



**ATRADIUS CRÉDITO Y CAUCIÓN S.A. DE SEGUROS Y REASEGUROS**  
(incorporated with limited liability under the laws of the Kingdom of Spain)

**EUR 300,000,000 5.000 per cent. Fixed Rate Subordinated Notes due 17 April 2034**

(ISIN: XS2798125907)

The EUR 300,000,000 5.000 per cent. fixed rate subordinated notes due 17 April 2034 (the **Notes**) of Atradius Crédito y Caucción S.A. de Seguros y Reaseguros (the **Issuer**) are being issued on 17 April 2024 (the **Closing Date**). The issue price of the Notes is 99.784 per cent. of their principal amount.

Subject to mandatory interest deferral as described below, interest will be payable annually in arrears on 17 April each year, commencing on 17 April 2025 (each, an **Interest Payment Date**). Payment of interest on the Notes will be mandatorily deferred on any Interest Payment Date which is a Mandatory Interest Deferral Date (as defined below in "*Terms and Conditions of the Notes*", the **Conditions**). Any interest which is deferred will, for so long as it remains unpaid, constitute **Arrears of Interest**. Arrears of Interest will not themselves bear interest and will be payable as provided in Condition 4(c) (*Arrears of Interest*).

The payment obligations of the Issuer under the Notes constitute direct, unconditional, unsecured and subordinated obligations (*créditos subordinados*) of the Issuer according to Article 281.1.2° of the Insolvency Law (as defined in the Conditions) and, in accordance with Article 281 of the Insolvency Law, but subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), upon the insolvency of the Issuer, would rank: (i) junior to any unsubordinated obligations of the Issuer (including, without limitation, any policyholders of the Issuer, if any) and any other subordinated obligations (*créditos subordinados*) of the Issuer which by law and/or by their terms, to the extent permitted by Spanish law, rank senior to the Issuer's obligations under the Notes; (ii) *pari passu* among themselves and with any other subordinated obligations (*créditos subordinados*) of the Issuer which by law and/or by their terms, to the extent permitted by Spanish law, rank *pari passu* with the Issuer's obligations under the Notes; and (iii) senior to any claims for the liquidation amount of the ordinary shares of the Issuer and any other subordinated obligations (*créditos subordinados*) of the Issuer which by law and/or by their terms, to the extent permitted by Spanish law, rank junior to the Issuer's obligations under the Notes.

Subject to mandatory redemption deferral as described below and to certain pre-conditions (including the previous approval of the Relevant Regulator (as defined in the Conditions), where applicable), (i) unless previously redeemed or purchased and cancelled (or substituted), the Notes will be redeemed at their principal amount on 17 April 2034 (the **Scheduled Maturity Date**); or (ii) prior to such date, the Notes may be redeemed, in whole but not in part, at the option of the Issuer (a) at any time following the occurrence of a Tax Event, (b) at any time following the occurrence of a Capital Disqualification Event, (c) at any time on or after 17 October 2033, or (d) if 75 per cent. or more of the aggregate principal amount of the Notes has been purchased by or on behalf of the Issuer or any other members of the Group, in each case, at their principal amount, together with Arrears of Interest, if any, and any other unpaid interest accrued to (but excluding) the date fixed for redemption. The redemption of the Notes on their Scheduled Maturity Date or on any other date fixed for the redemption of the Notes shall be

deferred upon the occurrence of a Regulatory Deficiency Deferral Event (as defined in the Conditions) in the circumstances as set out in Condition 5(g) (*Redemption and Purchase Deferral*).

If a Tax Event or a Capital Disqualification Event occurs and is continuing, the Issuer may, subject to certain pre-conditions (including the previous approval of the Relevant Regulator, if applicable), but without any requirement for the consent or approval of the holders of the Notes, at any time substitute or vary the terms of all (but not some only) of the Notes, so that they remain or become Qualifying Tier 2 Securities (as defined in Conditions).

Payments on the Notes will be made in EUR without deduction for or on account of taxes imposed or levied by the Kingdom of Spain to the extent described under "*Terms and Conditions of the Notes—Taxation*".

Application has been made to list the Notes on the Official List (the **Official List**) of the Luxembourg Stock Exchange (the **Exchange**) and for such Notes to be admitted to trading on the Exchange's Euro MTF Market (the **Euro MTF**). This Offering Circular constitutes a prospectus for the purposes of Part IV of the Luxembourg law on prospectuses for securities, dated 16 July 2019, and the admission of the Notes to the Official List of the Exchange and to trading on Euro MTF and does not constitute, and has not been approved as, a prospectus for the purposes of Regulation (EU) 2017/1129. This Offering Circular has been approved by the Exchange. Euro MTF is not a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and the Council on markets in financial instruments (as amended, **MiFID II**). This Offering Circular is available for viewing on the website of the Exchange ([www.luxse.com](http://www.luxse.com)). Reference in this Offering Circular to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on Euro MTF and have been admitted to the Official List of the Exchange.

The Notes have been rated "A3" by Moody's Deutschland GmbH (**Moody's**). Moody's is established in the European Union and is registered under Regulation (EC) No 1060/2009 (as amended) on credit rating agencies, as amended (the **CRA Regulation**). Moody's appears on the latest update of the list of registered credit rating agencies (as of 27 March 2023) on the European Securities and Markets Authority (**ESMA**) website. **A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.**

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (as amended, the **Securities Act**) and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Joint Lead Managers (as defined in "*Subscription and Sale*") in accordance with Regulation S under the Securities Act (**Regulation S**), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes will be in registered form and in the denomination of EUR 100,000 each. The Notes may be held and transferred, and will be offered and sold, in the principal amount of EUR 100,000. The Notes will be represented by a global registered note certificate (the **Global Note Certificate**) registered in the name of a nominee for, and deposited with, the common depository for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**). Individual note certificates (**Individual Note Certificates**) evidencing holdings of Notes will only be available in certain limited circumstances. See "*Summary of Provisions Relating to the Notes in Global Form*".

**Investing in the Notes involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" below. The Notes are complex financial instruments and are not a suitable or appropriate investment for all investors. Prospective purchasers of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition.**

*Sole Structuring Agent to the Issuer and Joint Lead Manager*

**J.P. Morgan**

*Joint Lead Manager*

**BNP Paribas**

15 April 2024

## CONTENTS

	<b>Page</b>
IMPORTANT NOTICES.....	1
DOCUMENTS INCORPORATED BY REFERENCE.....	5
OVERVIEW .....	7
RISK FACTORS .....	11
TERMS AND CONDITIONS OF THE NOTES .....	39
SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM.....	66
USE OF PROCEEDS .....	68
DESCRIPTION OF THE ISSUER.....	69
SUPERVISION AND REGULATION OF THE ISSUER.....	88
TAXATION.....	93
SUBSCRIPTION AND SALE .....	105
GENERAL INFORMATION.....	108
ANNEX 1 .....	110

## IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Offering Circular and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

The Issuer has confirmed to J.P. Morgan SE (the **Sole Structuring Agent to the Issuer**) and BNP Paribas (together with the Sole Structuring Agent to the Issuer, the **Joint Lead Managers**) that this Offering Circular contains all information regarding the Issuer and its subsidiaries (together, the **Group**) and the Notes which is material in the context of the issue and offering of the Notes; the statements contained in this Offering Circular relating to the Issuer and to the Group are in every material particular true and accurate and not misleading; the opinions and intentions expressed in this Offering Circular with regard to the Issuer and to the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; there are no other facts in relation to the Issuer, the Group or the Notes the omission of which would in the context of the issue and offering of the Notes, make any statement in this Offering Circular misleading in any material respect; and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

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

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Offering Circular or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Joint Lead Managers.

The Joint Lead Managers will not regard any actual or prospective holders of Notes (whether or not a recipient of this Offering Circular) as their client in relation to the offering described in this Offering Circular and will not be responsible to anyone other than the Issuer for providing the protections afforded to their clients nor for providing the services in relation to the offering described in this Offering Circular or any transaction or arrangement referred to herein.

Neither the Joint Lead Managers nor any of their respective affiliates has authorised the whole or any part of this Offering Circular and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Offering Circular or any responsibility for the acts or omissions of the Issuer or any other person (other than the Joint Lead Managers) in connection with the issue and offering of the Notes. Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Offering Circular.

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

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

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

In this Offering Circular, unless otherwise specified, references to a **Member State** are references to a Member State of the European Economic Area, references to **EUR, euro** or **€** are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended. References to **billion** are to thousands of millions.

In this Offering Circular, unless otherwise specified or the context otherwise requires, 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.

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

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

The Issuer's financial statements have been prepared on a stand-alone, not consolidated, basis. The Issuer is not required to prepare consolidated financial statements and has not opted to do so. Investors should note that the Issuer financial statements reflect the results of operations of the Issuer for, and the balance sheet of the Issuer as at end of, the relevant years, not those of the Group.

The Issuer financial statements have been prepared in accordance with accounting principles for insurance companies and policies generally accepted in Spain (collectively, **Spanish GAAP**). Under Spanish legislation, the Issuer is prohibited to prepare stand-alone financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (**IFRS**). Investors should note that the results of operations of the Issuer for, and the balance sheet of the Issuer as at end of, the relevant years reflected in the Issuer financial statements may have been reflected differently had the Issuer prepared its financial statements in accordance with IFRS as opposed to Spanish GAAP.

## **PRO-FORMA FINANCIAL INFORMATION**

On 31 October 2023, the Issuer merged with Atradius Reinsurance DAC (see "*Description of the Issuer*" for further information). Annex 1 of this Offering Circular, which forms part of this Offering Circular, contains certain pro-forma financial information (**Pro-forma Financial Information**) of the Issuer for the year ended 31 December 2022, together with PricewaterhouseCoopers Auditores, S.L. report on it, to reflect how the merger would have impacted the balance sheet and income statement of the Issuer as of and for the year ended 31 December 2022 as if the merger had taken place on 1 January 2022. The Pro-forma Financial Information has been prepared in accordance with Annex 20 of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 and the ESMA recommendation (ESMA32-382-1138) of 4 March 2021.

## **FORWARD-LOOKING STATEMENTS**

This Offering Circular contains certain forward-looking statements. The words "anticipate", "believe", "expect", "plan", "intend", "targets", "aims", "estimate", "project", "will", "would", "may", "could", "continue" and similar expressions are intended to identify forward-looking statements. All statements

other than statements of historical fact included in this Offering Circular, including, without limitation, those regarding the financial position, business strategy, management plans and objectives for future operations of the Issuer are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Issuer's and/or the Group's actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Issuer's and/or the Group's present and future business strategies and the environment in which they expect to operate in the future. Important factors that could cause the Issuer's and/or the Group's actual results, performance or achievements to differ materially from those in the forward-looking statements include, but are not limited to, those discussed under "*Risk Factors – Risks relating to the Issuer, the Group and their businesses*". Any forward-looking statements made by or on behalf of the Issuer speak only as at the date they are made. Except as otherwise required by applicable securities law and regulations and/or by any applicable stock exchange regulations, the Issuer does not undertake to update forward-looking statements to reflect any changes in their expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Given the uncertainty inherent in forward-looking statements, prospective investors should not place reliance on such statements.

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

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (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 domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the **FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

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

### **NOTICE TO POTENTIAL INVESTORS IN CANADA**

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

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

If applicable, pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Joint Lead Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

### **STABILISATION**

In connection with the issue of the Notes, one or more Joint Lead Managers (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 at a level higher than that which might otherwise prevail.

However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, will be in compliance with all relevant laws and regulations and may cease at any time, but it must end no later than the earlier of 30 days after the Closing Date and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant stabilisation manager(s) (or persons acting on behalf of any stabilisation manager(s)) in accordance with all applicable laws and rules.



## DOCUMENTS INCORPORATED BY REFERENCE

The following information has been filed with the Euro MTF and is incorporated by reference into, and forms part of, this Offering Circular:

1. the English translation of the audited stand-alone financial statements (including the English translation of the auditors report thereon and notes thereto) of the Issuer as of and for the year ended 31 December 2023 (the **Issuer 2023 Financial Statements**);

[ACyC- Annual Report 2023.pdf](#)

2. the English translation of the audited stand-alone financial statements (including the English translation of the auditors report thereon and notes thereto) of the Issuer as of and for the year ended 31 December 2022 (the **Issuer 2022 Financial Statements**);

[ACyC- Annual Report 2022.pdf](#)

3. the English translation of the solvency and financial condition report for the Issuer as at 31 December 2023 (the **Issuer 2023 SFCR**) and the related auditor's report;

[ACyC- SFCR 2023.pdf](#)

4. the English translation of the solvency and financial condition report for the Issuer as at 31 December 2022 (the **Issuer 2022 SFCR**) and the related auditor's report; and

[ACyC- SFCR 2022.pdf](#)

5. the audited financial statements of Atradius Reinsurance DAC (**ARE**) for the year ended 31 December 2022 (the **ARE 2022 Financial Statements**).

<https://group.atradius.com/documents/atradiusre-annual-report-2022.pdf>

Investors should be cautioned that the documents listed in items 1 to 4 above were originally prepared in Spanish language. In case of discrepancy, the Spanish language version prevails.

The Issuer 2023 Financial Statements and the Issuer 2022 Financial Statements have been prepared on a stand-alone, not consolidated, basis. The Issuer is not required to prepare consolidated financial statements given that the group is consolidated within a larger group that is governed by Spanish law and has not opted to do so. Investors should note that the Issuer 2023 Financial Statements and the Issuer 2022 Financial Statements reflect the results of operations of the Issuer for, and the balance sheet of the Issuer as at end of, the relevant years, not those of the Group.

The Issuer 2023 Financial Statements and the Issuer 2022 Financial Statements have been prepared in accordance with Spanish GAAP, as identified in note 2.1 of the Issuer 2023 Financial Statements and as required by Spanish legislation for the preparation of stand-alone financial statements, which prohibits the preparation of stand-alone financial statements in accordance with IFRS. Investors should note that the results of operations of the Issuer for, and the balance sheet of the Issuer as at end of, the relevant years reflected in the Issuer 2023 Financial Statements and the Issuer 2022 Financial Statements may have been reflected differently had the Issuer prepared its financial statements in accordance with IFRS as opposed to Spanish GAAP.

The pro-forma financial information and auditors report for the Issuer, as at 31 December 2022 (the **Pro-forma Financial Information**) is set out in Annex 1 to this Offering Circular, and forms part of this Offering Circular.

Copies of the documents specified above incorporated by reference in this Offering Circular may be inspected, free of charge, during usual business hours at the specified offices of the Fiscal Agent and are published and available on the website of the Exchange at: [www.luxse.com](http://www.luxse.com). Any information contained in or incorporated by reference in any of the documents specified above as incorporated by reference herein or annexed hereto which is not incorporated by reference in this Offering Circular is either not relevant to investors or is covered elsewhere in this Offering Circular. Unless specifically incorporated by reference into this Offering Circular, information contained on the website does not form part of this Offering Circular.

This Offering Circular must be read in conjunction with the information incorporated by reference herein or annexed hereto. Any statement contained in the information incorporated by reference herein or annexed hereto shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

## OVERVIEW

*This overview must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole, including the documents incorporated by reference.*

*Words and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Offering Circular have the same meanings in this overview.*

**The Issuer:** Atradius Crédito y Caución S.A. de Seguros y Reaseguros.

The Issuer is a Spanish insurance company duly incorporated in Spain and registered as a credit and suretyship (re)insurance company, at the Special Administrative Registry of Insurance and Reinsurance Undertakings of the General Directorate of Insurance and Pension Funds (*Dirección General de Seguros y Fondos de Pensiones*).

