre-trial phase. Therefore, it is not possible at this time to predict the scope or duration of such proceeding or any related proceeding or its or their possible outcomes or implications for the Group, including any fines, damages or harm to the Group's reputation caused thereby.

The Group operates in legal and regulatory environments that expose it to potentially significant legal and regulatory actions and proceedings, including legal claims and proceedings, civil and criminal regulatory proceedings, governmental and judicial investigations and proceedings, tax proceedings and other proceedings in jurisdictions around the world. Legal and regulatory actions and proceedings are subject to many uncertainties, and their outcomes, including the timing thereof, the amount of fines or settlements or the form of any settlements arising therefrom, or changes in business practices the Group may need to introduce as a result thereof, any of which may be material and are often difficult to predict, particularly in the early stages of a particular legal or regulatory matter.

As of the date of this Offering Circular, and in addition to as described above, the Issuer and its subsidiaries are involved in a number of legal and regulatory actions and proceedings in various jurisdictions around the world (including, among others, Spain, Mexico and the United States), the adverse resolution of which may also adversely impact the Group. See "*Risk Factors — Factors that may affect the Issuer's ability to fulfil its obligations in respect of Notes issued under the Programme - Legal, Regulatory, Tax and Compliance Risks - Legal Risks — The Group is party to a number of legal and regulatory actions and proceedings*".

The Group can provide no assurance that the legal and regulatory actions and proceedings to which it is subject, or to which it may become subject in the future or otherwise affected by, will not, if resolved

**DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**

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adversely, result in a material adverse effect on the Group's business financial position or results of operations.

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# REGULATORY FRAMEWORK

## *General*

The Issuer is a Spanish credit institution with registered address at Plaza de San Nicolás 4, Bilbao. It operates under the form of a public limited liability company (*sociedad anónima*) and is thus subject to Spanish company and tax legislation applicable from time to time (including the special aspects of the provincial scheme applicable in view of its registered address), as well as to banking legislation applicable in Spain and in the EU. The Issuer's shares are currently listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Spanish Stock Exchange Interconnection System (Continuous Market), on the London and Mexico Stock Exchanges and, by means of ADSs (American Depositary Shares), on the New York Stock Exchange, and are thus subject to stock market regulations applicable in Spain, in the EU, in the UK, in Mexico and in the United States.

The Issuer develops its business in different jurisdictions through a number of subsidiaries, which are subject to company, banking, stock market and insurance regulations, among others, as applicable in each specific case. In particular, the Group is exposed to the regulations of Mexico, the United States and Turkey.

The following summarises some of the regulations that most significantly affect the Issuer in Spain, the Group's main market, and as a result of its activities in the EU.

## *Solvency and capital requirements*

In its capacity as a Spanish credit institution, the Issuer is subject to Directive 2013/36/EU of the European Parliament and of the Council of 26th June, 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC, and repealing Directives 2006/48/EC and 2006/49/EC (the **CRD IV Directive**) through which the EU began to implement the capital reforms agreed in the framework of Basel III. The core regulation on the solvency of credit institutions is Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26th June, 2013 on prudential requirements for credit institutions and investment firms, and amending Regulation (EU) No. 648/2012 (the **CRR I** and, together with the CRD IV Directive and any measures implementing the CRD IV Directive or CRR I which may from time to time be applicable in Spain, **CRD IV**), which is complemented by several binding regulatory technical standards that are directly applicable in all EU Member States, without the need for national implementation measures. The transposition of the CRD IV Directive into Spanish legislation took place through Royal Decree-Law 14/2013, of 29th November, Law 10/2014, RD 84/2015, Bank of Spain Circular 2/2014, of 31st January and Bank of Spain Circular 2/2016.

On 7th June, 2019, the following amendments to CRD IV, Directive 2014/59/EU of the European Parliament and of the Council of 15th May, 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (**BRRD I**) and Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15th July, 2014 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 (the **SRM Regulation I**) were published:

- Directive 2019/878/EU of the European Parliament and of the Council of 20th May, 2019 (the **CRD V Directive**) amending the CRD IV Directive (the CRD IV Directive as so amended by the CRD V Directive and as amended, replaced or supplemented from time to time, the **CRD Directive**);
- Directive 2019/879/EU of the European Parliament and of the Council of 20th May, 2019 (**BRRD II**) amending, among other things, BRRD I as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (BRRD I as so amended by BRRD II and as amended, replaced or supplemented from time to time, the **BRRD**);
- CRR II (together with the CRD V Directive, **CRD V**), amending, among other things, CRR I 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 Regulation (EU) No. 648/2012 (CRR I as so amended by CRR II and as amended, replaced or supplemented from time to time, the **CRR**); and

- Regulation (EU) No. 877/2019 of the European Parliament and of the Council of 20th May, 2019 (the **SRM Regulation II**) amending the SRM Regulation I as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (SRM Regulation I as so amended by SRM Regulation II and as amended, replaced or supplemented from time to time, the **SRM Regulation**),

(CRD V, together with BRRD II and the SRM Regulation II, the **EU Banking Reforms**).

CRD IV, among other things, established a “Pillar 1” minimum capital requirement and increased the level of capital required through the “combined buffer requirement” that institutions must comply with from 2016 onwards. The “combined buffer requirement” introduced five new capital buffers: (i) the capital conservation buffer, (ii) the G-SIB buffer, (iii) the institution-specific counter-cyclical buffer, (iv) the D-SIB buffer and (v) the systemic risk buffer (a buffer to prevent systemic or macroprudential risks). The “combined buffer requirement” (broadly, the combination of the capital conservation buffer, the institution-specific counter-cyclical buffer and the higher of the systemic risk buffer, the G-SIBs buffer and the D-SIBs buffer, in each case as applicable to the institution) applies in addition to the minimum “Pillar 1” capital requirements and must be satisfied with additional CET1 capital to that provided to meet the “Pillar 1” minimum capital requirement.

The G-SIB buffer is applicable to the institutions included in the list of G-SIBs, which is updated annually by the FSB. The Issuer was excluded from this list with effect as from 1st January, 2017 and so, unless otherwise indicated by the FSB (or the Bank of Spain) in the future, the Issuer will no longer be required to maintain the G-SIB buffer.

The Bank of Spain considers the Issuer to be a D-SIB and determines that the Issuer is required to maintain a fully-loaded D-SIB buffer of a CET1 ratio of 0.75 per cent. on a consolidated basis.

In December 2015, the Bank of Spain agreed to set the counter-cyclical capital buffer applicable to credit exposures in Spain at 0 per cent. from 1st January, 2016. This percentage is reviewed quarterly. The Bank of Spain agreed on 29th June, 2022 to maintain the counter-cyclical capital buffer applicable to credit exposures in Spain at 0 per cent. for the third quarter of 2022. At the date of this Offering Circular, the counter-cyclical capital buffer applicable to the Group stands at 0.01 per cent.

Furthermore, Article 104 of the CRD Directive (as implemented by Article 68 of Law 10/2014) and similarly Article 16 of Council Regulation (EU) No. 1024/2013 of 15th October, 2013 conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions (the **SSM Regulation**), also contemplates the possibility that the supervisory authorities may require credit institutions to observe capital requirements exceeding the “Pillar 1” minimum capital requirements and the “combined buffer requirement” by establishing “Pillar 2” capital requirements (which, with respect to other requirements, are above the “Pillar 1” requirements and below the “combined buffer requirement”).

Moreover, the ECB is required, under Regulation (EU) No. 468/2014 of the ECB of 16th April, 2014 establishing the framework for cooperation within the Single Supervisory Mechanism (**SSM**) between the ECB and national competent authorities and with national designated authorities (the **SSM Framework Regulation**), to carry out the SREP of the Issuer and the Group at least on an annual basis.

On 19th July, 2018, the EBA published its final guidelines intended to further enhance risk management by institutions and the convergence of supervision with respect to the SREP. These guidelines focus on stress testing, particularly to determine Pillar 2 capital guidance and the level of interest rate risk. As of 23rd July, 2020, the EBA published further guidelines on the carrying out the SREP during 2020 in light of the crisis generated by COVID-19. Additionally, on 28th June, 2021 the EBA published further draft amended

guidelines regarding the implementation of changes introduced by the CRD V Directive that, when finally adopted, will repeal and replace current SREP guidelines.

In response to the COVID-19 pandemic, the ECB announced on 12th March, 2020 that it will allow banks to partially use AT1 and Tier 2 instruments to meet the “Pillar 2” requirement, being a measure introduced by CRD V and initially expected to be implemented in 2021. In particular, the composition of capital instruments to meet the “Pillar 2” requirement, shall be made up in the form of 56.25 per cent. of CET1 capital and 75 per cent. of Tier 1 capital, as a minimum.

Consequently, all additional “Pillar 2” own funds requirements that the ECB may impose on the Issuer and/or the Group under the SREP will require the Issuer and/or the Group to maintain capital levels higher than the “Pillar 1” minimum capital requirement.

On 3rd February, 2022, the Issuer announced that as a result of the latest SREP carried out by the ECB, the ECB had communicated its determination of a “Pillar 2” requirement for BBVA of 1.5 per cent., applicable at an individual and consolidated level, of which at least 0.84 per cent. must be satisfied with CET1. Such “Pillar 2” requirement remains at the same level as determined by the ECB in the previous SREP. Therefore, BBVA must have maintained from 1st March, 2022, at a consolidated level, a CET1 ratio of 8.60 per cent. and a total capital ratio of 12.76 per cent., and, at an individual level, a CET1 ratio of 7.85 per cent. and a total capital ratio of 12.01 per cent.