**Sole Structuring Agent to the Issuer:** J.P. Morgan SE

**Joint Lead Managers:** J.P. Morgan SE and BNP Paribas

**The Notes:** EUR 300,000,000 5.000 per cent. Fixed Rate Subordinated Notes due 17 April 2034.

**Issue Price:** 99.784 per cent. of the principal amount of the Notes.

**Closing Date:** 17 April 2024.

**Interest:** The Notes will bear interest from (and including) the Closing Date at the rate of 5.000 per cent. per annum.

**Interest Payment Dates:** Subject to mandatory interest deferral as described below, interest will be payable annually in arrears on 17 April each year, commencing on 17 April 2025.

**Mandatory Deferral of Interest:** Payment of interest on the Notes will be mandatorily deferred in full or in part on any Interest Payment Date which is a Mandatory Interest Deferral Date. Any interest which is deferred will, for so long as it remains unpaid, constitute **Arrears of Interest**.

Any such deferral of any payment of interest will not constitute a default by the Issuer or any breach of its obligations under the Notes or for any other purpose and will not give Noteholders any right to accelerate repayment of the Notes or take any other action under the Notes.

**Arrears of Interest**

Arrears of Interest shall not themselves bear interest and will be payable in the circumstances provided in Condition 4(c) (*Arrears of Interest*).

**Status:**

The payment obligations of the Issuer under the Notes constitute direct, unconditional, unsecured and subordinated obligations (*créditos subordinados*) of the Issuer according to Article 281.1.2° of the Insolvency Law and, in accordance with Article 281 of the Insolvency Law, but subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), upon the insolvency of the Issuer, would rank: (i) junior to any unsubordinated obligations of the Issuer (including, without limitation, any policyholders of the Issuer, if any) and any other subordinated obligations (*créditos subordinados*) of the Issuer which by law and/or by their terms, to the extent permitted by Spanish law, rank senior to the Issuer's obligations under the Notes; (ii) *pari passu* among themselves and with any other subordinated obligations (*créditos subordinados*) of the Issuer which by law and/or by their terms, to the extent permitted by Spanish law, rank *pari passu* with the Issuer's obligations under the Notes; and (iii) senior to any claims for the liquidation amount of the ordinary shares of the Issuer and any other subordinated obligations (*créditos subordinados*) of the Issuer which by law and/or by their terms, to the extent permitted by Spanish law, rank junior to the Issuer's obligations under the Notes.

**Form and Denomination:**

The Notes will be issued in registered form in the denomination of EUR 100,000, and no multiples shall be applicable to such denomination.

The Notes may be held and transferred, and will be offered and sold, in the principal amount of EUR 100,000. The Notes will be represented by a global registered note certificate (the **Global Note Certificate**) registered in the name of a nominee for, and deposited with, the common depositary for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**). Individual note certificates (**Individual Note Certificates**) evidencing holdings of Notes will only be available in certain limited circumstances. See "*Summary of Provisions Relating to the Notes in Global Form*".

**Final Redemption:**

Subject to mandatory redemption deferral pursuant to Condition 5(g) (*Redemption and Purchase Deferral*) and to certain conditions (including the previous approval of the Relevant Regulator, where applicable, unless previously redeemed or purchased and cancelled or substituted), the Notes will be redeemed at their

principal amount, together with Arrears of Interest (if any) and any other accrued and unpaid interest on such Notes (the **Redemption Price**) on the Scheduled Maturity Date, being 17 April 2034. Should the redemption pre-conditions not be met, redemption may be delayed beyond the Scheduled Maturity Date for an indefinite period of time, until the occurrence of any of the events described in Condition 5(g) (*Redemption and Purchase Deferral*).

If the Notes are not redeemed on the Scheduled Maturity Date due to the reasons set out above, Noteholders will, subject to any mandatory interest deferral, continue to receive interest but will not receive any additional compensation for the postponement of the redemption.

**Early Redemption:**

Subject to mandatory redemption deferral pursuant to Condition 5(g) (*Redemption and Purchase Deferral*) and to certain pre-conditions (including the previous approval of the Relevant Regulator, where applicable), the Notes may be redeemed, in whole but not in part, at the option of the Issuer (i) at any time following the occurrence of a Tax Event, (ii) at any time following the occurrence of a Capital Disqualification Event, (iii) at any time on or after 17 October 2033 and up to (but excluding) the Scheduled Maturity Date, or (iv) if 75 per cent. or more of the aggregate principal amount of the Notes has been purchased by or on behalf of the Issuer or any other member of the Group, in each case, at the Redemption Price.

**Redemption Deferral:**

The redemption of the Notes on their Scheduled Maturity Date or on any other date fixed for the redemption of the Notes shall be deferred upon the occurrence of a Regulatory Deficiency Deferral Event in the circumstances as set out in Condition 5(g) (*Redemption and Purchase Deferral*) and the Notes shall be redeemed on such date as specified in Condition 5(g) (*Redemption and Purchase Deferral*), subject to the satisfaction of certain pre-conditions.

**Substitution or Variation:**

If a Tax Event or a Capital Disqualification Event occurs and is continuing, the Issuer may, subject to certain pre-conditions (including the previous approval of the Relevant Regulator, if applicable), but without any requirement for the consent or approval of the holders of the Notes, at any time substitute or vary the terms of all (but not some only) of the Notes, so that they remain or become Qualifying Tier 2 Securities.

**Withholding Tax:**

All payments of principal, premium, interest and any other amounts by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any present or future taxes,

duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Kingdom of Spain or any political subdivision thereof or by any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal or any other amount) the Issuer will pay such additional amounts as will result in receipt by the Noteholders of such amounts as would have been received by them in respect of payments of interest had no such withholding or deduction been required, except in certain circumstances provided in Condition 8 (*Taxation*).

**Events of Default:**

There will be no events of default in respect of the Notes. In the event of a Winding-Up of the Issuer the Notes shall, when permitted by applicable Spanish law, become immediately due and payable at their Liquidation Amount, without presentment, demand, protest or other notice of any kind, all of which the Issuer expressly waives. Claims against the Issuer in respect of such amounts will be subordinated in accordance with Condition 2(b) (*Status and subordination*).

**Governing Law:**

The Notes will be governed by Spanish law. The Subscription Agreement and the Fiscal Agency Agreement will be governed by English law.

**Listing and Trading:**

Application has been made to the Exchange for the Notes to be admitted to the Official List and trading on the Euro MTF.

**Clearing Systems:**

Euroclear and Clearstream, Luxembourg.

**Rating:**

The Notes have been rated A3(hyb) by Moody's Deutschland GmbH.

**Selling Restrictions:**

See "*Subscription and Sale*".

**Risk Factors:**

Investing in the Notes involves risks. See "*Risk Factors*".

**Use of proceeds:**

The net proceeds of the issue of the Notes will be used by the Issuer for its general corporate purposes.

## **RISK FACTORS**

*Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the Group and the industry in which they operate together with all other information contained in this Offering Circular, including, in particular the risk factors described below. Words and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Offering Circular have the same meanings in this section.*

*The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer and/or the Group that are not currently known to the Issuer or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and/or the Group and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Offering Circular and their personal circumstances.*

### **Risks relating to the Issuer, the Group and their businesses**

#### ***Risks relating to the economic and financial environment***

*The results of the Issuer may be adversely affected by general economic and other business conditions*

By its nature, the business activities of the Issuer are affected by general economic and other business conditions. These conditions include changing economic cycles, global political events, such as terrorist acts, war, other hostilities and/or (economic) sanctions, as well as other global events that may affect all business, such as the spread of pandemics, significant natural disasters and the possible consequences of global warming. Although the diversity of the countries in which the Issuer operates may dampen the impact from adverse economic or business conditions, the business activities of the Issuer are sensitive to changes in general macroeconomic conditions, such as changes in consumer confidence, industrial output, labour or social unrest and economic and political uncertainty.

The current global economic situation has been marked by unprecedented challenges and uncertainties. In 2023, global economic growth slowed down compared to 2022. Growth was relatively strong at the start of the year. In May 2023, the World Health Organization announced that it no longer considered the Covid-19 pandemic a global public health emergency, supply chains disrupted by the pandemic largely normalised and the energy shocks caused by the war in Ukraine reduced. Over the course of 2023, however, headwinds began to mount as extra savings built up during the pandemic began to decline, the initial growth stimulus from the reopening of the services sector diminished, and a sustained slowdown in manufacturing occurred. The war in Gaza emerged as a new geopolitical risk, with a potentially large impact on oil markets and the global economy if the conflict would escalate regionally. Risks of economic nature, such as a possible further slowdown of growth in China, or debt distress in emerging markets could also derail the global economy in 2024. The current risk environment remains challenging, especially for companies that are still recovering from the Covid-19 pandemic.

There remains a threat of a global economic slowdown for financial and/or geopolitical reasons, and a lasting macroeconomic downturn could affect the Issuer’s activities and results.

Difficult economic conditions may cause an increase in payment delays and bankruptcies of buyers covered by the Issuer’s insurance policies and consequently in the frequency of claims and possibly peak risks, such as abnormally high losses on the same buyer or buyer group, or even an accumulation of losses stemming from a single country or industry sector. Any increase in the frequency and severity

of claims could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

While a deterioration in the economic environment could lead to an increase in the level of insurance premiums received by the Issuer, resulting from the signing of new credit insurance policies (either by new customers seeking coverage or by existing customers extending their existing coverage) or to an increase in insurance premium rates, an economic slowdown could also result in a decrease in insurance premium volume due to lower turnover by customers of the Issuer, whose turnover serves as a calculation base for the amount of insurance premiums received by the Issuer, or due to cancellation of insurance policies for instance upon customers ceasing to exist or opting for self-insurance.

*The results of the Issuer may be adversely affected by changes in the financial markets*

Global financial markets may experience extreme volatility and disruption. Any significant downturns in equity markets or downward appraisals of property values and/or significant movements of interest rates and credit spreads could have a material adverse effect on the Issuer's capital and solvency position and results of operations. Many factors, including uncertainties about the stability and solvency of financial institutions, the risk of future inflation in certain markets, and geopolitical tensions have in previous years led to liquidity shortage and increased volatility in financial markets and may in the future continue to weigh on the markets, the overall economy and consequently on the business activities and prospects of the Issuer. Furthermore, liquidity shortage and financial market volatility could have a material adverse effect on the investment portfolio, in particular the financial instruments which value depends on interest rates and/or follows the performance of the financial markets. Any increases in inflation and/or inflation forecasts, which could accompany increases in interest rates, may lead to a decrease in the market value of bonds held in the investment portfolio. Increases in inflation could also have an impact on the creditworthiness of bond issuers and could result in an increase in credit spreads. All of these factors could lead to a decline in the value of the bonds.

In addition, disruptions, uncertainty or volatility in the financial markets may limit or otherwise adversely impact the Issuer's ability to raise additional capital or increase the cost of additional capital. Adverse changes in the financial markets could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

*Because the Issuer is exposed to counterparty risk in relation to financial institutions, a deterioration in the financial soundness of financial institutions may have a material adverse effect on the Issuer's business, results of operations, financial condition and/or prospects*

Due to the nature of the global financial system, financial institutions, such as the Issuer, are interdependent as a result of trading, counterparty and other relationships. Financial institutions with whom the Issuer conducts business act as counterparties to the Issuer in such capacities as issuers of securities, customers, banks, reinsurance companies, trading counterparties, clearing agents, exchanges, clearing houses, brokers and dealers, commercial banks, investment banks and other financial intermediaries. In any of these capacities, a financial institution acting as counterparty may not perform its obligations due to, among other things, bankruptcy, lack of liquidity, market downturns or operational failures, and the collateral or security provided by it may prove inadequate to cover its obligations upon default. The interdependence of financial institutions means that the failure of a large financial institution could materially disrupt capital markets or clearance and settlement systems in the markets. This could cause severe market declines or volatility. Such a failure could also lead to a chain of defaults by other counterparties. The Issuer's core business is to insure its customers against default and protracted default of their buyers. Therefore, such a failure is likely to lead to an increase in the frequency and severity of claims, which could materially adversely affect the Issuer. This risk, known as "systemic risk", could also adversely impact future product sales because of reduced confidence in insurance companies. It could also reduce results because of market declines and write-downs of assets and claims on third parties. The Issuer believes that despite increased attention from regulators around



the world with respect to systemic risk, this risk remains part of the financial system in which the Issuer operates and dislocations caused by the interdependency of financial market participants could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

### ***Risks relating to the Issuer's business***

*The Issuer uses a number of models to carry out its activities and, in certain circumstances, these models may not reflect the most updated assumptions.*

In performing its activities, the Issuer uses a number of models such as the pricing model, models of probabilities of default and loss-given default, buyer rating models, automatic underwriting algorithms models for lower value credit limit applications, statistical and actuarial models, and a partial internal model to calculate its regulatory capital requirement under Solvency II. Regulatory approval for the use of partial internal model was received in 2017. These models rely on underlying assumptions, parameters, methodologies, and the quality of data available. If those prove to be inaccurate or outdated, there is a risk of underestimation or overestimation of results that can affect the pricing, financial forecasts, the management of risk, and technical provisions recognition. The results are taken into consideration for risk and capital management and strategic decision-making. If based on outdated or inaccurate data or assumptions, it could impact the Issuer's performance and reputation.

*Risks related to the geographical and sectorial distribution of buyers/cedants covered by the Issuer's (re)insurance policies, ICP policies and of customers covered by the Issuer's surety business*

The Issuer is exposed to concentration of risks in a number of ways: by buyer/customer, buyer/customer country and buyer/customer sector. The Issuer allocates its exposures between customers operating in a wide range of economic sectors and established in different countries around the world. In this regard, it manages its exposures and determines the maximum amount of risk that it is willing to accept for each group of buyers based on the underlying level of risk related to the economic sector concerned and/or the location of those groups of buyers. The geographical breakdown of risk is monitored according to the Issuer's country risk assessment, which estimates the average credit risk of companies in a given country. The concentration of exposure on the lowest-rated countries is monitored as part of the Issuer's risk appetite. Buyers covered by the Issuer's credit insurance and ICP policies, as well as surety customers are, for a large part located in Western Europe with the largest share of buyer underwriting exposure (for traditional credit insurance and special products) concentrated in Germany with a 16.2% share, followed by Spain and Portugal with a combined 12.7% share as at 31 December 2023. The Issuer is therefore particularly exposed to the risks and economic conditions of countries in Western Europe. Persistently difficult market conditions or the occurrence of financial or other problems in these countries and more generally in the Eurozone could increase difficulties and deteriorate the financial position of buyers and the Issuer's customers present there. As a consequence, these factors could impact the level of risk for the Issuer, as well as the claims received and the premium volumes collected, and have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

The Issuer's credit insurance, surety, ICP and reinsurance portfolios cover a wide range of industries. However, as at 31 December 2023, chemicals, metals, electronics, consumer durables and food accounted for more than half of the overall credit insurance exposure of the Issuer. Despite the diversity of industry sectors of the buyers covered by its credit (re)insurance policies, ICP policies and surety products and despite the Issuer's product split, the Issuer cannot rule out that an adverse change in the economic cycle (at a global, sector, geographical or country level) resulting from external events or circumstances such as a financial or health crisis, a failure of the Issuer's management systems, processes or governance, or a poor assessment of the risks associated with an economic sector, geographic area or country, could lead to delays in reducing exposures and/or an overestimation of the quality of exposures to the economic sector, geographic area or country concerned. In such an event,

the Issuer's credit risk would increase and it could experience a sharp rise in paid claims, which would have an impact on its loss ratio, operating income, liquidity and solvency margin.