As of 30th June, 2022 and 31st December, 2021, the Group’s phased-in total capital ratio was 16.22 per cent. and 17.24 per cent. on a consolidated basis and 17.21 per cent. and 19.64 per cent. on an individual basis, and its CET1 phased-in capital ratio was 12.56 per cent. and 12.98 per cent. on a consolidated basis and 12.50 per cent. and 14.14 per cent. on an individual basis, while the Group’s fully loaded total capital ratio was 16.11 per cent. and 16.99 per cent. on a consolidated basis and 17.28 per cent. and 19.68 per cent. on an individual basis, and the Group’s CET1 “fully loaded” ratio was 12.45 per cent. and 12.75 per cent. on a consolidated basis and 12.50 per cent. and 14.11 per cent. on an individual basis.

Such ratios exceed the applicable regulatory requirements described above, but there can be no assurance that the total capital requirements imposed on the Issuer and/or the Group from time to time may not be higher than the levels of capital available at such point in time. There can also be no assurance as to the result of any future SREP carried out by the ECB and whether this will impose any further additional “Pillar 2” own funds requirements on the Issuer and/or the Group.

In accordance with Article 48 of Law 10/2014, Article 73 of Royal Decree 84/2015 and Rule 24 of Bank of Spain Circular 2/2016, any institution not meeting its “combined buffer requirement” is required to calculate its MDA as stipulated in such legislation. Accordingly, restrictions on discretionary payments will be scaled according to the extent of the breach of the “combined buffer requirement” and calculated as a percentage of the profits of the institution generated since the last annual decision on the distribution of profits. Such calculation will result in a MDA in each relevant period. As an example, the scaling is such that in the bottom quartile of the “combined buffer requirement”, no discretionary payments will be permitted to be made.

As a consequence, in the event of breach of the “combined buffer requirement” and until the MDA has been calculated and communicated to the Bank of Spain, the relevant institution shall not make any discretionary payments, and once the MDA has been calculated and communicated to the Bank of Spain, the discretionary payments will be subject to the limit of the calculated MDA.

Additionally, pursuant to Article 48 of Law 10/2014, the adoption by the Bank of Spain's of the measures provided by Articles 68.2.h) and 68.2.i) of Law 10/2014, aimed at strengthening own funds or limiting or prohibiting the distribution of dividends, respectively, will also entail the requirement to determine the MDA and to restrict discretionary payments to such MDA. In accordance with the EU Banking Reforms, the calculation of the MDA, as well as the restrictions described in the preceding paragraph while such calculation is pending, may also be triggered by a breach of the combined buffer requirement when considered in addition to its MREL see *“Risk Factors - Increasingly onerous capital and liquidity requirements may have a material*

## REGULATORY FRAMEWORK

adverse effect on the Group's business, financial condition and results of operations") or a breach of the leverage ratio requirement.

CRD V also distinguishes between "Pillar 2" capital requirements and "Pillar 2" capital guidance, with only the former being mandatory requirements. Notwithstanding the foregoing, CRD V provides that besides other measures, supervisory authorities are entitled to impose further "Pillar 2" capital requirements when an institution repeatedly fails to follow the "Pillar 2" capital guidance previously imposed.

Additionally, CRR II establishes a binding requirement for a leverage ratio of 3 per cent. of Tier 1 capital that is added to the own funds requirements and to the requirements based on an entity's RWAs. In particular, any breach of this leverage ratio would result in the need to calculate the MDA and its consequences.

The following table includes a summary of the reconciliation of accounting assets and exposures corresponding to the leverage ratio as of 30th June, 2022, 31st December, 2021 and 2020 at a consolidated level :

Summary reconciliation of accounting assets and exposure corresponding to the Leverage Ratio (Million Euros)						
	6/30/2022	6/30/2022	12/31/2021	12/31/2021	12/31/2020	12/31/2020
	Phased-In	Fully Loaded	Phased-In	Fully Loaded	Phased-In	Fully Loaded
a) Total assets as per published financial statements	—	—	662,885	662,885	736,176	736,176
(b) Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	—	—	(21,373)	(21,373)	(20,326)	(20,326)
(Adjustment for securities exposures that meet the operational requirements for the recognition of risk transference)	—	—	(1,899)	(1,899)	—	—
(Adjustment for temporary exemption of exposures to central bank (if applicable))	—	—	(33,747)	(33,747)	(26,456)	(26,456)
c) Adjustments for derivative financial instruments	—	—	(6,311)	(6,311)	(13,858)	(13,858)
d) Adjustments for securities financing transactions "SFTs"	—	—	12,686	12,686	1,992	1,992
e) Adjustment for off-balance sheet items (1)	—	—	64,107	64,107	67,758	67,758
f) (Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with point (c) of Article 429a(1) CRR)	—	—	—	—	—	—
g) Other adjustments	—	—	(4,558)	(5,323)	(4,191)	(5,788)
<b>Leverage ratio total exposure measure</b>	<b>725,718</b>	<b>752,336</b>	<b>671,790</b>	<b>671,025</b>	<b>741,095</b>	<b>739,497</b>
h) Tier 1	46,820	46,437	45,687	44,922	49,597	48,012
<b>Leverage ratio total exposure measure</b>	<b>752,718</b>	<b>752,336</b>	<b>671,790</b>	<b>671,025</b>	<b>741,095</b>	<b>739,497</b>
<b>Leverage ratio (3)</b>	<b>6.22%</b>	<b>6.17%</b>	<b>6.80%</b>	<b>6.69%</b>	<b>6.69%</b>	<b>6.49%</b>

- (1) This corresponds to off-balance sheet exposure after application of the conversion factors obtained in accordance with Article 429, paragraph 10 of the CRR.
- (2) If certain exposures with Central Banks are not excluded, the phased-in leverage ratio would be 6.22 per cent. and 6.48 per cent. as of 30th June, 2022 and 31st December, 2021 respectively.
- (3) CRR II introduces a mandatory minimum leverage ratio requirement, set at 3 per cent. of Tier 1 capital over the total exposure measure.

Furthermore, on 7th December, 2017, the Basel Committee on Banking Supervision announced the end of the Basel III reforms (informally referred to as Basel IV). These reforms include changes to the risk weightings applied to the different assets and measures to enhance the sensitivity to risk in those weightings, and impose limits on the use of internal ratings-based approaches so as to ensure a minimum level of conservatism in the use of such approaches and to enhance comparability among banks in which such internal ratings-based approaches are used. This reform will also (i) modify the calculation of the Operational Risk, which could have a negative impact on the capital of the Group; and (ii) limit the use of internal risk models, with a minimum of RWAs calculated using only the standardised approaches. The application of this reform in Europe is still underway and there is no certainty on its final rules and the date of implementation.

In addition, the ECB has announced that a targeted review of internal models is being conducted on the internal models used by banks subject to its supervision to calculate their RWAs, in order to reduce inconsistencies and unjustified variability in these internal models throughout the EU. Any final results of the targeted review of internal models are not yet known, it could imply a change in the internal models used by banks and, at the same time, increases or decreases in the capital needs of banks, including the Issuer.



## REGULATORY FRAMEWORK

Set out below are the Group's solvency data on a consolidated basis and in accordance with the regulations applicable on each of the dates stated. Capital ratios have been calculated in accordance with CRD IV on a fully phased-in basis as of 30th June, 2022, and 31st December 2021, 2020 and 2019.

<b>Total Capital Phased-in</b> <i>(in millions of euros except percentages)</i>	<b>30/06/2022</b>	<b>31/12/2021</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
Common Equity Tier 1 (CET1) capital	41,555	39,949	42,931	43,653
Additional Tier 1 (AT1) capital	5,264	5,737	6,666	6,048
Tier 2 (T2) capital	6,833	7,383	8,547	8,304
Capital base	53,653	53,069	58,145	58,005
Total risk-weighted assets	330,819	307,795	353,273	364,448
CET1 ratio (%)	12.56%	12.98%	12.15%	11.98%
AT1 ratio (%)	1.59%	1.86%	1.89%	1.66%
Tier 1 ratio (%)	14.15%	14.84%	14.04%	13.64%
Tier 2 ratio (%)	2.07%	2.40%	2.42%	2.28%
Total capital ratio (%)	<b>16.22%</b>	<b>17.24%</b>	<b>16.46%</b>	<b>15.92%</b>

The Group must also comply with liquidity and financing ratios. Certain elements of the LCR and the NSFR, as implemented by national banking regulators and complied with by the Issuer, may require the introduction of changes in some commercial practices. As of 30th June, 2022, 31st December, 2021 and 31st December, 2020, the Group's LCR was 170 per cent., 165 per cent., and 149 per cent., respectively. The Group's NSFR was 134 per cent. as of 30th June, 2022 and 135 per cent. and 127 per cent. as of 31st December, 2021 and 2020, respectively.

### Resolution

The BRRD (which has been implemented in Spain through Law 11/2015 and RD 1012/2015) and the SRM Regulation are designed to provide the authorities with mechanisms and instruments to intervene sufficiently early and rapidly in failing or likely to fail credit institutions or investment firms (each, an **Entity**) in order to ensure the continuity of the Entity's critical financial and economic functions, while minimising the impact of its non-feasibility on the economic and financial system. The BRRD further provides that a Member State may only use additional financial stabilisation instruments to provide extraordinary public financial support as a last resort, once the following resolution instruments have been evaluated and used to the fullest extent possible while maintaining financial stability.

In accordance with the provisions of Article 20 of Law 11/2015, an Entity will be considered as failing or likely to fail in any of the following situations: (i) when the Entity significantly fails, or may reasonably be expected to significantly fail in the near future, to comply with the solvency requirements or other requirements necessary to maintain its authorisation; (ii) when the Entity's enforceable liabilities exceeds its assets, or it is reasonably foreseeable that they will exceed them in the near future; (iii) when the Entity is unable, or it is reasonably foreseeable that it will not be able, to meet its enforceable obligations in a timely manner; or (iv) when the Entity needs extraordinary public financial support (except in limited circumstances). The decision as to whether the Entity is failing or likely to fail may depend on a number of factors which may be outside of that Entity's control.

In line with the provisions of the BRRD, Law 11/2015 contains four resolution tools which may be used individually or in any combination, when the Relevant Spanish Resolution Authority considers that (a) an Entity is non-viable or is failing or likely to fail, (b) there is no reasonable prospect of any other measures that would prevent the failure of such Entity within a reasonable period of time and (c) resolution is necessary or advisable, rather than the winding up of the Entity through ordinary insolvency proceedings, for reasons of public interest.

The four resolution instruments are (i) the sale of the Entity's business, which enables the resolution authorities to transfer, under market conditions, all or part of the business of the Entity being resolved; (ii)

bridge institution, which enables resolution authorities to transfer all or part of the business of the Entity to a “bridge institution” (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation, which enables resolution authorities to transfer certain categories of assets (normally impaired or otherwise problematic) to one or more 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 Tool. Any exercise of the Bail-in Tool by the Relevant Spanish Resolution Authority may include the write down and/or conversion into equity or other securities or obligations (which equity, securities and obligations could also be subject to any future application of the Bail-in Tool) of certain unsecured debt claims of an institution (including the Notes).

In the event that an Entity is in a resolution situation, the **Bail-in Tool** is understood to mean any write-down, conversion, transfer, modification, or suspension power existing from time to time under: (i) any law, regulation, rule or requirement applicable from time to time in Spain, relating to the transposition or development of the BRRD (as amended, replaced or supplemented from time to time), including, but not limited to (a) Law 11/2015, (b) RD 1012/2015; and (c) the SRM Regulation, each as amended, replaced or supplemented from time to time; or (ii) any other law, regulation, rule or requirement applicable from time to time in Spain pursuant to which (a) obligations or liabilities of banks, investment firms or other financial institutions or their affiliates can be reduced, cancelled, modified, transferred or converted into shares, other securities, or other obligations of such persons or any other person (or suspended for a temporary period or permanently) or (b) any right in a contract governing such obligations may be deemed to have been exercised.

In accordance with the provisions of Article 48 of Law 11/2015 (without prejudice to any exclusions that may be applied by the Relevant Spanish Resolution Authority in accordance with Article 43 of Law 11/2015), in the event of any application of the Bail-in Tool, any resulting write-down or conversion by the Relevant Spanish Resolution Authority will be carried out in the following sequence: (i) CET1 items; (ii) the principal amount of Additional Tier 1 capital instruments; (iii) the principal amount of Tier 2 capital instruments (including Tier 2 Subordinated Notes); (iv) the principal amount of other subordinated claims other than Additional Tier 1 capital or Tier 2 capital (such as Senior Subordinated Notes); and (v) the principal or outstanding amount of the remaining eligible liabilities in the order of the hierarchy of claims in normal insolvency proceedings (with senior non-preferred claims (*créditos ordinarios no preferentes*) subject to the Bail-in Tool after any subordinated claims (*créditos subordinados*) of the Issuer under Article 281 of the Insolvency Law (as defined in the “*Terms and Conditions of the Notes*”) but before the other senior claims of the Issuer (including Senior Preferred Notes).

In addition to the Bail-in Tool, the BRRD, Law 11/2015 and the SRM Regulation provide for resolution authorities to have the further power to permanently write-down or convert into equity capital instruments such as the Tier 2 Subordinated Notes at the point of non-viability (and, pursuant to BRRD II and the SRM Regulation II, certain internal eligible liabilities and instruments) (**Non-Viability Loss Absorption** and, together with the Bail-in Tool, the **Spanish Statutory Loss-Absorption Powers**) of an Entity. Any write-down or conversion must follow the same insolvency hierarchy as described above. The point of non-viability of an Entity is the point at which the Relevant Spanish Resolution Authority determines that the Entity meets the conditions for resolution or will no longer be viable unless the relevant capital instruments (such as the Tier 2 Subordinated Notes) are written down or converted into equity or extraordinary public support is to be provided and without such support the Relevant Spanish 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 Spanish 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 the Bail-in Tool or any other resolution tool or power (where the conditions for resolution referred to above are met) or in combination with such exercise in respect of all eligible liabilities.

In addition, the EBA has published certain technical regulation standards and technical implementation standards to be adopted by the European Commission, in addition to other guidelines. These standards and guidelines could potentially be relevant in determining when or how a Relevant Spanish Resolution Authority may exercise the Bail-in Tool and/or impose a Non-Viability Loss Absorption. These include guidelines on

the treatment of shareholders when applying the Bail-in Tool or Non-Viability Loss Absorption, as well as on the rate for converting debt into shares or other securities or debentures in the application of the Bail-in Tool and/or Non-Viability Loss Absorption.

To the extent that any resulting treatment of a holder of the Issuer's securities pursuant to the exercise of the Bail-in Tool is less favourable than would have been the case under such hierarchy in normal insolvency proceedings, a holder of such affected securities would have a right to compensation under the BRRD and the SRM Regulation based on an independent valuation of the institution, in accordance with Article 10 of RD 1012/2015 and the SRM Regulation, together with any other compensation provided for in any Applicable Banking Regulations (as defined below) including, inter alia, compensation in accordance with Article 36.5 of Law 11/2015. However, if the treatment of a creditor following a Non-Viability Loss Absorption is less favourable than it would have been under ordinary insolvency proceedings, it is uncertain whether that creditor would be entitled to the compensation provided for in the BRRD and the SRM Regulation.

**Applicable Banking Regulations** means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency then applicable to the Issuer and/or the Group including, inter alia, the CRD Directive, CRR, BRRD, the SRM Regulation and those laws, regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency then in effect in Spain (whether or not such regulations, requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Group).

**Relevant Spanish Resolution Authority** means the FROB, the SRB, the Bank of Spain, the Spanish Securities Market Commission or any other entity with the authority to exercise any of the resolution tools and powers contained in Law 11/2015 and the SRM Regulation from time to time.

**Law 11/2015** means Law 11/2015 of 18th 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, replaced or supplemented from time to time, including as amended by Royal Decree Law 7/2021 of 27 April on the transposition of European Union directives in matters of credit institutions, among others.

### **MREL**

The BRRD prescribes that banks shall hold a minimum level of own funds and eligible liabilities in relation to RWAs known as MREL. According to Commission Delegated Regulation (EU) 2016/1450 of 23rd May, 2016 supplementing BRRD I with regard to regulatory technical standards specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible liabilities, the level of own funds and eligible liabilities required under MREL will be set by the resolution authority, in agreement with the competent authority, for each bank (and/or group) based on, among other things, the criteria set forth in Article 45 of the BRRD, including the systemic importance of the institution. Eligible liabilities may be senior or subordinated, provided that, among other requirements, 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 by the resolution authority of a Member State under that law or through contractual provisions.

If a Relevant Spanish Resolution Authority considers that there may be any obstacles to resolvability by the Issuer and/or the Group, a higher MREL could be imposed.

The EU Banking Reforms provide that a bank's MREL breach is dealt with by the competent authorities through their powers to address or remove obstacles to resolution, the exercise of their supervisory powers and their power to impose early action measures, administrative sanctions and other administrative measures. If there were a deficit in the level of an entity's eligible own funds and liabilities, and that entity's own funds were contributing to meeting the "combined buffer requirement," these own funds would automatically go toward meeting the MREL of such entity and would cease to be applied in order to comply with its "combined buffer requirement", which could lead to the entity failing to comply with its "combined buffer requirement". This could involve triggering the M-MDA calculation and the resolution authority may have the power (but not the obligation) to impose restrictions on the making of discretionary. Therefore, the Issuer will have to

fully comply with its "combined buffer requirement", in addition to its MREL, to ensure that it can make discretionary payments.

In addition, in accordance with the EBA guidelines on the assumptions of triggering the use of early action measures of 8th May, 2015, a significant deterioration in the amount of own funds and eligible liabilities held by an entity in order to comply with its MREL could place an entity in a situation where the conditions for early action are met, which could entail the application of early action measures by the competent resolution authority, which in the Spanish case are detailed in Articles 9 and 10 of Law 11/2015, including the intervention or provisional replacement of administrators.

The EU Banking Reforms further include, as part of MREL, a new subordination requirement of eligible instruments for G-SIBs and "top tier" banks (including the Issuer) that is determined according to their systemic importance, involving a minimum "Pillar 1" subordination requirement. This "Pillar 1" subordination requirement shall be satisfied with own funds and other eligible MREL instruments (which MREL instruments may not for these purposes be senior debt instruments and only MREL instruments constituting "non-preferred" senior debt and other subordinated liabilities will be eligible for compliance with the subordination requirement). For "top tier" banks such as the Issuer, this "Pillar 1" subordination requirement has been determined as the higher of 13.5 per cent. of the Issuer's RWAs and 5 per cent. of its leverage exposure. Resolution authorities may also impose further "Pillar 2" subordination requirements, which would be determined on a case-by-case basis but at a minimum level equal to the lower of 8 per cent. of a bank's total liabilities and own funds and 27 per cent. of its RWAs (both including MREL Pillar 1 and Pillar 2).