Additionally, the materialisation of significant risks related to certain buyer groups could affect the amount of compensation payable by the Issuer and have a material adverse effect on its business, results of operations, financial condition and prospects.

*The performance of the Issuer is subject to substantial competitive pressures that could adversely affect its results of operations*

The Issuer faces substantial competition for the types of products and services that it provides globally. The credit insurance market comprises a large number of participants of varying size and status, including but not limited to domestic credit insurers, export credit agencies established nationally to encourage exports, and in particular two other international insurance groups which offer similar products and services. The Issuer cannot exclude the possibility that new players, including those of significant size, change their strategy in order to enter certain markets in which the Issuer is present, thereby increasing the already intense competition. In some areas, the Issuer also faces competition from domestic players that are smaller but have a significant local presence.

There exist a number of alternatives or substitutes to credit insurance offers, including products offered on the market, such as standby letters of credit. "Self-insurance" whereby companies decide to manage their trade credit receivables and respective credit risk internally is a key alternative to credit insurance. Demand for substitutes or a shift towards self-insurance is affected by the price and conditions of the credit insurance products and services offered by the Issuer, and in general in the credit insurance industry. If the Issuer faces strong competitive pressure, particularly on prices and on the scope and nature of insurance coverage issued, this could result in loss of market share, and losses on some or all of its activities. Moreover, the Issuer may experience lower growth if it is unable to offer competitive, attractive and innovative products and services that are also profitable, does not choose the right product offering or distribution strategy, fails to implement such a strategy successfully or fails to adhere or successfully adapt to market changes and customer demands. A decline in the Issuer's competitive position could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

*A downgrade or a potential downgrade of any of Atradius' credit ratings, in particular the Issuer's financial strength ratings of 'A1'/outlook stable by Moody's and 'A(Excellent)'/ outlook stable by A.M. Best, could affect the Issuer's standing in the market and have a material adverse effect on the Issuer's business, results of operations, financial condition and/or prospects*

Credit ratings, in particular insurance financial strength ratings, have become an increasingly important factor in establishing the competitive position of insurance and reinsurance companies, and are as such important to the Issuer's ability to sell its products and services to existing and potential customers.

Rating agencies regularly review their ratings and methodologies and can modify the ratings they assign at any time.

A downgrade or a potential downgrade in the outlook and/or the insurance financial strength ratings of any and all of the Atradius Group's rated entities (Atradius N.V. together with its subsidiaries, the **Atradius Group**), and in particular of the Issuer, could have a significant negative impact on the results of the Issuer, and in particular lead to deterioration in its competitive position, an increase in termination of existing insurance policies and difficulties in attracting new business. In addition, a downgrade could reduce public confidence in the Issuer and thereby reduce demand for its products and services and increase the number of policy withdrawals by customers. These withdrawals could require the sale of invested assets at a price that may result in investment losses. Furthermore, a downgrade in the Issuer's credit ratings could have a material adverse effect on its ability to raise additional capital or increase

the cost of additional capital, increase the costs of reinsurance, trigger termination rights or collateral requirements under certain contracts, and impair, or cause the termination of, the Issuer's relationships with creditors, distributors, cooperation partners, reinsurers or commercial counterparties, each of which may have a material adverse effect on the Issuer's business, results of operations, financial condition and/or prospects.

According to the latest Moody's Credit Opinion (5 October 2023) on the Atradius rated entities, the indirect ownership by GCO, a Spanish insurance group, and the business exposure to Spain, create some linkage between the rating of the Atradius rated entities, including the Issuer, and the credit profile of the Government of Spain ('Baa1'/outlook positive by Moody's). However, according to Moody's Atradius' "low business and asset concentration in Spain, reduces" that linkage. Any deterioration in the credit profile of GCO, the Government of Spain, and/or an increase in the business/asset concentration in Spain of the Atradius rated entities, including the Issuer, might lead to a change in the opinion of Moody's, potentially resulting in a downgrade of any and all of the Atradius rating entities, including the Issuer.

*Reinsurance coverage by external reinsurers may not be available, affordable or adequate to protect the Issuer against losses, and reinsurers may default on their reinsurance obligations which may have a material adverse effect on the Issuer's business, results of operations, financial condition and/or prospects*

As part of its overall risk and capital management strategy, the Atradius Group, including the Issuer, transfers a significant portion of its underwriting risk to reinsurers. Market conditions beyond the Atradius Group's control determine the availability and cost of such reinsurance. If reinsurance is not available at commercially attractive rates and if the resulting additional costs are not compensated by premiums paid to the Issuer, this could adversely affect the Issuer's results. The Issuer may therefore be forced to incur additional expenses for reinsurance coverage or may not be able to obtain sufficient reinsurance coverage on acceptable terms, which could materially adversely affect its ability to underwrite future business and/or expose it to higher levels of losses.

The Issuer determines the appropriate level of reinsurance coverage based on a number of factors and from time to time decides to reduce or vary coverage based on its assessment of the costs and benefits involved. Any decreases in the amount of reinsurance coverage may increase the Issuer's risk of loss. In addition, a default of a reinsurer to which the Issuer has material exposure could expose the Issuer to significant (unexpected) losses and therefore have a material adverse effect on its business, results of operations, financial condition and prospects.

*The Issuer is dependent on its network of brokers and agents who distribute its products and services*

The Issuer serves mainly medium-sized and large companies either directly or through broker channels, except for Spain where the Issuer predominantly serves a portfolio of small and medium-sized Spanish customers through a network of tied agents and Italy where there is a network of tied agents for the surety business alongside independent brokers. The brokers and agents through whom the Issuer sells and distributes its products and services are independent of the Issuer, whereas the tied agents in Spain and Italy act exclusively for one insurer. The very nature of a broker is that they provide independent advice about the market as a whole with a focus on finding the best deal for the customer, which means that they are free to offer products and services from other insurance companies and there is no obligation to favour the Issuer's products and services. The successful distribution of the Issuer's products and services therefore depends in part on the advice which brokers provide to customers about the supply in the market and how the Issuer's products and services can benefit the customer. An unfavourable assessment of the Issuer or lack of awareness or understanding about the Issuer's products and services by a broker could result in the Issuer generally, or certain of its products and services, not being actively marketed to their customers, with the consequence that the Issuer's premium volumes may decrease. The Issuer's premium volumes may also decrease if a broker channel on which a

particular business unit is dependent sells fewer products and services of the Issuer, for instance, due to reputational harm to that broker channel. The Issuer is also exposed to the risk that distributors may change their business models in ways that affect how they sell the Issuer's products and services, either in response to changing business priorities or as a result of shifts in regulatory supervision or changes in applicable laws and regulations. A failure by the Issuer to maintain a competitive distribution network could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

*The Atradius Group is exposed to the risk of damage to any of its brands, its trademarks and tradenames or its reputation*

The Issuer's success and results are, to a certain extent, dependent on the strength of its brands and reputation. The Atradius Group and its products are vulnerable to adverse market perception as it operates in an industry where integrity, customer trust and confidence are paramount. The Issuer relies on brands such as "Atradius" and "Crédito y Caución". The Atradius Group, including the Issuer, is exposed to the risk that litigation, employee misconduct, operational failures, the unauthorised use of any of its brands by third parties, the outcome of regulatory investigations, press speculation and negative publicity, among others, whether or not founded, could damage its brands or reputation.

Any of the Atradius Group's brands or the Atradius Group's reputation could also be harmed if products or services offered by the Atradius Group do not perform as expected (whether or not the expectations are well-founded) or if the customer's expectations of the product change. Any damage to the Atradius Group brands or reputation could cause existing customers, intermediaries or business partners to withdraw their business from the Issuer and potential customers, intermediaries or business partners to be reluctant to do business with the Issuer. Furthermore, negative publicity could result in greater regulatory scrutiny and influence market or rating agencies' perception of the Issuer, which could make it more difficult for the Issuer to maintain its credit rating. Any damage to the Atradius Group brands or reputation could cause disproportionate damage to the Issuer's business, even if the negative publicity is factually inaccurate or unfounded, and could have a material adverse effect on the Issuer's business, reputation, results of operations, financial condition and prospects, and may affect its ability to finance its activities or increase its financing cost.

*Risks related to the Issuer's international activities*

The Issuer offers its products and services in a large number of countries, and its (re)insurance policies cover buyers and cedants on all continents. The geographical span of its activities exposes the Issuer to diverse and sometimes unstable economic, financial, regulatory, commercial, social and political contexts that can have an effect on the creditworthiness of buyers covered by the Issuer's insurance or reinsurance policies or, to a lesser extent, the customers of the Issuer, its methods of intervention and marketing, and the management and control of risks related to its products. In addition, the Issuer could be faced with a number of external risk factors such as prohibited transactions with countries and individuals that are subject to sanctions or anti-corruption rules; fluctuations in exchange rates and monetary devaluations; capital transfer restrictions; changes in legal and tax regimes, including regulations relating to transfer pricing and withholding tax on payments made by the Issuer; rises in interest rates; inflation, possible recessions and financial market volatility; or political instability or risks of terrorism or war. In some countries, the legal system and court and dispute resolution system are less mature than those of its main markets in Western Europe. The Issuer may face significant difficulties and its strategy may be affected by the environment of certain countries in which it operates, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

The Issuer may continue to expand in new countries, among others, via direct establishments or cooperation partners and may be required to obtain approvals, licenses and authorisations necessary to carry out its activities in such new countries. Any major difficulty encountered in obtaining such

authorisations or finding suitable partners could delay or jeopardise the establishment of the Issuer in such new countries. In addition, the non-renewal, suspension or loss of any authorisations or the loss of a cooperation partner may have a material adverse effect on the business, results of operations, financial condition and prospects of the Issuer.

### **Operational risks affecting the Issuer**

*Critical accounting estimates, assumptions and judgements in applying accounting policies may have to be adjusted over time, which may have a material adverse effect on the Issuer's business, results of operations, financial condition and/or prospects*

Estimates, assumptions and judgements in applying accounting policies play a significant role in amounts recognised for the liability arising from claims made, or to be made, under insurance contracts, pipeline premium, estimated reinsurance commissions, valuation of goodwill and intangible assets and pension and post-retirement benefit obligations, and require a high degree of judgment by management.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The most significant areas for which management is required to make judgements and estimates that affect reported amounts are:

*(Re)insurance related estimates: the ultimate liability arising from claims made under insurance contracts, pipeline premium and estimated reinsurance commissions*

The estimate of the ultimate liability arising from claims including recoveries made, or to be made, under credit (re)insurance contracts is one of the Issuer's most critical accounting estimates. The recognition of technical provisions requires the Issuer to carry out best estimates of future contractual cash flows and claims handling expenses. These are, among others, determined by relevant actuarial and statistical methods in combination with realistic assumptions concerning changes in events and circumstances related to the customers, buyers, surety customers and surety bond beneficiaries, cedants and the underlying business of the accepted (re)insurance and to changes in the economic, financial, social, regulatory or political environment. Although management has endeavoured to adequately take all facts into account, by their very nature estimates remain uncertain and the outcome may differ significantly from the projected amount.

The use of these assumptions requires a high degree of judgment by management. Pipeline premium is estimated as the part of insurance premium that is or will become due on existing (re)insurance contracts, but that has not yet been invoiced at the end of the reporting period. Although the calculation of the pipeline premium is derived from the core business systems and is calculated at policy level, the calculation does involve the use of management estimates. The actual amounts invoiced may differ significantly from the pipeline premium estimated based on the actual insured risk. Reinsurance commissions related to the Atradius Group and thus the Issuer's external reinsurance coverage programme (amongst others, the quota share reinsurance treaties) depends on the loss ratio per underwriting year. Management periodically reviews the development of the ultimate loss ratio. The reinsurance commissions recognised are based on an estimate by management of the loss ratio for an underwriting year. Any change in the estimate of the liability from claims made or estimate of the pipeline premium might significantly impact the amount of reinsurance commissions the Issuer receives.

*Goodwill and intangible assets valuation*

In accordance with Spanish GAAP, the Issuer has established a useful life of 10 years for its goodwill with linear depreciation. In addition, at least annually, the Issuer evaluates the existence of impairment indicators for goodwill and other intangible assets, performing impairment tests in that respect

thereafter. The recoverable amounts of cash-generating units require the use of estimates. The Issuer cannot exclude the possibility of the occurrence of future events which may result in the impairment of certain parts of the goodwill and/or intangible assets. As a result of the significance of the value of goodwill and intangible assets in the balance sheet, any significant depreciation of goodwill or intangible assets could have a material adverse effect on the Issuer's results of operations and financial condition.

#### *Impairment of available-for-sale equity financial investments*

The Issuer determines that an available-for-sale equity financial investment is impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Issuer evaluates among other factors, the normal volatility in share price, the financial health of the investment, industry and sector performance, changes in technology and operational and financing cash flows. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investment, industry and sector performance, changes in technology, financing and operational cash flows. Any change in the judgement applicable to the impairment of available-for-sale equity financial investments might have a material adverse effect on the Issuer's results of operations and financial condition.

#### *The Issuer is exposed to mortality risk, inflation risk and long-term interest risk through its defined benefit plans*

The Issuer has a number of post-employment benefit plans. The schemes are determined by periodic actuarial calculations and are generally funded through payments to state plans, insurance companies or trustee-administered funds. The Issuer has both defined benefit plans and defined contribution plans. The employee benefit assets and liabilities relate mainly to pension assets and liabilities for defined benefit plans. The main defined benefit plans are in the United Kingdom and Germany. These represent 96.1% of the pension plan assets and 76.6% of the defined benefit obligations of the Issuer as at 31 December 2023. The other defined benefit plans are in respect of Switzerland, Italy, Sweden, Norway, Belgium, Spain and France. The recognition of assets and liabilities is determined separately for each plan. The actuarial calculations use assumptions related to discount rate, price inflation, expected salary increase, future pension growth and mortality. A decrease in the discount rate and an increase in the other assumptions could significantly affect the valuation of the Issuer's pension and post-retirement benefit obligations.

#### *Changes in net deferred tax assets could have a material adverse effect on the Issuer's business, results of operations, financial condition and/or prospects*

Generally, deferred tax assets represent the tax benefit of future deductible differences between the value of assets and liabilities for reporting purposes and tax purposes, tax losses carried forward and tax credits carried forward. The Issuer periodically tests the basis for recognising any deferred tax asset and evaluates whether or not a valuation allowance or impairment (write-down) needs to be booked. However, it cannot be excluded that any relevant future event, such as a change in tax legislation, and/or decrease in profitability of the operating results of the Issuer may cause the need to take a valuation allowance or impairment into account, which could have a material adverse effect on the Issuer's results of operations and financial condition.

#### *Risks related to the creditworthiness of buyers and surety customers, the Issuer's assessment of the creditworthiness and the reliability of the information relating to such creditworthiness may be inadequate*

The core business of the Issuer is trade credit insurance. The Issuer insures its customers against credit risks attached to their buyers, such as protracted default, insolvency or bankruptcy. The Issuer exposes itself to credit risk (also referred to as counterparty default risk) by obtaining assets whose value

depends on counterparties' ability to repay their obligations when due. Assessing credit risks related to buyers covered by the Issuer's insurance policies is a key aspect of the Issuer's business. For each buyer, the Issuer generally sets risk limits and issues credit limits. This buyer underwriting process allows the Issuer to manage risks on its portfolio of existing insurance policies. The Issuer also has significant surety activities, in addition to being active as a reinsurer (for other primary insurers writing traditional credit insurance and/or surety). For these activities and its ICP portfolio, the Issuer relies on assessments of the credit risk related to individual buyers, buyer groups, cedants and surety customers.