On 8th March, 2022, the Issuer announced that it had received a communication from the Bank of Spain of its new MREL requirement, as determined by the SRB, repealing and superseding the previous MREL requirement that was communicated in May 2021. In accordance with this new communication, BBVA has to maintain as of 1st January, 2022, a MREL in RWAs consisting of a volume of own funds and eligible liabilities equal to 21.46 per cent. of the total RWAs of its resolution group (the **MREL in RWAs**), of which 13.5 per cent. of the total RWAs of BBVA's resolution group has to be fulfilled with subordinated instruments (the **MREL in RWAs subordination requirement**). The MREL in RWAs and the MREL in RWAs subordination requirement do not include the combined capital buffer requirement which, according to applicable regulations and supervisory criteria, is currently 3.26 per cent. (setting the MREL in RWAs including the combined capital buffer requirement at 24.72 per cent. and the MREL in RWAs subordination requirement including the combined capital buffer requirement at 16.76 per cent.). As of 30th June, 2022 and 31st December 2021, the own funds and eligible liabilities of the resolution group corresponds to 26.28 per cent. and 28.24 per cent., respectively, of its RWAs, and the subordinated own funds and eligible liabilities corresponds to 21.97 per cent. and 24.65 per cent., respectively.

In addition, BBVA had to reach, by 1st January, 2022, an amount of own funds and eligible liabilities in terms of the total exposure considered for calculating the leverage ratio equal to 7.50 per cent. (the **MREL in LR**) of which 5.84 per cent. (5.91 per cent. from 2024) in terms of the total exposure considered for calculating the leverage ratio shall be satisfied with subordinated instruments (the **MREL in LR subordination requirement**).

As of 30th June, 2022 and 31st December, 2021, the resolution group has own funds and eligible liabilities of 10.25 per cent. and 11.31 per cent., respectively, and subordinated own funds and eligible liabilities of 8.57 per cent. and 9.88 per cent., in terms of total exposure taken into account for the calculation of the leverage ratio. As of 1st January, 2024, the minimum ratios to be met are the same as for 2022, except in the case of the subordination requirement of the MREL in RA, which will be 5.91 per cent.

The resolution group consists of BBVA and its subsidiaries belonging to the same European resolution group and, as of 30th June, 2021, the RWAs of the resolution group amounted to €190,377 million and the total exposure considered for calculating the leverage ratio amounted to €452,275 million. As of the date of this Offering Circular, no MREL Pillar 2 requirement has been imposed on BBVA and the Bank complies with the MREL in RWAs, the MREL in RWAs subordination requirement, the MREL in LR and the MREL in LR subordination requirement.

# OVERVIEW OF SPANISH LEGISLATION REGARDING COVERED BONDS

*The following is a brief summary of certain features of Royal Decree-Law 24/2021 at the date of this Offering Circular. It does not purport to be, and is not, a complete description of all aspects of the Spanish legislative and regulatory framework for Covered Bonds. Please also refer to “Risk Factors – Risks related to Covered Bonds”.*

### **Introduction**

The Covered Bonds represent unsubordinated debt of the Issuer, bear interest, are repayable by early redemption or at maturity and may be traded in domestic and/or foreign markets.

The Covered Bonds will be considered as European covered bonds (premium) (*bono garantizado europeo (premium)*) pursuant to article 4.3 of Royal Decree-Law 24/2021.

Without prejudice to the obligations of the Issuer for the making of all payments in respect of the Covered Bonds, the totality of the principal and interest of the Covered Bonds, both accrued and future, will be specially guaranteed without the need to assign the assets in guarantee by public deed, or any registration in any public registry or any other formality, by a preferential right on the totality of the assets that make up the applicable Cover Pool, including any present and future amounts received in respect of such assets, as well as on the realisation of any collateral and, if applicable, any collateral received in connection with positions in derivative instruments and any rights derived from insurance against damages, as identified in the corresponding special registry of the Issuer, all in accordance with the legislation in force in Spain, as of the date of this Offering Circular.

### **Covered Bonds Programme**

The issue of the Covered Bonds by the Issuer requires the prior authorisation of the Bank of Spain in accordance with Royal Decree-Law 24/2021 of the "covered bond programme" for each category of Covered Bonds (i.e. Mortgage Covered Bonds, Public Sector Covered Bonds and Internationalisation Covered Bonds) to be in force in accordance with article 34 of Royal Decree-Law 24/2021.

On 4th July, 2022 the Bank of Spain authorised programmes for the issuance by the Issuer of Mortgage Covered Bonds, Public Sector Covered Bonds and Internationalisation Covered Bonds for amounts of €49,000 million, €14,000 million and €4,000 million, respectively. Such approvals will be in force until 8th July, 2025.

### **Cover pool**

From the date of entry into force of Royal Decree-Law 24/2021, the Covered Bonds will be specially guaranteed by the assets of the cover pool specified in each covered bond programme. Title IV of Royal Decree-Law 24/2021 sets forth the particular requirements of the assets that may be included in each applicable Cover Pool depending on the nature of the Covered Bond as follows:

#### **Mortgage Cover Bonds:**

In accordance with article 23 of Royal Decree-Law 24/2021, the cover pool for Mortgage Cover Bonds will comprise of the following assets:

- 1) The eligible primary assets listed in letters d) and f) of Article 129.1 of the CRR and which form part of the cover pool, the eligible replacement assets, the liquid assets that make up the liquidity buffer of the cover pool and the economic flows generated by the derivative financial instruments linked to each issue, all in accordance with the legislation in force and the corresponding issue programme authorised by the Bank of Spain.

These eligible assets include: a) loans secured by residential property up to the lesser of the principal amount of the liens that are combined with any prior liens, and 80 per cent. of the value of the pledged assets; or b) loans secured by commercial immovable property up to the lesser of the principal amount of the liens that are combined with any prior liens, and 60 per cent. of the value of the pledged properties. Loans secured by commercial immovable property are eligible where the loan-to-value ratio of 60 per cent. is exceeded up to a maximum level of 70 per cent. if the value of the total assets pledged as collateral for the covered bonds exceed the nominal amount outstanding on the covered bond by at least 10 per cent., and the holders' claim meets the legal certainty requirements set out in Chapter 4. The holders' claim shall take priority over all other claims on the collateral.

In addition to meeting the conditions set forth in Chapter 4 of the CRR, the real estate mortgage securing the loans must be constituted with first rank over the full ownership of the entire property. If other mortgages are encumbered on the same property or if it is subject to prohibitions on disposition, resolutive condition or any other limitation of the domain, these must be cancelled or postponed to the mortgage, prior to its inclusion in the cover pool.

- 2) At the time of its incorporation into the cover pool, the loan secured by real estate mortgage may not exceed 60 per cent. of the appraised value of the mortgaged property. In the case of residential real estate, the loan may reach 80 per cent. of the appraised value. The term of amortisation of the guaranteed loan, when it finances the acquisition, construction or rehabilitation of the habitual residence, may not exceed 30 years. If, as a consequence of the amortisation of a loan initially ineligible for exceeding the indicated limits, the corresponding thresholds are reached, the loan with mortgage guarantee could be eligible as a collateral asset from that moment onwards.

When, due to depreciation of the collateral, at any time after its incorporation in the cover pool, the loan exceeds the limits set forth in the preceding paragraph, such loan shall be computed up to the limit indicated therein for the purposes of the coverage requirement set forth in article 10.5 of Royal Decree-Law 24/2021.

- 3) The Mortgage Covered Bonds may be backed up to a limit of 10 per cent. of the principal amount by the following substitute assets:
  - a) fixed income securities admitted to trading on regulated markets issued by the counterparties referred to in letters a) and b) of Article 129.1 of the CRR; and/or
  - b) short-term deposits in credit institutions that comply with the provisions of Article 129.1 (c) of the CRR and the limits so provided.
- 4) If, due to the amortisation of the loans comprising the cover pool, the replacement assets exceed the applicable limits, the Issuer may choose to acquire its own mortgage covered bonds until the ratio is restored or replace them with other assets that meet the required conditions.
- 5) The Mortgage Covered Bonds must have the minimum level of legal over-collateralisation provided for in the first paragraph of Article 129.3a of the CRR.

In this regard, the Issuer has to maintain a cover pool for an amount equivalent to at least one hundred and five percent (105 per cent.) of the unamortised amount of the Covered Bonds (the **Legal Overcollateralisation**). In addition to the Legal Overcollateralisation, the Issuer may at any time during the life of the cover bond programme, at its own discretion, assume the obligation to maintain a level of guarantee higher than the Legal Overcollateralisation. The overcollateralisation level shall be disclosed in the periodic information the Issuer is obliged to provide pursuant to article 19 of Royal Decree-Law 24/2021 and, if applicable, as other relevant information, without prejudice to any other obligation derived from the regulations in force regarding the securities market.

- 6) The mortgaged property shall be insured against damage for at least the appraised value and the credit claim linked to the insurance shall be included in the special register of the mortgage covered bond programme.

- 7) The Issuer may not with respect to the loans included in the cover pool, except with the express authorisation of the cover pool monitor and, if applicable, subject to certain conditions:
- a) voluntarily cancel such mortgages, for reasons other than the payment of the guaranteed loan;
  - b) waive or make any compromises with respect to any amounts due;
  - c) condone in whole or in part the guaranteed loan;
  - d) in general, perform any act that diminishes the rank, legal effectiveness or economic value of the mortgage or loan; or
  - e) postpone existing mortgages in its favour as security for loans.

Assets consisting of credits or loans shall be included in the cover pool and shall serve as collateral for the total amount of the principal amount outstanding, regardless of the amount by which they contribute to the cover pool. In no case may the same asset belong to two different cover pools. Partial inclusion of assets in the cover pool is also not permitted.

The covered bond programme shall guarantee that, at all times, the liabilities of the covered bonds of such programme are covered by the rights linked to the hedging assets as set forth in Royal Decree-Law 24/2021.

### Public Sector Covered Bonds:

In accordance with article 24 of Royal Decree-Law 24/2021, the cover pool for Public Sector Cover Bonds will comprise of the following assets:

- 1) The eligible primary assets listed in letter a) of Article 129.1 of the CRR, provided that such loans are not linked to the financing of export contracts for goods and services or to the internationalisation of companies, and which form part of the cover pool, the eligible replacement assets, the liquid assets that make up the liquidity buffer of the cover pool and the economic flows generated by the derivative financial instruments linked to each issue, all in accordance with the legislation in force and the corresponding issue programme authorised by the Bank of Spain.
- 2) The Public Sector Covered Bonds may be backed up to a limit of 10 per cent. of the principal amount by the following substitute assets:
  - a) fixed income securities admitted to trading on regulated markets issued by the counterparties referred to in letters a) and b) of Article 129.1 of the CRR; and/or
  - b) short-term deposits in credit institutions that comply with the provisions of Article 129.1 (c) of the CRR and the limits so provided.
- 3) The Public Sector Covered Bonds must have the minimum level of legal over-collateralisation provided for in the first paragraph of Article 129.3a of the CRR.

In this regard, the Issuer has to maintain a cover pool for an amount equivalent to the Legal Overcollateralisation. In addition to the Legal Overcollateralisation, the Issuer may at any time during the life of the cover bond program, at its own discretion, assume the obligation to maintain a level of guarantee higher than the Legal Overcollateralisation. The overcollateralisation level shall be disclosed in the periodic information the Issuer is obliged to provide pursuant to article 19 of Royal Decree-Law 24/2021 and, if applicable, as other relevant information, without prejudice to any other obligation derived from the regulations in force regarding the securities market.

- 4) The Issuer may not with respect to the loans subject to the cover pool, except with the express authorisation of the cover pool monitor and, if applicable, subject to the conditions that it may establish none of the acts included in article 23.7 of Royal Decree-Law 24/2021.

Assets consisting of credits or loans shall be included in the cover pool and shall serve as collateral for the total amount of the principal outstanding, regardless of the amount by which they contribute to the cover pool. In no case may the same asset belong to two different cover pools. Partial inclusion of assets in the cover pool is not permitted.

The liquidity buffer shall be sufficient to cover the net liquidity outflow of each Covered Bonds programme during the following 180 days.

The covered bond programme shall guarantee that, at all times, the liabilities of the covered bonds of such programme are covered by the rights linked to the hedging assets as set forth in Royal Decree-Law 24/2021.

### Internationalisation Covered Bonds:

In accordance with article 25 of Royal Decree-Law 24/2021, the cover pool for Internationalisation Covered Bonds will comprise of the following assets:

- 1) The eligible primary assets listed in letters a) and b) of Article 129.1 of the CRR that are linked to the financing of export contracts for Spanish goods and services or those of other nationalities or to the internationalisation of companies resident in Spain or in other countries, provided that the borrower is not a Spanish public sector entity, and which form part of the cover pool, the eligible replacement assets, the liquid assets that make up the liquidity buffer of the cover pool and the economic flows generated by the derivative financial instruments linked to each issue, all in accordance with the legislation in force and the corresponding issue programme authorised by the Bank of Spain.
- 2) The Internationalisation Covered Bonds may be backed up to a limit of 10 per cent. of the principal amount by the following substitute assets:
  - a) fixed income securities admitted to trading on regulated markets issued by the counterparties referred to in letters a) and b) of Article 129.1 of the CRR; and/or
  - b) short-term deposits in credit institutions that comply with the provisions of Article 129.1 (c) of the CRR and the limits so provided.
- 3) The Internationalisation Covered Bonds must have the minimum level of legal over-collateralisation provided for in the first paragraph of Article 129.3a of the CRR.

In this regard, the Issuer has to maintain a cover pool for an amount equivalent to the Legal Overcollateralisation. In addition to the Legal Overcollateralisation, the Issuer may at any time during the life of the cover bond program, at its own discretion, assume the obligation to maintain a level of guarantee higher than the Legal Overcollateralisation. The overcollateralisation level shall be disclosed in the periodic information the Issuer is obliged to provide pursuant to article 19 of Royal Decree-Law 24/2021 and, if applicable, as other relevant information, without prejudice to any other obligation derived from the regulations in force regarding the securities market.

- 4) The Issuer may not with respect to the loans subject to the cover pool, except with the express authorisation of the cover pool monitor and, if applicable, subject to the conditions that it may establish none of the acts included in article 23.7 of Royal Decree-Law 24/2021.

Assets consisting of credits or loans shall be included in the cover pool and shall serve as collateral for the total amount of the principal outstanding, regardless of the amount by which they contribute to the cover pool. In no case may the same asset belong to two different cover pools. Partial inclusion of assets in the cover pool is not permitted.



## **OVERVIEW OF SPANISH LEGISLATION REGARDING COVERED BONDS**

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The covered bond programme shall guarantee that, at all times, the liabilities of the covered bonds of such programme are covered by the rights linked to the hedging assets as set forth in Royal Decree-Law 24/2021.

Information regarding the Cover Pool included in the Issuer's covered bond programmes approved by the Bank of Spain can be found at: <https://accionistaseinversores.bbva.com/renta-fija/emisiones-y-programas/cedulas/>.

### ***Special accounting record***

Pursuant to article 9 of Royal Decree-Law 24/2021, the Issuer has to keep a special accounting record where each and every loan and, if applicable, the drawn portion of the loans, replacement assets, assets to cover the liquidity requirement and derivative instruments, which makes up each applicable Cover Pool, as well as, if applicable, any collateral received in connection with positions in derivative instruments and any rights derived from insurance against damages attached to the issue, are recorded.

### ***Nature and regime of the cover pool***

Pursuant to Article 7 of Royal Decree-Law 24/2021, every covered bond programme must have, at all times, a cover pool. The Issuer shall ensure that the cover pool is made up of collateral with different characteristics in terms of structure, duration and risk profile.

For these purposes, the Issuer shall have internal policies and procedures to ensure compliance with this principle in the composition of the cover pool portfolio that meet, in particular, the following requirements:

- a) they must explicitly include internal rules and tests of granularity and concentration, on potential maturity, duration and interest rate mismatches and, if applicable, exchange rates;
- b) they must be approved by the Issuer's management body; and
- c) the part of the information on such policies and procedures that is most relevant to the investor must be included in the contractual terms and conditions.

### ***Control Body of the cover pool of each programme***

The Issuer must, in accordance with article 30 of Royal Decree-Law 24/2021, designate for each covered bond programme, a cover pool monitor, which will act at all times in the interest of Covered Bondholders in respect of the applicable Cover Pool and whose function is to permanently monitor the cover pool associated with each covered bond issued. The cover pool monitor is responsible, among other things, for authorising the entry and removal of assets in the special register for each cover pool.

Each cover pool must also have a control body, which may be external or internal, and which will be appointed in accordance with the provisions of article 31 of Royal Decree-Law 24/2021.

The cover pool monitor of the programmes designated by the Issuer pursuant to the provisions set forth in Chapter 1, Title VI, of the First Book of Royal Decree-law 24/2021 is Deloitte Advisory, S.L., as authorized by the Bank of Spain on 4th July, 2022.

### ***Supervision by the Bank of Spain***

The Bank of Spain will be responsible for the public supervision of covered bond programmes. The Bank of Spain must provide its authorisation for the constitution of a covered bonds programme and has the power to obtain any necessary information, undertake investigative activities and impose such sanctions as may be necessary to perform its supervisory function and ensure that the requirements set forth in Royal Decree-Law 24/2021 are complied with. In this regard, the Issuer shall provide to the Bank of Spain upon request any information that the Bank of Spain deems necessary and, at least on a quarterly basis, the information required by Article 35 of Royal Decree-Law 24/2021.

### *Order of priority and effects of the Issuer's tendering process*

The Covered Bonds incorporate the rights of Covered Bondholders as creditors against the Issuer and shall be enforceable under the terms set forth in Law 1/2000, of January 7, on Civil Proceedings, in order to claim payment from the Issuer after their maturity. The creditors' rights of Covered Bondholders shall extend to the totality of the payment obligations associated with the Covered Bonds.

Covered Bondholders shall have the status of creditors with special preference provided for in paragraph 8 of article 1922 and paragraph 6 of article 1923 of the Civil Code, as opposed to any other creditors in relation to the loans and other assets included in the applicable Cover Pool, the replacement assets and, if applicable, the economic flows generated by the derivative instruments and rights derived from insurance against damages, in accordance with the provisions of Chapter III, Title XVII, of Book Four of the Civil Code.

All holders of Covered Bonds, regardless of their date of issue, will have the same priority over the loans and other assets included in the applicable Cover Pool and, if any, over the replacement assets and economic flows generated by the derivative financial instruments linked to the specific issues.

In the event of insolvency of the Issuer, Covered Bondholders will be accorded the special privilege status established pursuant to paragraph 7 of article 270 of the Insolvency Law.