The quality and reliability of information relating to the creditworthiness of buyers, cedants or surety customers covered by any of the Issuer's (re)insurance policies is essential for the Issuer's underwriting processes. This includes buyer underwriting, as well as policy underwriting, by which the Issuer decides which customers to accept and the terms and conditions of their cover. The Issuer cannot exclude that, in certain markets or in certain situations, it will face difficulties in obtaining reliable data on the creditworthiness of buyers and surety customers or may not obtain good quality and/or correct and/or complete information from service providers or from other sources of information that it uses. Any lack of, or unreliable information regarding a buyer or the environment in which it operates, or the delay in the provision of such information, is likely to distort the evaluations and risk assessments, and therefore the review by the Issuer of the risk portfolio under its insurance policies. These risks related to assessment of creditworthiness are likely to have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

Moreover, even though the credit insurance policies developed and sold by the Issuer are designed to meet the needs of customers in terms of coverage, the Issuer also needs to control its risks in terms of exposure and therefore profitability. Poor or incorrect assessment of the creditworthiness of buyers during the life of the product or upon renewal, may lead to a mismatch between the pricing policy, the commitments and the management thereof by the Issuer and thus have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

*The loss of key personnel, and the failure to attract and retain key personnel with appropriate qualifications and experience, could have a material adverse effect on the ability of the Issuer to carry out its business*

The success of the Issuer's operations is dependent, among other things, on its ability to attract and retain highly qualified professional personnel including key personnel. In most countries in which the Issuer operates, competition for key personnel is intense among insurance companies and other financial institutions, and the Issuer may incur significant costs to attract and retain such personnel or may fail to do so. The Issuer's ability to attract and retain key personnel is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent. Any failure to retain key personnel, including in professional and technical roles, could have a material adverse effect on the Issuer's operations due to the loss of their skills, know-how about the industry, the Issuer's products, its customers, as well as the potential difficulty of promptly finding qualified replacement personnel.

*The Issuer is exposed to the risk of fraud and other misconduct or unauthorised activities by the Issuer's personnel, distributors, customers and other third parties*

The Issuer is exposed to the risk of fraud and other misconduct or unauthorised activities by the Issuer's personnel, distributors, customers and other third parties. Fraud typically occurs when these persons deliberately abuse the Issuer's procedures, systems, assets, products or services. Within the Issuer, examples include: policy fraud; falsified issuance of policies and surety bonds in the name the Issuer; sales fraud; claims fraud and fraud in relation to payment execution. Misconduct and unauthorised activities also include, among others, personnel acting beyond authority; taking of excessive or inappropriate risks; theft or misappropriation of the Issuer's and customer's assets; money laundering; corporate espionage; other negligence or intentional misconduct. Although the Issuer employs detection

and prevention processes to help prevent fraud, other misconduct and unauthorised activities, these processes may prove inadequate or otherwise ineffective. The occurrence of fraud, other misconduct and unauthorised activities could result in losses, increased costs, violations of laws, regulatory investigations and sanctions by supervisory authorities, claims by customers or other third parties, loss of potential and existing customers, loss of receivables and harm to the Issuer's reputation, which may have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

*Defects and errors in the Issuer's financial processes, systems and reporting may cause delays, miscommunication and sub-optimal decisions*

Defects and errors in the Issuer's financial processes, systems and reporting, including both human and technical errors, could result in a late delivery of internal and external reports, or reports with insufficient or inaccurate information. Various accounting principles, solvency requirements and reporting processes are applicable to the Issuer and its branches and subsidiaries. This increases the complexity of the financial reporting process, which in turn increases the risk of financial reporting errors. Moreover, the frequency, quality, volume, and complexity of the type of financial information that must be processed by the Issuer's financial reporting systems have increased over time, in part due to more onerous regulatory requirements. Defects and errors in the Issuer's financial processes, systems and reporting could lead to wrong decisions in respect of, for instance, product pricing which could materially adversely affect its results of operations. In the event any such defects and errors occur, this could harm the Issuer's reputation and could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

*Failures in the Issuer's information technology systems, including hardware, software and associated infrastructure, including as a result of cyber-security events, may lead to financial loss, delays or inability to service customer needs, administer new business and/or cause reputational damage*

The Issuer's operations depend on advanced IT systems (in particular for management of product sales and services, the collection and management of information on the creditworthiness of companies, centralisation of its risks, and its accounting and reporting) that are essential to the conduct of its insurance business. IT systems are essential for all of the Issuer's activities in both the development and the quality of its commercial offerings as well as for management, reporting and internal control procedures.

The Issuer could experience a failure of its IT systems or loss of data due to, amongst others, a disastrous event impacting data centres, security incidents, network vulnerabilities, unauthorised activity, malicious code changes, application specific vulnerabilities, outdated software, and unauthorised or 'shadow' software. The Issuer is exposed to failures of IT systems or loss of data, in a growing threat landscape, including malware (viruses) and artificial intelligence. This would typically materialise due to attacks over networks and could result in theft and misuse of information, service outages and changes in operating systems. The Issuer further recognises increasing external threats (from internet connected services for example), especially within artificial intelligence, ransomware, phishing, denial of service and fraud, which we have seen materialise in financial institutions. The ongoing threat landscape highlights the increasing monetisation of cyber threat against financial services companies through insufficient technical controls and user error.

The Issuer retains confidential information in its IT systems and relies on industry standard commercial technologies to maintain the security of those systems. Anyone who is able to circumvent the Issuer's security measures and penetrate its IT systems could access, misappropriate, change, or delete information in the systems, including personal data and proprietary business information. Any compromise of the security of the Issuer's IT systems that results in unauthorised disclosure or use of data, including personal data, could harm the Issuer's reputation, impact future product sales, subject the Issuer to heightened regulatory scrutiny, the imposition of fines (including under the EU's General



Data Protection Regulation regime), or civil and criminal liability, and require that the Issuer incur significant technical, legal and other expenses, each of which could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

Despite the implementation of amongst others an IT security programme, disaster recovery procedures and infrastructure, security and back-up measures, any failure of the Issuer's IT systems, including as a result of cyber-attacks or errors made by the Issuer's employees, or any failure of a third party service provider to meet its obligations or errors made by a third party service provider, could in each case cause significant interruptions to the Issuer's operations, could subject the Issuer to heightened regulatory scrutiny, the imposition of fines (including under the EU's General Data Protection Regulation regime), or civil and criminal liability, and could harm the Issuer's reputation and have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

## **Financial risks affecting the Issuer**

### *Market risk*

The Issuer has exposure to market risk, which is the risk that the market value of the Issuer's assets no longer match its liabilities. The Issuer exposes itself to market risk by obtaining assets and incurring liabilities whose value is sensitive to movements in market prices. An increase in market risk could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects. Key areas where the Issuer is exposed to market risk are:

#### *Risks related to the investment portfolio*

The Issuer holds an investment portfolio consisting primarily of financial instruments. The Issuer adopts a diversification policy for its investment portfolio to comply with all applicable legal and regulatory requirements, and to keep the balance between risk and return. The materialisation of any of the risks described below could nevertheless have a material adverse effect on current and future results of operations, net income, cash flows and the financial condition of the Issuer.

#### *Risks related to fluctuations in the equity, fixed income and other financial markets*

The returns on the investments are susceptible to fluctuations on equity, fixed income and property markets. The Issuer bears all the risk associated with its own investments. Fluctuations in the equity, fixed income and property markets affect the Issuer's results of operations and financial condition. A decline in any of these markets may lead to a reduction of unrealised gains in the Issuer's assets or result in unrealised losses followed by potential impairments. Any decrease in the market value of its assets may reduce the Issuer's solvency, which could have a material adverse effect on the Issuer's financial condition and prospects.

#### *Spread risks*

The Issuer has a significant liquid and highly rated fixed income portfolio, which is managed against its insurance liabilities in terms of duration. The exposure to (credit) spreads primarily relates to market price and cash flow variability associated with changes in credit spreads. A spread widening, resulting in an increase in the (total) yield, will reduce the value of fixed income securities held and increase the investment income associated with the purchase of new fixed income securities in the investment portfolio. Conversely, spread tightening, resulting in a decrease in the (total) yield, will generally increase the value of fixed income securities in the portfolio and will reduce the investment income associated with new purchases of fixed income securities. A number of factors can cause an individual asset or a whole class of assets to decrease in market value, including a perception or fear in the market that there is an increase in the likelihood of defaults, leading to a spread widening. Although the Issuer has developed the necessary tools and risk metrics to closely monitor and manage its spread risk, a

residual risk may still exist and spread widening could have a material adverse effect on its results and financial condition.

*A sustained increase in inflation rates may negatively affect the Issuer's investment portfolio, solvency position and results of operations.*

Inflation, as measured by consumer price indices or other means, is a continuing risk. A sustained increase in the inflation rate in the markets where the Issuer operates would have multiple impacts on the Issuer and may negatively affect its business, solvency position and results of operations. For example, a sustained increase in the inflation rate may result in an increase in market interest rates which may in turn decrease the estimated fair value of certain fixed income securities the Issuer holds in its investment portfolio, resulting in reduced levels of unrealised capital gains, or even result in unrealised capital losses, available to the Issuer and which could negatively impact its solvency margin position and net income.

A significant and sustained increase in inflation has historically also been associated with sluggish performance of equity markets generally. A sustained decline in equity markets may (i) result in impairment charges to equity securities, that the Issuer holds in its investment portfolio and reduce levels of unrealised capital gains available to the Issuer, which would in turn reduce the net income and negatively impact the solvency position of the Issuer, (ii) negatively impact the value of assets under management, which in turn may negatively impact the Issuer's results of operations.

*Risks related to the fair values of the investments and property for own use and investment property*

The fair values of the Issuer's investments, property for own use and investment property correspond with the price that would be (expected to be) received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Whenever possible, the fair values are based on quoted market prices. If there is no quoted market price available, the Issuer uses valuation techniques which are based on market prices of comparable instruments or parameters from comparable active markets (market observable data). If no observable market inputs are available, valuation models are used (non-market observable data). These valuation techniques are subjective in nature and involve various assumptions about the relevant pricing factors. Changes in these assumptions could significantly affect the estimated fair values. Non-quoted investments or illiquid investments in which the Issuer invests are valued by external independent valuation companies. Consequently, the fair values of the Issuer's investments, property for own use and investment property may not be indicative of the net realisable value. In addition, the calculation of the estimated fair value is based on market conditions at a specific point in time and may not be indicative of future fair values. The majority of the property for own use and investment property is located in Spain. Changes in the valuation may have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

*Changes in interest rates could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects*

The Issuer is subject to interest rate risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed income assets represent a significant portion of the Issuer's investment portfolio. Changes in interest rates and credit spreads affect the market value and returns on the fixed income assets. A decline in interest rates reduces the returns available on new investments, thereby negatively impacting the Issuer's net investment income. Conversely, rising interest rates reduce the market value of existing investments, which could result in (un)realised losses on these assets.

During periods of declining market interest rates, issuers of fixed income securities could decide to prepay their obligations in order to borrow at lower market rates, which would increase the percentage of the Issuer's portfolio that it would have to reinvest, in assets with a lower return profile.

The materialisation of any of the risks set out above could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

#### *Risks relating to exchange rate fluctuations*

Due to the geographical spread of its offices and the international nature of its activities, the Issuer is exposed to currency risk, being currency transaction risk and currency translation risk. Non-monetary assets and liabilities that are measured at fair value and denominated in foreign currency are converted according to the exchange rates prevailing on the date the fair value was determined. The exchange gains and losses that arise are taken to equity or to profit and loss for the year applying the same policy as for recording variations in fair value. Where the functional currency of a branch or subsidiary of the Issuer is a non-euro currency, the differences generated in the conversion of its financial statements to the presentation currency will be recorded directly in equity.

At 31 December 2023, 34% of the Issuer's assets were denominated in non-Euro currencies, including in particular GBP (11%). However, this may change going forward and depends on many factors, such as inflows of claims per operation and business growth. Although the Issuer is managing its exposure to currency fluctuations, major movements in exchange rates may have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

#### *Credit risk*

The Issuer has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. An increase in credit risk relating to counterparties of the Issuer could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

#### *Counterparty risk in relation to financial institutions*

Any deterioration in the financial soundness of financial institutions may have a material adverse effect on the Issuer's business, results of operations, financial condition and/or prospects. Due to the nature of the global financial system, financial institutions, such as the Issuer, are interdependent as a result of trading, counterparty and other relationships. Financial institutions with whom the Issuer conducts business act as counterparties to the Issuer in such capacities as issuers of securities, customers, banks, reinsurance companies, trading counterparties, clearing agents, exchanges, clearing houses, brokers and dealers, commercial banks, investment banks and other financial intermediaries. In any of these capacities, a financial institution acting as counterparty may not perform its obligations due to, among other things, bankruptcy, lack of liquidity, market downturns or operational failures, and the collateral or security provided by it may prove inadequate to cover its obligations upon default. The interdependence of financial institutions means that the failure of a large financial institution could materially disrupt capital markets or clearance and settlement systems in the markets. This could cause severe market declines or volatility. Such a failure could also lead to a chain of defaults by other counterparties. The Issuer's core business is to insure its customers against default and protracted default of their buyers. Therefore, such a failure is likely to lead to an increase in the frequency and severity of claims, which could materially adversely affect the Issuer. This risk, known as "systemic risk", could also adversely impact future product sales because of reduced confidence in insurance companies. It could also reduce results because of market declines and write-downs of assets and claims on third parties. The Issuer believes that despite increased attention from regulators around the world with respect to systemic risk, this risk remains part of the financial system in which the Issuer operates and dislocations caused by the interdependency of financial market participants could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

### *Reinsurance contracts and amounts due from reinsurers in respect of claims*

The Atradius Group, including the Issuer, transfers a significant portion of its underwriting risk to external reinsurers, which is used to mitigate insurance risk. This does not, however, discharge the Issuer's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Issuer remains liable for the payment to the policyholder. Notwithstanding the Issuer's policy to select only reinsurers that have a good financial standing, if any of its reinsurers would be unable to meet its payment obligations, this is likely to have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

### *Amounts due from policyholders and insurance intermediaries*

There is no concentration of credit risk in respect of receivables as the Issuer has a large number of internationally dispersed policyholders. Despite the diversity in countries and sectors of the Issuer's policyholders, significant deterioration in economic conditions impacts the level of credit risk as well as the premium that can be collected directly or via insurance intermediaries. This is likely to have a material adverse on the Issuer's business, results of operations, financial condition and prospects.

### *Counterparty risk relating to debt securities*

With regard to managing the credit risks of its investments, the investment policy of the Issuer is to hold a principally Euro-centric, internationally diversified portfolio and to avoid large risk concentrations. Notwithstanding this policy, the Issuer cannot exclude the possibility that its investment portfolio may experience significant changes in value due to financial market tensions, in particular with regard to sovereign debt. These defaults or fears of default by public or private issuers or any other third party could disrupt markets, result in an increase in the volatility of financial instruments or a chain of defaults or even lead to a generalised liquidity risk and may result in the Issuer recording losses or impairments of invested assets, or unrealised losses that are significant. Such losses or impairments may affect the value of the Issuer's investments and reduce their profitability and have a material adverse effect on the results of operations and financial condition of the Issuer.

### *Liquidity risk*

The Issuer is exposed to liquidity risk if there are insufficient funds available to meet its financial obligations when due, at a reasonable cost, but also due to illiquidity of the assets held to meet the cash flow requirements.