Neither the insolvency (*concurso de acreedores*) of the Issuer nor the Issuer being subject to any resolution procedure shall, notwithstanding the fact that, if applicable, it may result in the extension of the maturity of any Series of Covered Bonds, in any case:

- a) cause the mandatory early redemption of the Covered Bonds or the suspension of principal or interest being due and payable under the Covered Bonds or otherwise affect the Issuer's obligation to fulfil any of its obligations under the Covered Bonds (without prejudice to the provisions of article 42.2 of Law 11/2015);
- b) entitle any Covered Bondholder to require the Issuer to redeem the Covered Bonds prior the Maturity Date or the Extended Final Maturity Date, as applicable;
- c) result in the suspension of the accrual of interest on the Covered Bonds; or
- d) result in the maturity or early termination of any derivative contracts included in the applicable Cover Pool.

In the event of insolvency of the Issuer, a special cover pool administrator will be appointed, from among the persons proposed by the FROB, to administer the corresponding covered bond programme and to monitor the rights and interests of the holders of covered bonds issued under such covered bond programme. Following such appointment and in consultation with the Bank of Spain, the Issuer's assets will be materially segregated from the assets comprising the applicable Cover Pool, with the assets of such Cover Pool becoming separate assets but without legal personality.

Such segregation entails that the assets included in the applicable Cover Pool:

- a) shall not form part of the insolvency estate of the Issuer until the privileged claims of Covered Bondholders and the derivative counterparties and the expenses derived from the maintenance and administration of the separate assets of the applicable Cover Pool and, if applicable, its liquidation are satisfied; and
- b) are protected against the rights of third parties and cannot be rescinded by application of the reinstatement actions provided for in the insolvency legislation, except in the case provided for in Article 42.2 of Royal Decree-Law 24/2021.

The special cover pool administrator will ensure that the assets registered in the special registry, together with the corresponding liabilities, are transferred to form a separate estate without legal personality.

Once any such asset transfer has been made, if the total value of the assets included in the applicable Cover Pool exceeds the total value of the liabilities in relation to such Cover Pool plus the legal, contractual or voluntary over-collateralisation and liquidity requirements, the special cover pool administrator may decide whether to continue with the management of those assets as separate assets until their maturity or to make a total or partial assignment of such assets to another entity that is an issuer of covered bonds. Any such total or partial assignment will constitute a new covered bond programme for such entity, which will require the authorisation provided for in article 34 of Royal Decree-Law 24/2021. The special cover pool administrator may determine that it is in the best interests of Covered Bondholders for the assets included in the applicable Cover Pool to be sold. This could result in Covered Bondholders receiving payment according to a different payment schedule than that contemplated by the terms of the Covered Bonds or the Covered Bondholders not receiving payment in full.

If the total value of the assets is less than the total value of the liabilities plus the legal, contractual or voluntary over-collateralisation and the liquidity requirement, the special cover pool administrator will request the liquidation of the separate estate following the ordinary bankruptcy procedure in accordance with the provisions of Article 46 of Royal Decree-Law 24/2021.

In the event that the privileged claim of Covered Bondholders cannot be fully settled against the applicable Cover Pool, Covered Bondholders will have a claim against the Issuer with the same priority as the other claims of the unsecured creditors. If, once the claims of Covered Bondholders have been fully settled against the cover pool, there is any remainder, it will revert to the insolvency estate of the Issuer.

For the purposes of this section, the terms below shall have the following definitions:

**covered bonds** means mortgage covered bonds, public sector covered bonds or internationalisation covered bonds (also referred to as (premium) covered bonds) issued by a credit institution in accordance with the provisions of Royal Decree-Law 24/2021 and secured by hedging assets of their corresponding cover pools to which the holders of those bonds may have direct recourse in their capacity as preferred creditors;

**covered bond programme** means the structural characteristics of one or several issues of a type of covered bond that are determined by applicable legal regulation and by contractual clauses and conditions, in accordance with the permission granted to the issuing entity by the Bank of Spain.; and

**cover pool** means a pool of clearly defined assets that secure the payment obligations attached to a determined covered bond programme and that are segregable from other assets of the issuing entity as provided for by Royal Decree-Law 24/2021.

## BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the Clearing Systems) currently in effect. The Issuer takes responsibility for the correct extraction and reproduction of the information in this section concerning the Clearing Systems, but neither the Issuer nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

### **Book-entry Systems**

#### *DTC*

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a member of the Federal Reserve System, a “banking organisation” within the meaning of the New York Banking Law, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (**Participants**) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the NYSE MKT LLC, Inc. and the Financial Industry Regulatory Authority, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants**).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the **Rules**), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system (**DTC Notes**) as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (**Owners**) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC’s records. The ownership interest of each actual purchaser of each DTC Note (**Beneficial Owner**) is in turn to be recorded on the Direct and Indirect Participant’s records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

## BOOK-ENTRY CLEARANCE SYSTEMS

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To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

### *Euroclear and Clearstream, Luxembourg*

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a

custodial relationship with an account holder of either system. For further information on Euroclear and Clearstream, Luxembourg relating to the Notes, please see “*Taxation*”.

### **Book-entry Ownership of and Payments in respect of DTC Notes**

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of a Regulation S Global Note, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants’ account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the U.S. Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

### **Transfers of Notes Represented by Registered Global Notes**

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under “*Subscription and Sale and Transfer and Selling Restrictions*”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the relevant Registrar, the Principal Paying Agent and any custodian (**Custodian**) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the relevant Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

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## TAXATION

**Tax legislation, including in the country where the investor is domiciled or tax resident and in the Issuer's country of incorporation, may have an impact on the income that an investor receives from the Notes.**

### SPAIN

The following summary refers solely to certain Spanish tax consequences of the acquisition, ownership and disposition of the Notes. It does not purport to be a complete analysis of all tax consequences relating to the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which might be subject to special rules. Prospective investors should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Spain of acquiring, holding and disposing of Notes and receiving any payments under the Notes. This summary is based upon the law as in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date. References in this section to Noteholders include the beneficial owners of the Notes.

#### **Acquisition of the Notes**

The issue of, subscription for, transfer and acquisition of the Notes is exempt from Transfer and Stamp Tax (*Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados*) and Value Added Tax (*Impuesto sobre el Valor Añadido*).

#### **Taxation on the income and transfer of the Notes**

The tax treatment of the acquisition, holding and subsequent transfer of the Notes is summarised below and is based on the tax regime applicable to the Notes pursuant to Royal Legislative Decree 5/2004 of 5th March approving the consolidated text of the Non-Resident Income Tax Law (*Impuesto sobre la Renta de los no Residentes*), as amended (the **Non-Resident Income Tax Law**), Law 27/2014 of 27th November on Corporate Income Tax (*Impuesto sobre Sociedades*) (the **CIT or Corporate Income Tax Law**), Law 35/2006 of 28th November on Personal Income Tax (*Impuesto sobre la Renta de las Personas Físicas*), as amended (the **Personal Income Tax Law**), Law 19/1991 of 6th June approving the Wealth Tax Law (*Impuesto sobre el Patrimonio*) and Law 29/1987 of 18th December approving the Inheritance and Gift Tax Law (*Impuesto sobre Sucesiones y Donaciones*). The summary below also considers the rules for the implementation of such regulations (Royal Decree 1776/2004 of 30th July approving the Non-Resident Income Tax Regulations as amended, Royal Decree 439/2007 of 30th March, approving the Individuals Income Tax Regulations as amended and Royal Decree 634/2015 of 10th July approving the Corporate Income Tax Regulations).

Consideration has also been given to Spanish legislation on the issuance of preferred securities and debt securities issued by Spanish financial and non-financial listed entities, either directly or through a subsidiary, Law 10/2014 and RD 1065/2007 approving the General Regulations relating to tax inspection and management procedures and developing the common rules of the procedures to apply taxes.

#### ***Income not obtained through a permanent establishment in Spain in respect of the Notes***

Income obtained by Noteholders who are not tax resident in Spain acting for these purposes without a permanent establishment within Spain is exempt from Non-Resident Income Tax subject to the reporting obligations as set out in RD 1065/2007 (see “*Taxation – Tax Reporting Obligations of the Issuer*”).

#### ***Income obtained through a permanent establishment in Spain in respect of the Notes/Corporate Income Tax taxpayers.***

The holding of Notes by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.



## TAXATION

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Income obtained by non-Spanish resident holders acting through a permanent establishment in Spain in respect of the Notes will be taxed under the rules provided by Chapter III of the Non-Resident Income Tax Law. These Noteholders will be subject to taxation substantially in the same manner as Spanish Corporate Income Tax taxpayers and, therefore, it shall be computed as taxable income in accordance with the general rules set out in the Corporate Income Tax Law and will therefore be taxed generally at the current rate of 25 per cent.

According to Article 44 of RD 1065/2007, the Issuer is not obliged to withhold any tax amount on income derived from payment of interest, redemption or repayment of the Notes obtained by a permanent establishment in Spain in respect of the Notes or Corporate Income Tax payers provided that the information procedures are complied with as it is described in section “*Taxation – Tax Reporting Obligations of the Issuer*”.

Income derived from the transfer of the Notes shall not be subject to withholding tax as provided by Section 61(s) of the Corporate Income Tax Regulations, to the extent that the Notes satisfy the requirements laid down by the reply to the Directorate General for Taxation’s (*Dirección General de Tributos*) consultation, on 27th July, 2004, indicating that in the case of issuances made by entities with tax residency in Spain (as in the case of the Issuer), application of the exemption requires that the Notes be placed outside Spain in another OECD country and traded on organised markets in OECD countries. Notes traded outside Spain and issued under the Programme are expected to satisfy these requirements.

### ***Individuals with tax residency in Spain***

Income obtained by Noteholders who are Personal Income Tax payers, both as interest and in connection with the transfer, redemption or repayment of the Notes, shall be considered income on investments obtained from the assignment of an individual’s capital to third parties, as defined in Section 25.2 of Individuals Income Tax Law, and therefore will be taxed as savings income at the applicable rate (currently varying from 19 per cent. to 26 per cent.).