For the Issuer liquidity risk may arise if large scale short-term fluctuations occur to the cash flows, such as decline in incoming cash (e.g. premiums, fees, investments income, incoming reinsurance flows and recoveries) or a rise in outgoing cash (e.g. claims payments, outgoing reinsurance flows and operational costs). If the Issuer has insufficient liquidity, the Issuer may not be able to fulfil its obligations in a timely manner.

## **Risks related to regulatory and legal matters**

*Because the Issuer operates in a highly regulated industry, changes in statutes, regulations and regulatory policies governing its activities could have a material adverse effect on its business, results of operations, financial condition and/or prospects*

The insurance, reinsurance, and other operations of the Issuer (including its branches and subsidiaries) are subject to insurance, reinsurance, and financial services statutes, regulations and regulatory policies that govern the products and services the Issuer sells and how the Issuer manages its business, which can be different depending on the country of operation. The statutes, regulations and regulatory policies applicable to the Issuer's (re)insurance activities govern in particular solvency standards, such as levels

of admissible assets, capital and reserves, the multitude and diversification of financial investments and conduct of business activity (including topics like: distribution practices; anti-money laundering rules; prohibited transactions with countries and individuals that are subject to sanctions or otherwise blacklisted; anti-corruption rules and ‘know your customer’ rules). Furthermore, the statutes, regulations and regulatory policies that apply to insurance intermediaries may affect the way the Issuer does business. Changes in existing statutes, regulations and regulatory policies, as well as changes in the implementation of such statutes, regulations and regulatory policies may affect the way the Issuer does business, its ability to sell new policies, products or services and its claims exposure on existing policies, and may result in elevated capital liquidity requirements which in turn will adversely impact the required solvency margin, increased financing costs and increased operating costs. Furthermore, insurance supervisors have broad administrative powers over many aspects of the insurance industry and the Issuer is unable to predict the timing or form of future regulatory initiatives. The Issuer must comply with Spanish, national and international laws, regulations, and professional and ethical standards relating in particular to economic sanctions, anti-money laundering and counter-terrorist financing measures, the fight against corruption, and other local financial crime regulations applicable to its activities. As it does business in many countries, the Issuer is exposed to the risk of violation of anti-corruption, anti-money laundering and counter-terrorist financing laws and regulations and economic sanctions in the countries in which it operates. Any breach of these laws and regulations, and failure to address regulatory changes, could expose the Issuer to regulatory fines, financial losses and reputational harm that could have a direct and material impact on its business.

*Changes in the application of Solvency II standards could have a material adverse effect on the Issuer's business, revenues, results, financial condition, solvency position and/or prospects.*

The Solvency II regime seeks to provide a harmonised, risk-based approach to solvency capital, however some of its provisions are not prescriptive and therefore there is the potential for differences in interpretation and application between companies and between national regulators. This may result in an unequal competitive landscape.

Whilst a minimum solvency coverage ratio of 100% is the strict legal requirement, it is widely understood that it is prudent to hold solvency capital well in excess of this requirement. Target solvency coverage ratios materially in excess of 100% are common and may be subject to further escalation in the future due to regulatory or competitive pressures, or consensus best practice. If the Dirección General de Seguros y Fondos de Pensiones (the **DGSFP**) determines that the Issuer is not complying with the Solvency II requirements regarding capital, risk management, reporting processes or is failing to adapt to updates in requirements and interpretation differences, this could have a material adverse effect on its performance, results, and financial conditions. Moreover, a deterioration in the solvency position and, consequently, external rating would impact the perception and reputation of the Issuer, worsening the relationship with customers, reinsurers, banks, brokers and other counterparties.

*Changes in accounting standards or policies, or the Issuer's financial metrics, could adversely impact the Issuer's reported results of operations and its reported financial condition*

The Issuer's financial statements are prepared in accordance with generally accepted accounting practices and principles in Spain (Spanish GAAP). Accordingly, from time to time the Issuer may be required to adopt new or revised accounting standards and it is possible that future accounting standards which it is required to adopt will change the current accounting treatment that applies to its financial statements. Future changes in accounting standards or policies, or the Issuer's financial metrics, including as a result of choices made by the Issuer, could have a material adverse effect on its reported results of operations and its reported financial condition.

*Regulatory investigations and sanctions may have a material adverse effect on the Issuer's business, results of operations, financial condition and/or prospects*

The Issuer faces significant risks of regulatory investigations and actions in the conduct of its business. In recent years, the financial services industry and financial products have increasingly been the subject of investigation and regulatory activity by various governmental, supervisory and enforcement authorities. Current and future investigations by supervisory authorities, including in the context of market conduct supervision, data protection or international sanctions enforcement, could result in sanctions, require the Issuer to take costly measures or result in changes in laws and regulations in a manner that is adverse to the Issuer and/or its business. Changes to any products resulting from regulatory action, a substantial legal liability or a significant regulatory action or sanction could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects. In addition, the Issuer's reputation could suffer and it could be fined or prohibited from engaging in some of its business activities or be sued by customers and/or third parties if it does not comply with applicable laws or regulations.

*Risks associated with any judicial, administrative or arbitral proceedings*

In the normal course of business, the Issuer is exposed to risks resulting from proceedings of a judicial, administrative or arbitral nature. The Issuer cannot predict the outcome of any pending proceedings or potential future proceedings with certainty and may incur substantial expenses in pursuing or defending these proceedings. Depending on the circumstances, claims for a significant amount could be made against the Issuer and the outcome of these proceedings could result in a significant level of liability for the Issuer. Although the Issuer may implement a prudent provisioning policy for litigation, proceedings could have a material adverse effect on the business, reputation, results of operations, financial condition and prospects of the Issuer. Potential liabilities may not be covered by insurance, the Issuer's insurers may dispute coverage or may be unable to meet their obligations, or the amount of the Issuer's insurance coverage may be inadequate. Furthermore, while most of the claims are individually immaterial, such claims, in the aggregate, may material adversely affect the Issuer's business. Even if claims brought against the Issuer are unsuccessful or without merit, the Issuer would have to defend itself against such claims. The defence of any such claims may be time consuming and costly, may distract the attention of management and potentially result in negative publicity and reputational damage. The Issuer cannot rule out the possibility that the number of proceedings could increase in the future. Any of the above factors may have a material adverse effect on the business, reputation, results of operations, financial condition and prospects of the Issuer.

*Changes in tax laws could materially impact the Issuer's tax position and could lead to a lower demand for certain of the Issuer's products and services, which may have a material adverse effect on the Issuer's business, results of operations, financial condition and/or prospects*

The Issuer is subject to tax in many jurisdictions. Changes in the applicable tax legislation, in the interpretation of existing tax laws, amendments to existing tax rates, or the introduction of new tax legislation, specifically with respect to taxation of insurance companies, could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects. Differences in the interpretation or application of local tax legislation or any valuation of assets and liabilities on the tax balance sheet and/or transfer pricing may be challenged by local tax authorities. Generally, any breach of relevant local tax legislation may result in adjustments of the taxable amount, and the payment of late interest, fines and penalties and could have a negative impact on the Issuer's effective tax rate, cash flow and result of operations. Future changes in tax legislation or its interpretation, when applied to products and services offered by the Issuer, could have a material adverse effect on customers' demand for these products and services.

*Changes in laws, including but not limited to insolvency laws, could have a material adverse effect on the Issuer's business, results of operations, financial condition and/or prospects*

The Issuer carries large recovery provisions on risks that were insured under a policy on which the Issuer has compensated the policyholder for a loss on these risks. The recovery possibilities depend among other things on local insolvency laws and local laws that govern the availability of personal data for risk assessment purposes, which are different in each country in which the Issuer operates. The ability to recover amounts due from a creditor also depends on the enforceability of any insolvency court ruling. A change in such laws could have a material adverse effect on the Issuer's results of operations and financial condition.

*The Issuer is exposed to the risk of damage to reputation and standing in the market driven by Environmental, Social, and Governance (ESG) risks*

Stakeholders are paying increasing attention to Environmental, Social, and Governance (ESG) aspects, including in respect of the actions developed to adapt and mitigate climate change, diversity, health and safety and actions that contribute to society and local communities, and corporate governance aspects. There is a potential risk of damage to the reputation and standing in the market of the Issuer, including external ratings, as well as potential litigation if it fails to meet stakeholders' expectations in relation to ESG. Climate change in particular is identified as a potential source of risk tied to changing customer or community perceptions of an organisation's contribution to or detraction from the transition to a lower-carbon economy. Any damage to the Issuer's reputation or potential litigation could cause damage to the Issuer's business and could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects. Moreover, the Issuer is exposed to financial losses resulting from a higher frequency and severity of extreme climate-related weather events or longer-term shifts in climate that can have a material effect on the Issuer's performance.

## **Risks relating to the Notes**

*The Notes are complex financial instruments and may not be suitable investment for all investors*

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase such complex financial instruments as stand-alone investments but as a way to enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. Each potential investor in the Notes should determine the suitability of such investment in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it:

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 in this Offering Circular, taking into account that the Notes may only be a suitable investment for professional or institutional investors;

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;

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

understands thoroughly the terms of the Notes, including the provisions relating to the payment and deferral of interest, any redemption, redemption deferral, substitution of the Notes and variation of the terms of the Notes, is familiar with the behaviour of applicable reference rate and the financial markets and is familiar with the proposed resolution regime that may be applicable to the Issuer and the Group,

including the possibility that the Notes may become subject to write-down or conversion if the resolution powers are exercised; and

is able to evaluate (either on its own or with the help of its financial and other professional advisers) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) Notes are legal 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 the Notes under any applicable risk-based capital or similar rules.

Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Offering Circular.

***The obligations of the Issuer under the Notes are direct, unconditional, unsecured and subordinated***

The payment obligations of the Issuer under the Notes are direct, unconditional, unsecured and subordinated obligations (*créditos subordinados*) of the Issuer and, therefore, in accordance with the Spanish Insolvency Law rank junior in priority of payment to all unsubordinated obligations of the Issuer. Although the Notes may pay a higher rate of interest than comparable notes which are not subordinated, there is an enhanced risk that an investor in the Notes will lose all or some of its investment should the Issuer become insolvent.

If, on a winding-up or liquidation of the Issuer, the assets of the Issuer are insufficient to enable the Issuer to repay in full the claims of more senior-ranking creditors, Noteholders will lose their entire investment in the Notes. If there are sufficient assets to enable the Issuer to pay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Notes and all other claims that rank *pari passu* with the Notes, Noteholders will lose some (which may be substantially all) of their investment in the Notes.

Pursuant to Article 281.1 of the Insolvency Law after payment in full of unsubordinated obligations but before distributions to shareholders as a consequence of their condition as equity holders, the Issuer will meet subordinated payment claims (*créditos subordinados*) in the order detailed below and *pro rata* within each class: (i) claims lodged late (subject to certain exceptions); (ii) contractually subordinated claims (including the Notes); (iii) interest payments (including accrued and unpaid interest due on the Notes); (iv) fines; (v) claims of creditors which are specially related to the Issuer (subject to certain exceptions); (vi) claims of creditors declared in bad faith as a consequence of an insolvency revocation; and (vii) claims arising from contracts with reciprocal obligations when the insolvency court finds that the relevant creditor has repeatedly hindered their fulfilment to the detriment of the insolvency interests.

Noteholders by subscribing for the Notes are accepting to be subordinated to any subordinated obligations of the Issuer which by law or by their terms rank senior to the Notes.

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

The Issuer is the parent company of several Subsidiaries. Therefore, the Issuer's payment obligations under the Notes are structurally subordinated to the liabilities and obligations of its Subsidiaries, as in the event of a winding-up of a Subsidiary, creditors of such Subsidiary would have to be paid in full before sums would be available to its shareholders (i.e., the Issuer) and, eventually, to the Noteholders.



The Conditions do not limit the amount of liabilities that the members of the Group may incur. In addition, the Issuer may not necessarily have access to the full amount of cashflows generated by its Subsidiaries (for example, due to legal and/or tax constraints, contractual restrictions or financial or regulatory requirements of the Subsidiaries).

### ***Inflation Risk***

The value of future payments of interest and principal under the Notes may be reduced as a result of inflation as the real rate of interest on an investment in the Notes will be reduced at rising inflation rates and may be negative if the inflation rate rises above the nominal rate of interest on the Notes.

A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital market (the **Market Interest Rate**). While the nominal rate of a security with a fixed interest rate is fixed for a specified period, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security is likely to change in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls, until the yield of such security is approximately equal to the Market Interest Rate. If the Market Interest Rate falls, the price of a security with a fixed compensation rate typically increases, until the yield of such security is approximately equal to the Market Interest Rate.

More generally, inflation risk is the risk relating to the future value of money. In this respect, the actuarial yield on Notes would be reduced due to the effect of inflation. The higher the inflation, the lower the actuarial return of a Note. If the inflation is equal to or higher than the interest rate applicable to the Notes, then the actuarial return is equal to zero or could be negative.

Investors should be aware that movements of the Market Interest Rate and inflation can adversely affect the price of the Notes and can lead to losses for the Noteholders if they sell the Notes.

### ***Risks in case of an early redemption of the Notes***

At the Issuer's option and subject to the Regulatory Conditions and other conditions set forth in Condition 5(g) (*Redemption and Purchase Deferral*) and 5(i) (*Conditions to Redemption, Substitution, Variation and Purchase*), the Notes may be redeemed at any time at their principal amount, together with Arrears of Interest, if any, and any other unpaid interest accrued to (but excluding) the date fixed for redemption, if a Tax Event or a Capital Disqualification Event occurs, if 75 per cent. or more of the aggregate principal amount of the Notes has been purchased by or on behalf of the Issuer or any other members of the Group, or on or after 17 October 2033 and up to (but excluding) the Scheduled Maturity Date.

If the Notes are redeemed prior to the Scheduled Maturity Date, a Noteholder is exposed to the risk that due to the early redemption its investment will have a lower-than-expected yield and to the risks connected with any reinvestment of the cash proceeds received as a result of the early redemption. There can be no assurance that Noteholders will be able to reinvest the amount received upon redemption at a rate and under conditions that will provide the same return as their investment in the Notes. Noteholders will receive the principal amount (together with Arrears of Interest, if any, and any other unpaid interest accrued to (but excluding) the date fixed for redemption) upon any early redemption. The principal amount may be lower than the then prevailing market price of the Notes.

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. Furthermore, during periods of perceived increased likelihood that the Notes would be redeemed early, the market value of the Notes may be adversely affected.

Any decision by the Issuer as to whether it will exercise its option to redeem the Notes will be made at the absolute discretion of the Issuer taking into account factors such as, but not limited to, the economic impact of exercising such option to redeem the Notes, any tax consequences, the potential impact on the Issuer's ability to issue debt in the future, the regulatory requirements and the prevailing market conditions. Noteholders should be aware that they may be required to bear the financial risks of an investment in the Notes until maturity.

### ***Deferral of redemption***

Unless previously redeemed or purchased and cancelled (or substituted), the Notes are scheduled to be redeemed at the Redemption Price on 17 April 2034 (the **Scheduled Maturity Date**), as long as no Regulatory Deficiency Deferral Event (as defined in the Conditions) has occurred and is continuing on the applicable redemption date, or would occur if redemption was made on the otherwise applicable redemption date.

If a Regulatory Deficiency Deferral Event has occurred and is continuing on the applicable redemption date, or would occur if redemption was made on the otherwise applicable redemption date, redemption of the Notes on the Scheduled Maturity Date or on the date fixed for redemption pursuant to Condition 5 (*Redemption, Substitution, Variation and Purchase*) shall be deferred, except in certain circumstances established in Conditions 5(g) (*Redemption and Purchase Deferral*) and 5(i) (*Conditions to Redemption, Substitution, Variation and Purchase*), and provided that the Issuer has complied with certain conditions (including the approval of the Relevant Regulator, to the extent such approval is then required by the Relevant Regulator or the Relevant Rules). Where such circumstance and/or conditions are not met, redemption may be delayed beyond the Scheduled Maturity Date for an indefinite period of time. Therefore, Noteholders may receive their investment back at a later point in time than initially expected.

If redemption of the Notes does not occur on the otherwise applicable redemption date as a result of the circumstances described above or the Relevant Regulator does not consent to the redemption (to the extent that consent is then required by the Relevant Regulator or the Relevant Rules) or the Relevant Regulator objects to the redemption (to the extent that non-objection is then required under the Relevant Rules) or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date, subject to any Regulatory Conditions, such Notes shall be redeemed at the Redemption Price in the circumstances set out in Condition 5(g)(iv). Regulatory consents and approval entail a level of discretion and may not be obtained or granted as a result of a failure of the Issuer to comply with the Relevant Rules, in view of the financial condition of the Issuer or due to any other legal mandatory reason pursuant to the Relevant Rules.

If the Notes are not redeemed on the Scheduled Maturity Date due to the reasons set out above, Noteholders will, subject to any compulsory deferral, continue to receive interest but will not receive any additional compensation for the deferral of redemption. The deferral of redemption of the Notes does not constitute a default of the Issuer or any other breach of its obligations under the Notes or for any other purpose, and will not give Noteholders any right to accelerate repayment of the Notes or take any other action under the Notes.

Certain market expectations may exist among investors in the Notes with regard to redemption. Should the Issuer's actions diverge from these expectations, or should the Issuer be prevented from meeting these expectations, this may adversely affect the market value of the Notes and/or their liquidity. The inability to satisfy any of the conditions described in Condition 5(i) (*Conditions to Redemption, Substitution, Variation and Purchase*) may delay the date on which the Notes are effectively redeemed and such actual or anticipated delay is likely to have a material adverse effect on the market price of the Notes and may lead Noteholders to lose all or part of the value of their investment in the Notes.

### ***Substitution and variation of the Notes without the Noteholders' consent***

Subject to compliance with all applicable Regulatory Conditions and other requirements set forth in Condition 5(i) (*Conditions to Redemption, Substitution, Variation and Purchase*), if a Tax Event or a Capital Disqualification Event has occurred and is continuing, the Issuer may, at any time and at its discretion, and without the consent or approval of the Noteholders, elect either (i) to substitute all (but not some only) of the Notes or (ii) to vary the terms of all (but not some only) of the Notes, so that they remain or, as appropriate, become Qualifying Tier 2 Securities.

While Qualifying Tier 2 Securities must contain terms that are not materially less favourable to investors in the Notes as the original terms of the Notes, there can be no assurance that the terms of any Qualifying Tier 2 Securities will be viewed by the market as equally or more favourable, or that the Qualifying Tier 2 Securities will trade at prices that are equal to or higher than the prices at which the Notes would have traded on the basis of their original terms.

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

### ***Interest deferral***

In case a Regulatory Deficiency Interest Deferral Event occurs and is continuing, or would occur if payment of interest were made on such Interest Payment Date, subject to certain exceptions established in the definition of Mandatory Interest Deferral Date contained in the Conditions, on the relevant Interest Payment Date, interest which accrued during the period ending on (but excluding) such Interest Payment Date will not be due and payable in full on that Interest Payment Date.

Any such deferral of payment will not constitute a default of the Issuer or any other breach of its obligations under the Notes or for any other purpose, and will not give Noteholders any right to accelerate repayment of the Notes or take any other action under the Notes.

Interest deferred will constitute Arrears of Interest. Noteholders will not receive any additional interest or compensation for the compulsory deferral of payments. In particular, the resulting Arrears of Interest will not bear interest.

The Issuer will only be entitled to voluntarily pay Arrears of Interest, subject to any Regulatory Conditions, if at such time a Regulatory Deficiency Interest Deferral Event is not subsisting and would not occur if payment of the Arrears of Interest were made.

Certain market expectations may exist among investors in the Notes with regard to payment of interest. Should the Issuer's actions diverge from these expectations, or should the Issuer be prevented from meeting these expectations, this may adversely affect the market value of the Notes and/or their liquidity.

### ***Risks in relation to the Regulatory Solvency Capital Requirement and the Regulatory Minimum Capital Requirement of the Issuer***

The Regulatory Solvency Capital Requirement ratio and Regulatory Minimum Capital Requirement ratio could be affected by a number of factors. They will also depend on the Issuer's decisions relating to its businesses and operations, as well as the management of its capital position.

The Issuer will have no obligation to consider the interests of the Noteholders in connection with the strategic decisions of the Issuer, including in respect of capital management. Certain decisions could make its existing capital to be insufficient to comply with the required Regulatory Solvency Capital Requirement ratio and/or Regulatory Minimum Capital Requirement ratio. Under the Conditions, this circumstance would constitute a Regulatory Deficiency Deferral Event and/or a Regulatory Deficiency Interest Deferral Event, as applicable, which would require the deferral of the redemption of the Notes or of the payment of interest thereunder, as the case may be.

Noteholders will not have any claim against the Issuer or any other member of the Group relating to decisions that affect the business and operations of the Issuer or the Group, including their capital position. Such decisions could cause Noteholders to lose all or part of the value of their investment in the Notes, as a result of such deferral(s).

### ***Risks Relating to the Insolvency Law***

The consolidated text of the Spanish Insolvency Law approved by Royal Legislative Decree 1/2020, of 5 May (*Real Decreto Legislativo 1/2020, de 5 de mayo, por el que se aprueba el texto refundido de la Ley Concursal*) (as amended from time to time, **the Insolvency Law**) provides, among other things, that: (i) provisions in a contract granting one party the right to suspend or modify the obligations or terminate the contract by reason only of the other's insolvency declaration or opening of the liquidation phase are not enforceable, and (ii) accrual of unsecured interest (whether ordinary or default interest) shall be suspended from the date of the declaration of insolvency and any amount of unsecured interest accrued up to such date shall become subordinated.

The Insolvency Law, in certain instances, also has the effect of modifying or impairing creditors' rights even if the creditor, either secured or unsecured, does not consent to the amendment. Secured and unsecured dissenting creditors may be crammed down once the insolvency has been declared by the judge as a result of the approval of a creditors' agreement (*convenio concursal*) to the extent that certain qualified majorities are achieved and unless some exceptions in relation to the kind of claim or creditor apply (which would not be the case for the Notes). Thus, they may, among others, be written down or stayed, converted into a different financial instrument or equity of the debtor as well as any other company, converted into participating loans (*préstamos participativos*) and exchanged for assets or rights of the insolvent or refinanced debtor.

In no case shall subordinated creditors be entitled to vote upon a creditors' agreement during the insolvency proceedings and, accordingly, shall always be subject to the measures contained therein, if passed.

As such, certain provisions of the Insolvency Law could affect claims relating to the Notes on an insolvency of the Issuer.

Finally, pursuant to Article 583 of the Insolvency Law, insurance companies are not able to file restructuring plans.

### ***Proposed EU Directive on Recovery and Resolution of Insurance Undertakings***

On 22 September 2021, the European Commission published its proposed directive amending the Solvency II with respect to, among others, supervision, reporting, macro-prudential tools and sustainability risks. On 22 September 2021, the European Commission also published its proposed directive on the recovery and resolution of insurance and reinsurance undertakings (proposal for a Directive of the European Parliament and of the Council establishing a framework for the recovery and resolution of insurance and reinsurance undertakings and amending Directives 2002/47/EC, 2004/25/EC, 2009/138/EC, (EU) 2017/1132 and Regulations (EU) No 1094/2010 and (EU) No 648/2012) (**IRRD**). The European Parliament and the Council have reached a provisional agreement

on the compromise text of the IRRD, which was published on 19 January 2024. If adopted in its current form, the proposed IRRD would provide for (i) a variety of preventive measures to reduce the likelihood of insurance or reinsurance undertakings requiring public financial support and (ii) the commencement of resolution procedures when insurance or reinsurance undertakings are failing or likely to fail, where there is no prospect that private sector alternatives or supervisory measures would prevent such failure. The proposed IRRD provides, in case of resolution, for the application of a number of resolution tools, such as write-down and conversion, which would allow resolution authorities to write-down or convert capital instruments, debt instruments and other eligible liabilities of insurance or reinsurance undertakings, generally in inverse order of their ranking in liquidation, so that the tool would apply first to equity instruments, then tier 1 instruments, then tier 2 instruments and then to other instruments with a higher ranking in liquidation. If the resolution tools, including the bail-in tool, within the proposed IRRD are adopted in their current form, Noteholders could be affected and lose all or part of their investment in the Notes if the Issuer and/or the Group were to experience financial difficulty and be failing or likely to fail. In addition, if the Issuer's and/or the Group's financial condition deteriorates, or is perceived to deteriorate, the existence of these powers could cause the market value and/or the liquidity of the Notes to decline more rapidly than would be the case in the absence of such powers.

### ***Interest rate risk***

The Notes bear interest at a fixed rate of interest from (and including) the Issue Date.

Investment in the Notes with a fixed rate of interest involves the risk that subsequent increases in market interest rates may adversely affect the value of the Notes. Investors holding the Notes may therefore receive a lower return than they would receive on other instruments and investors wishing to sell their Notes may consequently receive a lower price than they had paid for the Notes, or may not be able to sell their Notes at all.

### ***The Conditions of the Notes do not contain express events of default or provisions allowing for early redemption of the Notes at the option of the Noteholders***

The Conditions do not contain any express events of default provision that would allow Noteholders to accelerate the Notes in case of the occurrence of an event of default. Moreover, the deferral of any payment (interest or redemption) in accordance with the Conditions will not constitute a default by the Issuer or any breach of its obligations under the Notes, or for any other purpose, and will not give Noteholders any right to accelerate repayment of the Notes or take any other action under the Notes.

In addition, pursuant to Solvency II, the Issuer is prohibited from including in the Conditions terms that would oblige it to redeem the Notes prior to their stated maturity at the option or at the request of the Noteholders. As a result, the Conditions do not include provisions allowing for early redemption of the Notes at the option of the Noteholders.

### ***The Conditions contain a waiver of set-off rights***

The Conditions provide that Noteholders waive any deduction, set-off, netting, compensation, retention or counterclaim rights against any right, claim, or liability the Issuer has, may have or may have acquired against any Noteholder, directly or indirectly, howsoever arising (including all such rights, claims and liabilities arising under or in relation to any and all agreements or other instruments of any sort, whether or not relating to the Notes). As a result, Noteholders will not at any time be entitled to set-off the Issuer's obligations under the Notes against obligations owed by them to the Issuer and Noteholders may therefore be required to initiate separate proceedings to recover amounts in respect of any counterclaim and may receive a lower recovery in the event of a winding-up of the Issuer than if set-off or counterclaim were permitted.

***The Conditions contain provisions which may permit their modification without the consent of all or any Noteholders***

The Conditions contain provisions for calling meetings 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, and including those Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Notes and the Conditions may be amended, without the consent of Noteholders, to correct a manifest error. The parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of Noteholders to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

Accordingly, there is a risk that the terms of the Notes, the Conditions or the Fiscal Agency Agreement may be modified or amended in circumstances where a Noteholder does not agree to such modification or amendment, which may adversely impact the rights of such Noteholder.

***There is no restriction on the amount or type of further securities or indebtedness which the Issuer may issue, incur or guarantee***

There is no restriction on the amount or type of further securities or indebtedness which the Issuer and/or any member of the Group may issue, incur or guarantee which ranks senior to, or *pari passu* with, the Notes. The incurrence or guaranteeing of any such further indebtedness may reduce the amount recoverable by Noteholders on a liquidation, dissolution or winding-up of the Issuer in respect of the Notes and may limit the ability of the Issuer to meet its obligations in respect of the Notes, and result in a Noteholder losing all or some of its investment in the Notes. In addition, the Notes do not contain any "negative pledge" or similar clause. This means that the Issuer and/or its subsidiaries and affiliates may pledge its or their assets to secure other obligations without granting similar security in respect of the Notes in favour of the Noteholders which could materially reduce the amount (if any) recoverable by Noteholders on a liquidation (*liquidación*) of the Issuer and Noteholders could suffer loss of their entire investment if the Issuer were liquidated (whether voluntarily or not).

***Risks relating to the Spanish withholding tax regime***

Under Royal Decree 1065/2007, it is no longer necessary to provide an issuer with information regarding the identity and the tax residence of an investor or the amount of interest paid to it in order for the issuer to make payments free from Spanish withholding tax, provided that the securities: (i) are regarded as listed debt securities issued under Law 10/2014; and (ii) are initially registered at a foreign clearing and settlement entity that is recognised under Spanish regulations or under those of another OECD member state. The Issuer expects that the Notes will meet the requirements referred to in (i) and (ii) above and that, consequently, payments made by the Issuer to Noteholders should be paid free of Spanish withholding tax, subject to compliance with the procedural requirements described in section "Taxation" below. These procedures may be modified, amended or supplemented to, among other reasons, reflect a change in applicable Spanish law, regulation, ruling or interpretation thereof.

In the event a payment of interest (but not principal or any other amount) in respect of the Notes is subject to Spanish withholding tax, the Issuer will pay the relevant Noteholder such additional amounts as may be necessary in order that the net amount received by such Noteholder after such withholding equals the sum of the respective amounts of interest which would otherwise have been receivable in respect of the Notes in the absence of such withholding, except as provided in Condition 8 (*Taxation*). See "*Limitation on gross-up obligation under the Notes*" below.

Any payments in respect of the Notes will be made without withholding tax in Spain provided that the Fiscal Agent provides the Issuer in a timely manner with a certificate containing certain information relating to the Notes in accordance with section 44 paragraph 5 of the Royal Decree 1065/2007. This information must be provided by the Fiscal Agent to the Issuer before the close of business on the business day immediately preceding the date on which any payment of interest, principal, or of any amounts in respect of the early redemption of the Notes (each a **Payment Date**), is due.

The Issuer and the Fiscal Agent have arranged certain procedures to facilitate the collection of information concerning the Notes. If, despite these procedures, the relevant information is not received by the Issuer on each Payment Date, the Issuer will withhold tax at the then-applicable rate (as at the date of this Offering Circular, 19 per cent.) from any payment in respect of the Notes. The Issuer will not pay any additional amounts with respect to any such withholding.

However, if the Spanish tax authorities maintain a different opinion as to the application by the Issuer of withholding to payments made to Spanish tax residents (individuals and entities subject to Personal Income Tax (*Impuesto sobre la Renta de las Personas Físicas*) or Corporate Income Tax (*Impuesto sobre Sociedades*), respectively), the Issuer will be bound by the opinion and, with immediate effect, will make the appropriate withholding. If this is the case, identification of Noteholders may be required and the procedures, if any, for the collection of relevant information will be applied by the Issuer (to the extent required) so that it can comply with its obligations under the applicable legislation as interpreted by the Spanish tax authorities. If procedures for the collection of the Noteholders' information are to apply, the Noteholders will be informed of such new procedures and their implications.

Notwithstanding the above, in the case of Notes held by Spanish tax resident individuals and, under certain circumstances, by Spanish entities subject to Corporate Income Tax and deposited with a Spanish resident entity acting as depositary or custodian, payments in respect of such Notes may be subject to withholding by such depositary or custodian (currently 19 per cent.) and the Issuer will not be required to pay the relevant Noteholder additional amounts (as described above, please see Condition 8 (*Taxation*)).

With regard to Spanish entities subject to Corporate Income Tax, withholding could be made if it is concluded that the Notes do not comply with the relevant exemption requirements and those specified in the ruling issued by the Spanish Tax Authorities (*Dirección General de Tributos*) dated 27 July 2004 are deemed included among such requirements. According to said 2004 ruling, application of the exemption requires that, in addition to being traded on an organized market in an OECD country, the Notes are placed outside Spain in another OECD country. In the event that it was determined that the exemption from withholding tax on payments to Spanish corporate Noteholders does not apply to any of the Notes on the basis that they were placed, totally or partially, in Spain, the Issuer would be required to make a withholding at the applicable rate, and no additional amounts will be payable by the Issuer in such circumstances as set out above.

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

The procedure described in this Offering Circular for the provision of information required by Spanish laws and regulations is a summary only and neither the Issuer nor the Joint Lead Managers assumes any responsibility therefor.

#### ***Limitation on gross-up obligation under the Notes***

The Issuer's obligation to pay additional amounts in respect of any withholding or deduction in respect of taxes under the Conditions applies only to payments of interest under such Notes and not to payments

of principal or any other amount in respect of the Notes. As such, the Issuer would not be required to pay any additional amounts to the extent any withholding or deduction for or on account of Spanish taxes is applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal in respect of any Notes, Noteholders shall only be entitled to the net amount of such payment after deduction of the amount required to be withheld or deducted. The market value of such Notes may be adversely affected as a result.

***Investors must rely on the procedures of Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the Issuer***

The Notes will be represented by the Global Note Certificate upon issue. The Global Note Certificate will be registered in the name of a nominee for the common depositary for Euroclear and Clearstream, Luxembourg. Except in the limited circumstances described in the Global Note Certificate, investors will not be entitled to receive Individual Note Certificates. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in the Global Note Certificate. While the Notes are represented by the Global Note Certificate, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg and will receive any notices through Euroclear or Clearstream, Luxembourg.

While the Notes are represented by the Global Note Certificate, the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the registered holder as nominee for the common depositary for Euroclear or Clearstream, Luxembourg for distribution to their accountholders. A holder of a beneficial interest in the Global Note Certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer does not have responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note Certificate.

Holders of beneficial interests in the Global Note Certificate 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 Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Note Certificate will not have a direct right under the Global Note Certificate to take enforcement action against the Issuer in the event of a default under the Notes but will have to rely upon the provisions of the Global Note Certificate.

***Changes in law may adversely affect the rights of Noteholders***

Changes in law or in its interpretation after the Issue Date may affect the rights of Noteholders as well as the market value of the Notes. The Conditions are based on Spanish law in effect as at the date of issue of the Notes. No assurance can be given as to the impact that any possible judicial decision or change to Spanish law or administrative practice after the date of issue of the Notes may have on the rights and effective remedies of Noteholders as well as the market value of the Notes. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on an investment in the Notes.

In addition, certain changes in law or regulation may trigger the circumstances that would entitle the Issuer, at its option to redeem the Notes, in whole but not in part, as provided under Condition 5 (*Redemption, Substitution, Variation and Purchase*).

Such legislative and regulatory uncertainty could also affect an investor's ability to accurately value the Notes and, therefore, affect the trading price of the Notes given the extent and impact on the Notes that one or more regulatory or legislative changes, including those described above, could have on the Notes.



### ***Secondary market liquidity and price fluctuation***

The Notes may have no established trading market when issued, and, notwithstanding that application has been made for the Notes to be admitted to listing on the Official List of the Exchange and for such Notes to be admitted to trading on the Euro MTF, 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 and any liquidity in such market could be significantly affected by any purchase and cancellation of the Notes by the Issuer or any member of the Group. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have an adverse effect on the market value of the Notes.

The Notes may be designed for specific investment objectives or strategies and therefore may have a more limited secondary market and experience more price volatility than conventional debt securities. Noteholders may not be able to sell Notes readily or at prices that will enable Noteholders to realise their anticipated yield.

The liquidity and trading price of the Notes may vary substantially as a result of numerous factors (including general market movements) and irrespective of the Issuer's performance. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

The Issuer is entitled to buy the Notes, which shall then be cancelled or caused to be cancelled. To the extent the Notes are purchased by the Issuer in part, the number of Notes outstanding will decrease, resulting in a diminished liquidity for the remaining Notes. A decrease in the liquidity of the Notes may cause, in turn, a significant increase in the volatility associated with the price of the Notes in the market. Likewise, the Issuer may issue further Notes which may or may not be assimilated to the Notes. Such transactions may adversely affect the price development of the Notes and Noteholders may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and in extreme circumstances such Noteholders could suffer loss of their entire investment.

If the likelihood that the Issuer will be in a position to fully perform all obligations under the Notes when they fall due decreases, for example, because of the materialisation of any of the risks regarding the Group or the Issuer, the market value of the Notes may fall. In addition, even if the likelihood that the Issuer will be in a position to fully perform all obligations under the Notes when they fall due actually has not decreased, market participants could nevertheless have a different perception. Furthermore, the market participants' estimation of the creditworthiness of financial sector debtors in general or debtors operating in the same business as the Group could adversely change, which may also affect the market value of the Notes.

Market conditions may be also influenced by economic and market conditions in Spain and, to varying degrees, by market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries.

### ***Credit ratings may not reflect all risks***

Credit ratings may not reflect all risks and the methodologies of determining credit ratings may be changed from time to time leading to potential downgrades. Moody's has assigned a credit rating to the Notes of "A3". The rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes 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 CRA Regulation as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (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.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, 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, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

Furthermore, in the event a rating assigned to the Notes or the Issuer is subsequently lowered for any reason, the market value and liquidity of the Notes is likely to be adversely affected, but no person or entity will be obliged to provide any additional support or credit enhancement with respect to the Notes.

### ***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Notes in Euro. 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 Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor's Currency). An appreciation in the value of the Investor's Currency relative to the Euro 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.

Governments and monetary authorities may impose exchange controls which 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.

## TERMS AND CONDITIONS OF THE NOTES

*The following, save for the paragraphs in italics, are the terms and conditions of the Notes which will be incorporated by reference into the Global Note Certificate and endorsed on the Individual Note Certificates.*

The Euro 300,000,000 5.000 per cent. Fixed Rate Subordinated Notes due 17 April 2034 (the **Notes**) are issued by Atradius Crédito y Caucción S.A. de Seguros y Reaseguros (the **Issuer**) on 17 April 2024 by virtue of the resolutions passed by the Board of Directors of the Issuer on 3 April 2024. The Notes are subject to a fiscal agency agreement dated 17 April 2024 (as amended or supplemented from time to time, the **Fiscal Agency Agreement**) between the Issuer, Deutsche Bank AG, London Branch as fiscal agent (the **Fiscal Agent**, which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the agents named therein. The registrar and any transfer agent for the time being are referred to below respectively as the **Registrar** and the **Transfer Agents**. **Agents** means the Fiscal Agent, the Registrar, the Transfer Agents and any other agent or agents appointed from time to time with respect to the Notes. Certain provisions of these Conditions are summaries of the Fiscal Agency Agreement and subject to its detailed provisions. The Fiscal Agency Agreement includes the form of the Notes. The holders of the Notes (the **Noteholders**) are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them. Noteholders are bound by, and are deemed to have notice of, all the provisions of the Fiscal Agency Agreement applicable to them. Copies of the Fiscal Agency Agreement are available for inspection by Noteholders upon request during normal business hours at the Specified Offices (as defined in the Fiscal Agency Agreement) of the Registrar and the Transfer Agents (and, at the relevant Agent's option, such inspection may be provided electronically).

The Issuer has executed a public deed of issuance (*escritura pública de emisión*) (the **Public Deed**) before a Spanish notary public in relation to the issue of the Notes. The Public Deed contains, among other information, these Conditions.

### 1. Definitions

For the purposes of the Notes, the following expressions shall have the following meanings:

**Accountholder** means any accountholder or participant with a Clearing System which at the Determination Date has credited to its securities account with such Clearing System one or more Entries in respect of the Global Note Certificate, except for either Clearing System in its capacity as an accountholder of the other Clearing System;

**Additional Amounts** has the meaning given to it in Condition 8;

**Arrears of Interest** has the meaning provided in Condition 4(c);

**Authorised Signatories** means any of the Directors, the chief executive officer or the chief financial officer of the Issuer;

**Business Day** means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in Madrid and Amsterdam, unless otherwise stated herein;

**Capital Disqualification Event** shall occur if as a result of a change in the regulatory classification of the Notes that takes place on or after the Issue Date, the Notes have ceased in whole or in part, to be eligible to qualify for inclusion as Tier 2 Capital of the Issuer, on a solo basis, except where such non-qualification is only as a result of any applicable limitation on the amount of such capital;

**Clearing System** means Clearstream, Euroclear and any additional or alternative clearing system in which the relevant Note are from time to time accepted for clearance and includes, in respect of any Notes, any clearing system of behalf of which such Note is held or which is the holder of a Note, in each case whether alone or jointly with any other Clearing System(s);

**Clearstream** means Clearstream Banking, S.A.;

**Code** means the U.S. Internal Revenue Code of 1986, as amended or replaced from time to time;

**Conditions** means these terms and conditions of the Notes;

**Determination Date** means (i) for the purposes of Condition 2(a) below the date on which the Certificate becomes void in accordance with its terms, and (ii) for any other purposes the date on which the relevant voting of the Meeting of Noteholders resolutions is to be taken;

**Directors** means the directors of the Issuer;

**EEA** means the European Economic Area;

**EIOPA** means the European Insurance and Occupational Pensions Authority;

**Entry** means any entry which is made in the securities account of any Accountholder with a Clearing System in respect of Notes represented by the Certificate;

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

**Euroclear** means Euroclear Bank SA/NV;

**Expert** means, in relation to an Expert Certificate, an independent financial institution, independent accounting firm or independent financial adviser with appropriate expertise and of international repute, appointed by an authorised representative of the Issuer for the purpose of issuing an Expert Certificate;

**Expert Certificate** means a certificate signed by an authorised representative of an Expert stating that (i) in the opinion of such Expert the changes determined by the Issuer pursuant to a substitution or variation of the Notes under Condition 5 will result in the Qualifying Tier 2 Securities having terms not materially less favourable to the Noteholders than the terms of the Notes upon issue; and (ii) the differences between the terms and conditions of the Qualifying Tier 2 Securities and these Conditions are only those strictly necessary to (a) in the case of a Capital Disqualification Event, comply with the requirements of the Relevant Regulator in relation to Tier 2 Capital in accordance with the Relevant Rules existing at that time or (b) in the case of a Tax Event, cure the relevant Tax Event;

**Extraordinary Resolution** has the meaning given to it in Condition 9(a);

**Group** means, at any time, the Issuer and its Subsidiaries at such time;

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

**Interest Payment Date** means 17 April in each year, commencing on 17 April 2025;

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

**Interest Rate** means the 5.000 per cent. per annum;

**Issue Date** means 17 April 2024, being the date of the initial issue of the Notes;

**Issuer** has the meaning given to it in the preamble to these Conditions;

**Level 2 Regulations** means the Commission Delegated Regulation (EU) No. 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council of the European Union on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II), as amended or replaced from time to time;

**Liquidation Amount** means for each Note an amount equal to the principal amount of the relevant Note, together with Arrears of Interest (if any) and any other accrued and unpaid interest thereon;

**Mandatory Interest Deferral Date** means each Interest Payment Date in respect of which a Regulatory Deficiency Deferral Event has occurred and is continuing or would occur if payment of interest (and, if relevant, any Arrears of Interest) were made on such Interest Payment Date, **provided that** the relevant Interest Payment Date will not be a Mandatory Interest Deferral Date in relation to such interest payment if, cumulatively:

- (a) the Relevant Regulator has exceptionally waived the deferral of such interest payment (or part thereof) (and, if relevant, any Arrears of Interest) and only if and to the extent that the Relevant Regulator can give such a waiver in accordance with the Relevant Rules;
- (b) making such interest payment (or part thereof) (and, if relevant, any Arrears of Interest) does not further weaken the solvency position of the Issuer as determined in accordance with the Relevant Rules; and
- (c) the Regulatory Minimum Capital Requirement will be complied with immediately after such interest payment (or part thereof) (and, if relevant, any Arrears of Interest) is made;

**Notes** has the meaning given to it in the preamble to these Conditions;

**own funds** means own funds (or whatever is the relevant terminology employed by the Relevant Rules at the relevant time) for the purposes of the Relevant Rules;

**Proceedings** has the meaning given to it in Condition 14;

**Qualifying Tier 2 Securities** means securities issued directly by the Issuer or issued indirectly by the Issuer and guaranteed by the Issuer that:

- (a) have terms not materially less favourable to investors in the Notes than the terms of the Notes with any differences between their terms and conditions and these Conditions being those strictly necessary (in the case of a Capital Disqualification Event) to

comply with the requirements under the Relevant Rules existing at that time and of the Relevant Regulator in relation to Tier 2 Capital and/or (in the case of a Tax Event) to cure the relevant Tax Event, and, subject thereto, which (1) contain terms which comply with the then current requirements under the Relevant Rules and of the Relevant Regulator in relation to Tier 2 Capital; (2) include terms which provide for the same Interest Rate and Interest Payment Dates from time to time applying to the Notes; (3) rank senior to or have the same ranking as the Notes; (4) preserve any existing rights under these Conditions to any accrued interest, Arrears of Interest and any or other amounts which have not been paid; (5) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; (6) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; (7) contain terms providing for mandatory deferral of payments of interest and/or principal only if such terms are not materially less favourable to an investor in the Notes than the mandatory deferral provisions contained in these Conditions; (8) where the Notes had a solicited published rating from a rating agency immediately prior to their substitution or variation, each such rating agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Qualifying Tier 2 Securities, and (9) shall not at such time be subject to a Tax Event or a Capital Disqualification Event; and

- (b) are (i) listed and admitted to trading on the Euro MTF of the Luxembourg Stock Exchange or (ii) listed on such other regulated exchange or multilateral trading facility (MTF) that is an internationally recognised and regularly trading regulated exchange or MTF at that time as selected by the Issuer,

**provided that** the Issuer shall have delivered to the Fiscal Agent a certificate of two Authorised Signatories to that effect and confirming the receipt of an Expert Certificate (copies thereof will be available to Noteholders at the Specified Office of the Registrar or the Transfer Agents during normal business hours or at the relevant Agent's option, such inspection may be provided electronically), at least 15 Business Days prior to the issue or, as appropriate, variation of the relevant securities (upon which the Fiscal Agent shall be entitled to rely without further enquiry and without liability to any person));

**Redemption Date** means, as applicable, the Scheduled Maturity Date or any other date on which the Notes are to be redeemed in accordance with these Conditions;

**Redemption Price** means the principal amount of the Notes, together with Arrears of Interest (if any) and any other accrued and unpaid interest on such Notes to (but excluding) the date fixed for redemption;

**Regulatory Conditions** means, in relation to any action at any time, any notifications to, approval of, or consent or non-objection (or, as appropriate, waiver) from, the Relevant Regulator for such action to be undertaken which are required at such time by the Relevant Regulator or the Relevant Rules;

**Regulatory Deficiency Deferral Event** means (i) any breach of any Regulatory Solvency Capital Requirement or any Regulatory Minimum Capital Requirement applicable to the Issuer, where and to the extent that such event is one which under Solvency II and/or under the Relevant Rules means that the Issuer must defer or suspend payment of interest in full or in part (or, if applicable, Arrears of Interest) or repayment or redemption, as applicable, in respect of the Notes (in order that the Notes qualify, and/or on the basis that the Notes are intended to qualify, as Tier 2 Capital of the Issuer under Solvency II and any other Relevant Rules); or (ii) the Relevant Regulator having prohibited the Issuer from making payments of interest in full or in

part (or, if applicable, Arrears of Interest) or principal, as applicable, under the Notes in accordance with the Relevant Rules; or (iii) the Issuer being unable to meet regularly its due and payable liabilities as provided for in Article 2 of the Insolvency Law;