The above mentioned income will be subject to the corresponding personal income tax withholding at the applicable tax rate of 19 per cent. Article 44 of the RD 1065/2007 establishes information procedures for debt instruments issued under the Law 10/2014 and has provided that the interest will be paid by the Issuer to the Paying Agent for the whole amount, provided that such information procedures are complied with.

Nevertheless, withholding tax at the applicable rate of 19 per cent. may have to be deducted by other entities (such as depositaries or financial entities), provided that such entities are resident for tax purposes in Spain or have a permanent establishment in Spanish territory.

According to RD 1065/2007, the Issuer is not obliged to withhold any tax amount provided that the information procedures (which do not require identification of the Noteholders) are complied with by the Paying Agent as it is described in section “*Taxation – Tax Reporting Obligations of the Issuer*”.

However, regarding the interpretation of the “*Taxation – Tax Reporting Obligations of the Issuer*” please refer to “*Risk Factors – Spanish tax rules*”.

### **Wealth Tax**

Individuals with tax residency in Spain are subject to Wealth Tax to the extent that their net worth exceeds €700,000. Therefore, they should take into account the value of the Notes which they hold as at 31st December, each year.

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to Wealth Tax would generally not be subject to such tax. Otherwise, non-Spanish resident individuals whose properties and rights are located in Spain, or that can be exercised within the Spanish territory, exceed €700,000 would be subject to Wealth Tax at the applicable rates, ranging between 0.2 per cent. and 3.5 per cent., without prejudice to any exemption which may apply.

## TAXATION

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In accordance with Additional Provision 4 of the Wealth Tax Law as amended by Law 11/2021 of 9th July, 2021, non-resident taxpayers will be entitled to the application of specific regulations approved by the Autonomous Community where the greater value of the assets and rights they own and for which the tax is required is located, can be exercised or must be fulfilled in Spanish territory.

Legal entities are not subject to Wealth Tax.

### **Inheritance and Gift Tax**

The transfer of the Notes to individuals by inheritance, legacy or donation shall be subject to the general rules of Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*) in accordance with the applicable Spanish and State rules even if title passes outside Spain and neither the heir nor the beneficiary, as the case may be, is resident in Spain for tax purposes, without prejudice to the provisions of any DTT signed by Spain.

According to the Second Additional Provision of Law 29/1987 of 18th December approving the Inheritance and Gift Tax Law, non-Spanish tax resident individuals may be subject to Inheritance and Gift Tax in accordance with the rules set forth in the relevant autonomous regions in accordance with the law. As such, prospective investors should consult their tax advisers

The effective tax rate, after applying all relevant factors, ranges between 0 per cent. and 81.6 per cent.

In the event that the beneficiary is an entity other than a natural person, the income obtained shall be subject to Corporate Income Tax or Non-Resident Income Tax, as the case may be, and without prejudice, in the latter event, to the provisions of any DTT that may apply.

### ***Tax Reporting Obligations of the Issuer***

Article 44 of RD 1065/2007 sets out the reporting obligations applicable to preference shares and debt instruments issued under Law 10/2014. The procedures apply to interest deriving from preference shares and debt instruments to which Law 10/2014 refers, including debt instruments issued at a discount for a period equal to or less than twelve months.

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

- (i) identification of the securities;
- (ii) payment date;
- (iii) total amount of income paid on the relevant date; and
- (iv) total amount of the income corresponding to each clearing house located outside Spain.

In accordance with paragraph 6 of Article 44 of RD 1065/2007, the Paying Agent should provide the Issuer with the statement on the business day immediately prior to each interest payment date. The statement must reflect the situation at the close of business of that same day. In the event that on the date, the entity obliged to provide the statement fail to do so, the Issuer or the Paying Agent on its behalf will make a withholding at the general rate of 19 per cent. on the total amount of the return on the relevant Notes.

If, before the tenth day of the month following the month in which interest is paid, the obliged entity provides the statement, the Issuer will reimburse the amounts withheld.

## TAXATION

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Prospective investors should note that the Issuer does not accept any responsibility in relation to any failure in the delivery of the relevant statement by the Paying Agent in connection with each payment of interest under the Notes. 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 payments are nonetheless paid net of Spanish withholding tax because the relevant statement was not duly delivered to the Issuer. Moreover, the Issuer will not pay any additional amounts with respect to any such withholding tax due to any failure of the Paying Agent to provide the relevant statement.

In the event that the currently applicable procedures are modified, amended or supplemented by, among other things, any Spanish law, regulation, interpretation or ruling of the Spanish tax authorities, the Issuer will notify the Noteholders of such information procedures and their implications, as the Issuer may be required to apply withholding tax on interest payments in respect of the Notes if the Noteholders do not comply with such information procedures.

Regarding the interpretation of Article 44 RD 1065/2007 and the simplified information procedures please refer to “*Risk Factors – Spanish tax rules*”.

### THE PROPOSED FINANCIAL TRANSACTIONS TAX (FTT)

On 14th February, 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the Commission's proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and participating Member States may decide not to participate.

Spain has enacted a Financial Transaction Tax (Law 5/2020) (the **Spanish FTT**) as an indirect tax amounting to 0.2 per cent. to be charged on transactions for purchasing shares in Spanish companies for valuable consideration, regardless of the residence of the participants in the transactions, provided they are listed companies and the company's market capitalisation is above €1,000 million. The issuance and subscription of Notes will not be subject to the Spanish FTT.

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

### U.S. FOREIGN ACCOUNT TAX COMPLIANCE ACT WITHHOLDING

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Spain have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA

jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional Notes (as described under “Terms and Conditions—Further Issues”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

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## SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in an amended and restated programme agreement dated 9th August, 2022 (such amended and restated programme agreement as further amended and/or supplemented and/or restated from time to time, the **Programme Agreement**) agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase or procure subscribers for Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of its expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically, such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail for a limited period after the Issue Date. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Under UK and EU laws and regulations, stabilisation activities may only be carried on by the Stabilisation Manager named in the applicable Final Terms (or persons acting on its behalf) and may only continue for a limited period following the Issue Date (or, if the ending day would be earlier, 60 days after the date of allotment) of the relevant Tranche of Notes.

### Transfer Restrictions

***As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.***

Each person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (a) that: (i) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A, (ii) it is an Institutional Accredited Investor which has delivered an IAI Investment Letter or (iii) it is outside the United States and is not a U.S. person;
- (b) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

## SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

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- (c) that, unless it holds an interest in a Regulation S Global Note and is a person located outside the United States and is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is one year after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (i) to the Issuer or any affiliate thereof, (ii) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;
- (d) that it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (c) above, if then applicable;
- (e) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes, that Notes offered to Institutional Accredited Investors will be in the form of Definitive IAI Registered Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;
- (f) that the Notes, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER: (A) REPRESENTS THAT (1) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (RULE 144A)) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS OR (2) IT IS AN INSTITUTIONAL “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN **INSTITUTIONAL ACCREDITED INVESTOR**); (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON

## SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

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NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFORE, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).”;

- (g) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes), it will do so only (i) (A) to non-U.S. persons outside the United States in compliance with Rule 903 or 904 under the Securities Act or (B) to a QIB in compliance with Rule 144A or (C) to an Institutional Accredited Investor that provides a duly executed investment letter in the form set out in the Agency Agreement and (ii) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. UNTIL THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION, OR, IN THE CASE OF AN ISSUE OF NOTES ON A SYNDICATED BASIS, THE RELEVANT LEAD MANAGER, OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART, SALES MAY NOT BE MADE UNLESS MADE (I) TO NON-U.S. PERSONS OUTSIDE THE UNITED STATES PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (II) TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED IN, AND IN TRANSACTIONS PURSUANT TO, RULE 144A UNDER THE SECURITIES ACT OR (III) TO INSTITUTIONAL “ACCREDITED INVESTORS” (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) THAT PROVIDE A DULY EXECUTED INVESTMENT LETTER SUBSTANTIALLY IN THE FORM SET OUT IN THE AGENCY AGREEMENT.”; and

- (h) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Institutional Accredited Investors who purchase Registered Notes in definitive form offered and sold in the United States in reliance upon the exemption from registration provided by Regulation D of the Securities Act are required to execute and deliver to the U.S. Registrar an IAI Investment Letter. Upon execution and delivery of an IAI Investment Letter by an Institutional Accredited Investor, Notes will be issued in definitive registered form, see “*Form of the Notes*”.

## **SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS**

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The IAI Investment Letter will state, among other things, the following:

- (a) that the Institutional Accredited Investor has received a copy of the Offering Circular and such other information as it deems necessary in order to make its investment decision;
- (b) that the Institutional Accredited Investor understands that any subsequent transfer of the Notes is subject to certain restrictions and conditions set forth in the Offering Circular and the Notes (including those set out above) and that it agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes except in compliance with, such restrictions and conditions and the Securities Act;
- (c) that, in the normal course of its business, the Institutional Accredited Investor invests in or purchases securities similar to the Notes;
- (d) that the Institutional Accredited Investor is an Institutional Accredited Investor within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Notes, and it and any accounts for which it is acting are each able to bear the economic risk of its or any such accounts' investment for an indefinite period of time;
- (e) that the Institutional Accredited Investor is acquiring the Notes purchased by it for its own account or for one or more accounts (each of which is an Institutional Accredited Investor) as to each of which it exercises sole investment discretion and not with a view to any distribution of the Notes, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control; and
- (f) that, in the event that the Institutional Accredited Investor purchases Notes, it will acquire Notes having a minimum purchase price of at least USD500,000 (or the approximate equivalent in another Specified Currency).