**Regulatory Minimum Capital Requirement** means the Minimum Capital Requirement (with the meaning given to it in the Solvency II Directive) of the Issuer or other minimum capital requirements howsoever described or defined in the Relevant Rules of the Issuer on a solo basis (as applicable pursuant to the Relevant Rules);

**Regulatory Solvency Capital Requirement** means the Solvency Capital Requirement (with the meaning given to it in the Solvency II Directive) of the Issuer or any other equivalent solvency requirement (other than the Regulatory Minimum Capital Requirement) howsoever described or defined in the Relevant Rules of the Issuer on a solo basis (as applicable pursuant to the Relevant Rules);

**Relevant Regulator** means the Spanish Regulator and any other prudential supervisory or regulatory authority competent to supervise the Issuer on own funds, solvency and capital rules and requirements on a solo or sub-consolidated basis;

**Relevant Rules** means any legislation, rules, regulations, guidelines, standards and policies (whether having the force of law or otherwise) in the jurisdiction of the Relevant Regulator (including, without limitation, Solvency II and any relevant prudential rules for insurers applied by the Relevant Regulator and any amendment, supplement or replacement thereof) from time to time relating to the characteristics, features or criteria of own funds or capital resources then applicable to the Issuer;

**Scheduled Maturity Date** has the meaning provided in Condition 5(a);

**Solvency II** means the Solvency II Directive and any additional measures adopted to give effect to the Solvency II Directive (for the avoidance of doubt, whether implemented by way of a regulation (including, without limitation, the Level 2 Regulations), a directive, application of EIOPA guidelines, the local implementation thereof or otherwise);

**Solvency II Directive** means Directive 2009/138/EC of the European Parliament and of the Council of the European Union of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II), as amended or replaced from time to time;

**Spanish Regulator** means the Spanish General Directorate of Insurance and Pensions (*Dirección General de Seguros y Fondos de Pensiones*);

**Subsidiary** means any entity over which the Issuer has, directly or indirectly, control in accordance with Article 42 of the Spanish Commercial Code (*Código de Comercio*);

**T2 Business Day** means a day on which the T2 System is operating;

**T2 System** means the real time gross settlement system operated by the Eurosystem (known as T2), or any successor or replacement thereto;

**Tax Event** shall occur if, as a result of a Tax Law Change:

- (a) in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts, and the Issuer could not avoid the foregoing by taking measures reasonably available to it; or

- (b) the Issuer is no longer entitled to claim a deduction for Kingdom of Spain corporate income tax purposes in respect of any payments in respect of the Notes in computing its taxation liabilities or the amount of such deduction is materially reduced, and, in any such case, the Issuer could not avoid the foregoing by taking measures reasonably available to it;

**Tax Law Change** means a change in, or amendment to, the laws or regulations of the Relevant Jurisdiction of the Issuer or any political subdivision thereof or any authority or agency therein or thereof having power to tax, including any treaty to which the Relevant Jurisdiction of the Issuer is a party, or any change in the application of official or generally published interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions, which change or amendment (x) (subject to (y)) becomes effective on or after the Issue Date, or (y) in the case of a change, if such change is enacted, on or after the Issue Date, where **Relevant Jurisdiction** means the country of tax residence of the Issuer;

**Tier 2 Capital** has the meaning given to it (or to whatever is the relevant terminology employed by the Relevant Rules at the relevant time) for the purposes of the Relevant Rules;

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

**Winding-Up** means that an order is made, or an effective resolution is passed, for the winding-up (*disolución*) or liquidation (*liquidación*) of the Issuer in the Kingdom Spain (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, merger, demerger, consolidation or restructuring: (a) the terms of which reorganisation, merger, demerger, consolidation or restructuring have previously been approved by an Extraordinary Resolution) or, if the Issuer has a solicited rating, (b) where the continuing entity (i) assumes or maintains (as the case may be) liability as principal debtor in respect of the Notes, and (ii) the Issuer is given a rating by an internationally recognised rating agency at least equal to the then current rating of the Issuer at the time of such reorganisation, merger, demerger, consolidation or restructuring).

## 2. Form, denomination, title, status and transfer

- (a) *Form, specified denomination and title*

The Notes are issued in the specified denomination of Euro 100,000.

The Notes are represented by registered certificates (**Certificates**) (*títulos nominativos*) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Notes by the same holder.

Title to the Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Fiscal Agency Agreement (the **Register**). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, **Noteholder** and **holder** means the person in whose name a Note is registered.



The Issuer covenants that, if at any time the Certificate becomes void in accordance with its terms, each Accountholder shall have against the Issuer all rights which such Accountholder would have had in respect of the Notes if, immediately before the Determination Date, it had been the Noteholder in an aggregate principal amount equal to the principal amount of such Accountholder's Entries relating to such Certificate, including (without limitation) the right to receive all payments due at any time in respect of the Notes.

No further action will be required by the Accountholders to have the benefit of the Conditions, provided, however, that nothing herein shall entitle any Accountholder to receive any payment which has already been made in accordance with the terms of the Certificate.

(b) *Status and subordination*

The payment obligations of the Issuer under the Notes constitute direct, unconditional, unsecured and subordinated obligations (*créditos subordinados*) of the Issuer.

According to Article 281.1.2° of the Insolvency Law, and in accordance with Article 281 of the Insolvency Law, but subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), upon the insolvency of the Issuer, would rank:

- (i) junior to any unsubordinated obligations of the Issuer (including, without limitation, any policyholders of the Issuer, if any) and any other subordinated obligations (*créditos subordinados*) of the Issuer which by law and/or by their terms, to the extent permitted by Spanish law, rank senior to the Issuer's obligations under the Notes;
- (ii) *pari passu* among themselves and with any other subordinated obligations (*créditos subordinados*) of the Issuer which by law and/or by their terms, to the extent permitted by Spanish law, rank *pari passu* with the Issuer's obligations under the Notes; and
- (iii) senior to any claims for the liquidation amount of the ordinary shares of the Issuer and any other subordinated obligations (*créditos subordinados*) of the Issuer which by law and/or by their terms, to the extent permitted by Spanish law, rank junior to the Issuer's obligations under the Notes.

The Issuer has not assumed any negative pledge or equivalent commitment in the context of the issue of the Notes.

Noteholders shall, by virtue of holding Notes be deemed to have accepted the subordination of the Issuer's obligations under the Notes to any obligations of the Issuer which by law or by their terms rank senior to the Notes.

(c) *Transfers of Notes*

- (i) *Transfer*: A holding of Notes may, subject to Condition 2(c)(v), be transferred in whole or in part upon the surrender (at the Specified Office of the Registrar or the Transfer Agents) of the Certificate(s) representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Notes to a person who is already a holder

of Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Notes scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Fiscal Agent. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

- (ii) *Exercise of options in respect of Notes:* In the case of an exercise of an Issuer's option in respect of a holding of Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent.
- (iii) *Delivery of new certificates:* Each new Certificate to be issued pursuant to Condition 2(c)(i) or 2(c)(ii) shall be available for delivery within three business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the Specified Office of the Registrar or the Transfer Agents (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/ or such insurance as it may specify. In this Condition 2(c)(iii), **business day** means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the Specified Office of the Registrar or the Transfer Agents (as the case may be).
- (iv) *Transfer or exercise free of charge:* Certificates, on transfer or exercise of an option, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (v) *Closed periods:* No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Note, (ii) during the period of 15 days prior to (and including) any date on which Notes may be called for redemption by the Issuer at its option, (iii) after any such Note has been called for redemption, or (iv) during the period of seven days ending on (and including) any Record Date.

### **3. Interest payments**

#### **(a) Interest Rate**

The Notes bear interest at the Interest Rate from (and including) the Issue Date in accordance with the provisions of this Condition 3. The amount of interest payable on each Interest Payment Date during each Interest Period shall be Euro 5,000 in respect of each Note of Euro 100,000 denomination.

Interest shall, subject to Condition 4, be payable on the Notes annually in arrears on each Interest Payment Date, in each case as provided in this Condition 3.

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

(b) *Interest Accrual*

Each Note will cease to bear interest from (and including) the due date for redemption unless, upon surrender of the Certificate representing such Note, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until (but excluding) whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder, and (b) the day falling 7 days after the Fiscal Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that day (except to the extent that there is failure in the subsequent payment to the relevant Noteholders under these Conditions). Interest in respect of any Note shall be calculated per Note and shall be equal to the product of the principal amount of each Note, the relevant Interest Rate and the day-count fraction as described in Condition 3(a) for the relevant Interest Period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

(c) *Payments*

(i) *Principal:* Payments of principal shall be made (subject to surrender of the relevant Certificates at the Specified Office of the Registrar or the Transfer Agents if no further payment falls to be made in respect of the Notes represented by such Certificates) in the manner provided in paragraph (ii) below.

If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Noteholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

(ii) *Interest:* Interest on each Note shall be paid to the person shown on the Register at the close of business on the business day before the due date for payment thereof (the **Record Date**). Payments of interest on each Note shall be made in euro by transfer to a euro account or any other account to which euro may be credited or transferred, in each case, maintained by the payee with a bank.

(iii) *Payments subject to laws:* All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(iv) *Payment Initiation:* Payment instructions (for value the due date, or if that is not a business day, for value the first following day which is a business day) will be initiated on the last day on which the Fiscal Agent is open for business preceding the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the Specified Office of the Registrar or the Transfer Agents, on

a day on which the Fiscal Agent is open for business and on which the relevant Certificate is surrendered.

- (v) *Appointment of Agents:* The Fiscal Agent, the Registrar, the Transfer Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Registrar, any Transfer Agent and to appoint additional or other Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar and (iii) such other agents as may be required by any other stock exchange on which the Notes may be listed.

Notice of any such change or any change of any Specified Office shall promptly be given to the Noteholders.

- (vi) *Delay in Payment:* Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a business day, if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so).
- (vii) *Non-Business Days:* If any date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 3, **business day** means a day, other than a Saturday or a Sunday, on which banks and foreign exchange markets are open for business in the place in which the Specified Office of the Registrar or the Transfer Agent, as applicable, is located and which is a T2 Business Day.

#### **4. Deferral of Interest**

- (a) *Mandatory Deferral of Interest*

Any payment of interest otherwise due on the Notes on an Interest Payment Date will be mandatorily deferred in full or in part if such Interest Payment Date is a Mandatory Interest Deferral Date (including when notice for payment of interest has been given). The Issuer shall notify the Fiscal Agent, the Registrar, the Transfer Agents and, in accordance with Condition 10, the Noteholders no later than 10 days prior to such Interest Payment Date (or as soon as reasonably practicable if such Interest Payment Date becomes a Mandatory Interest Deferral Date less than 10 days prior to an Interest Payment Date). Any delay in giving such notice shall not result in such interest becoming due and payable on the relevant Mandatory Interest Deferral Date or give Noteholders any rights as a result of such delay or failure.

A certificate signed by two Authorised Signatories (copies thereof will be available to Noteholders at the Specified Office of the Registrar or the Transfer Agents during normal business hours (and at the relevant Agent's option, such inspection may be provided electronically)), and delivered to the Fiscal Agent, confirming that such Interest Payment Date is a Mandatory Interest Deferral Date.

- (b) *No default*

Notwithstanding any other provision in these Conditions, the deferral of any payment of interest in accordance with this Condition 4 will not constitute a default by the Issuer or any breach of its obligations under the Notes or for any other purpose and will not give Noteholders any right to accelerate repayment of the Notes or take any other action under the Notes.

(c) *Arrears of Interest*

Any interest in respect of the Notes not paid on an Interest Payment Date as a result of the obligation on the Issuer to defer such payment of interest pursuant to Condition 4(a), together with any other interest in respect of the Notes not paid on an earlier Interest Payment Date shall, so long as the same remains unpaid, constitute **Arrears of Interest**. Arrears of Interest shall not themselves bear interest.

Any Arrears of Interest may be paid (in whole or in part) at any time at the election of the Issuer (subject to any Regulatory Conditions and provided that at such time a Regulatory Deficiency Deferral Event is not subsisting and would not occur if payment of such Arrears of Interest were made) upon the expiry of not less than 14 days' notice to such effect given by the Issuer to the Fiscal Agent, the Registrar, the Transfer Agents and, in accordance with Condition 10, the Noteholders and in any event all Arrears of Interest will become due and payable in full (subject in the case of (i) and (iii) below to the satisfaction of any Regulatory Condition) upon the earliest of the following dates:

- (i) the next Interest Payment Date which is not a Mandatory Interest Deferral Date; or
- (ii) the date on which an order is made or a resolution is passed for the Winding-Up of the Issuer; or
- (iii) the date of any redemption or purchase of Notes by or on behalf of the Issuer or any member of the Group (subject to the deferral of such redemption pursuant to Condition 5(g)).

The Issuer shall as soon as reasonably practicable notify the Fiscal Agent, the Registrar, the Transfer Agents and, in accordance with Condition 10, the Noteholders of any payment of Arrears of Interest made in accordance with (i) or (iii) above.

(d) *Partial Payment of Arrears of Interest*

If amounts in respect of Arrears of Interest are paid in part:

- (i) Arrears of Interest accrued for any period shall not be payable until full payment has been made of all Arrears of Interest that have accrued during any earlier period; and
- (ii) the amount of Arrears of Interest payable in respect of any Note in respect of any period, shall be calculated pro rata to the total amount of all unpaid Arrears of Interest accrued in respect of that period to the date of payment.

## **5. Redemption, Substitution, Variation and Purchase**

(a) *Scheduled Redemption*

Subject to Condition 5(g) and 5(i), unless previously redeemed or purchased and cancelled, the Notes will be redeemed, in whole and not in part, at the Redemption Price, on 17 April 2034 (the **Scheduled Maturity Date**).

The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 5.

(b) *Redemption Due to Tax Event*

If a Tax Event has occurred and is continuing, then the Issuer may, subject to Conditions 5(g) and 5(i) and having given not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 10 (which notice shall be irrevocable, subject as aforesaid, and shall specify the date for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at the Redemption Price. Upon the date specified for redemption set out in such notice but subject to Conditions 5(g) and 5(i), the Issuer shall redeem the Notes.

(c) *Redemption Due to Capital Disqualification Event*

If a Capital Disqualification Event has occurred and is continuing, then the Issuer may, subject to Conditions 5(g) and 5(i) and having given not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 10 (which notice shall be irrevocable, subject as aforesaid, and shall specify the date for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at the Redemption Price. Upon the date specified for redemption set out in such notice but subject to Conditions 5(g) and 5(i), the Issuer shall redeem the Notes.

(d) *Clean Up Call Option*

If, at any time after the Issue Date, 75 per cent. or more of the aggregate principal amount of the Notes originally issued (and, for these purposes, any further securities issued pursuant to Condition 13 will be deemed to have been originally issued) has been purchased by or on behalf of the Issuer or any other members of the Group and cancelled, then the Issuer may, subject to Conditions 5(g) and 5(i) and having given not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 10 (which notice shall be irrevocable, subject as aforesaid, and shall specify the date for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at the Redemption Price. Upon the date specified for redemption set out in such notice but subject to Conditions 5(g) and 5(i), the Issuer shall redeem the Notes.

(e) *Residual Maturity Call Option*

At any time on or after 17 October 2033 and up to (but excluding) the