No sale of Legended Notes in the United States to any one purchaser will be for less than USD200,000 (or its foreign currency equivalent) principal amount or, in the case of sales to Institutional Accredited Investors, USD500,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least USD200,000 (or its foreign currency equivalent) or, in the case of sales to Institutional Accredited Investors, USD500,000 (or its foreign currency equivalent) principal amount of Registered Notes.

### **Selling Restrictions**

#### ***United States***

The Notes have not been or will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations.

Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, in connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under



## SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

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Regulation S (**Regulation S Notes**), it will not offer, sell or deliver such Regulation S Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Regulation S Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is USD200,000 (or the approximate equivalent thereof in any other currency). To the extent that the Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer has agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

### *Prohibition of sales to EEA Retail Investors*

Unless the Final Terms in respect of any Senior Preferred Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable” and in the case of all other Notes, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Regulation, and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Senior Preferred Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable,” in relation to each Member State of the EEA, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation; or

## SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

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- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision,

- the expression **an offer of Notes to the public** in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and
- the expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

### *Spain*

Each Dealer has acknowledged and each other Dealer appointed under the Programme will be required to acknowledge that the Notes must not be offered, distributed or sold in Spain in the primary market. However, the Notes may be sold to Spanish resident investors in circumstances that satisfy the requirements set forth in the ruling of the Directorate General for Taxation (*Dirección General de Tributos*) of 27th July, 2004.

Notwithstanding this, the Notes may not be offered, sold or otherwise made available at any time to any retail investor in Spain. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation.

No publicity of any kind shall be made in Spain.

### *Belgium*

Other than in respect of Notes for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

### *Hong Kong*

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes 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

## SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

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Provisions) Ordinance (Cap. 32) of Hong Kong (the **C(WUMP)O**) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

- (b) 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 Notes, 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 Notes 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.

### *Italy*

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no Notes may be offered, sold or delivered, nor may copies of this Offering Circular (including the applicable Final Terms) or of any other document relating to the Notes be distributed in Italy, except:

- (a) to qualified investors (investitori qualificati), as defined pursuant to Article 2 of Regulation (EU) 2017/1129 (the **Prospectus Regulation**) and any applicable provision of Legislative Decree No. 58 of 24th February, 1998, as amended (the **Italian Financial Services Act**) and Italian CONSOB regulations; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11973 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular (including the applicable Final Terms) or any other document relating to the Notes in Italy under (a) or (b) 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 Italian Financial Services Act, CONSOB Regulation No. 20307 of 15th February, 2018 (as amended from time to time) and Legislative Decree No. 385 of 1st September 1993, as amended (the Italian 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 Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

### *Japan*

Each Dealer has acknowledged, and each other Dealer appointed under the Programme will be required to acknowledge, that the Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### *The PRC*

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC, except as permitted by the securities laws of the PRC.

### *Singapore*

Each Dealer acknowledges that and each further Dealer appointed under the Programme will be required to acknowledge that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (the **MAS**). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (as amended or modified, the **SFA**)) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

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

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA or to any person arising from an offer referred to in Section 275(1A) of the SFA or Section 276(4)(c)ii) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) pursuant to Section 276(7) of the SFA; or
- (e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Notification under Section 309B(1)(c) of the SFA: Unless otherwise stated in the applicable Final Terms in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and in the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### *Switzerland*

- (a) Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:
  - (i) the Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act dated 15th June, 2018 (the **FinSA**) and will not be admitted to trading on a trading venue (exchange or multilateral trading facility) in Switzerland;
  - (ii) neither this Offering Circular nor any Final Terms nor any other offering or marketing material relating to any Notes constitutes a prospectus as such term is understood pursuant to the FinSA; and
  - (iii) neither this Offering Circular nor any Final Terms nor other offering or marketing material relating to any Notes may be publicly distributed or otherwise made publicly available in Switzerland.

### *United Kingdom*

#### *Prohibition of sales to UK Retail Investors*

Unless the Final Terms in respect of any Senior Preferred Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable” and in the case of all other Notes, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to any retail investor in the UK. For purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of UK domestic law by virtue of the EUWA;
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000 (the **FSMA**) to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Senior Preferred Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Offering Circular as completed by the final terms in relation thereto to the public in the UK, except that it may make an offer of such Notes to the public in the UK:

- (a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

## SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

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- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within section 86 of the FSMA, provided that no such offer of Notes referred to in (A) to (C) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision,

- the expression an **offer of Notes to the public** in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and
- the expression **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA.

### *Other Regulatory Restrictions*

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

### **General**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefore.

Neither the Issuer nor any Dealer represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

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## GENERAL INFORMATION

### Authorisation

The update of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of the Issuer dated 29th March, 2022.

Details of each issue under the Programme will be evidenced in a public deed of issue (*Escritura de Emisión*) and will be registered in the *Registro Mercantil*.

### Listing of Notes

The admission of Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the Regulated Market will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. Application has been made to Euronext Dublin for Notes issued under the Programme during the period of twelve months from the date of this Offering Circular to be admitted to the Official List for such Notes to be admitted to trading on the Regulated Market. The renewed listing of the Programme in respect of the Notes is expected to be granted on or around 9th August, 2022.

### Documents Available

For the period of 12 months following the date of this Offering Circular, electronic copies of the following documents will, when published, be available for inspection from <https://shareholdersandinvestors.bbva.com>:

- (a) the bylaws (with an accurately reproduced English translation thereof) of the Issuer;
- (b) the Agency Agreement, the Deed of Covenant, the Deed Poll and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (c) a copy of this Offering Circular; and
- (d) any future offering circulars, prospectuses, information memoranda, supplements to this Offering Circular and Final Terms and any other documents incorporated herein or therein by reference.

### Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are entities in charge of keeping the records). The appropriate Common Code and ISIN and, if applicable, the FISN and/or CFI for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Notes, together with the relevant ISIN and common code, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855, Luxembourg and the address of DTC is 55 Water Street, New York, New York 10041, United States of America.

### Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

## GENERAL INFORMATION

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### Significant or Material Change

Save as disclosed in “*Risk Factors – The coronavirus (COVID-19) pandemic is adversely affecting the Group*”, there has been no significant change in the financial performance or financial position of the Issuer or the Group since 30th June, 2022 and there has been no material adverse change in the prospects of the Issuer or the Group since 31st December, 2021.

### Litigation

Except as disclosed in the section entitled “*Description of Banco Bilbao Vizcaya Argentaria, S.A. – Legal Proceedings*” on pages 187 - 188, there are no, and have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

### Independent Auditors

KPMG Auditores, S.L. (registered as auditors on the *Registro Oficial de Auditores de Cuentas*), audited the Issuer’s Consolidated Financial Statements for the financial years ended 31st December, 2021, 2020 and 2019 which have been prepared in accordance with IFRS-IASB.

On 18th March 2022, the general shareholders’ meeting of the Issuer approved the appointment of Ernst & Young, S.L. (**EY**), independent auditors on the *Registro Oficial de Auditores de Cuentas* under number S0530 whose address is Calle de Raimundo Fernández Villaverde, 65, 28003 Madrid, Spain, as the current independent auditors of the Group for the financial years ended 31st December, 2022, 2023 and 2024. EY audited without qualification the Spanish language original condensed interim consolidated financial statements as of and for the six-month period ended 30th June, 2022, which were prepared in accordance with International Accounting Standard 34 International Financial Reporting as adopted by the European Union (IAS 34). In case of any discrepancy between the English language version (incorporated by reference in this Offering Circular) and the Spanish language versions of the Issuer’s condensed interim consolidated financial statements as of and for the six-month period ended 30th June, 2022 and the corresponding audit report, the Spanish language versions shall prevail.

### Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Issuer and its affiliates in the ordinary course of business.



**ISSUER**

**Banco Bilbao Vizcaya Argentaria, S.A.**  
Calle Azul, 4  
28050, Madrid  
Spain

**PRINCIPAL PAYING AGENT AND EXCHANGE AGENT**

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United Kingdom

**U.S. REGISTRAR, PAYING AGENT AND  
TRANSFER AGENT**

**Deutsche Bank Trust Company Americas**  
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1 Columbus Circle, 17th Floor  
Mail Stop: NYC01-1710  
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United States of America

**EURO REGISTRAR  
AND TRANSFER AGENT**

**Deutsche Bank Luxembourg S.A**  
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**LEGAL ADVISERS**

*To the Issuer  
as to the laws of England and Wales*  
**Allen & Overy LLP**  
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*To the Issuer  
as to the laws of Spain*  
**J&A GARRIGUES, S.L.P.**  
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28001 Madrid  
Spain

*To the Dealers as to the laws of England and Wales and as to the laws of Spain*  
**Clifford Chance, S.L.P.**  
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**DEALERS**

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France

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**Wells Fargo Securities, LLC**  
550 South Tryon Street  
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United States of America

#### **INDEPENDENT AUDITORS**

*To the Issuer*

*For the financial years ended 31st December, 2021,  
2020 and 2019*

*For the year commencing on 1st January, 2022*

**KPMG Auditores, S.L.**  
Paseo de la Castellana, 259C  
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Spain

**Ernst & Young, S.L**  
Torre Azca  
Calle de Raimundo Fernández  
Villaverde, 65  
28003 Madrid  
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#### **LISTING AGENT**

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**A&L Goodbody Listing Limited**  
International Financial Services Centre  
North Wall Quay  
Dublin 1, D01H104  
Ireland

0041760-0000407 UKO2: 2004764137.45

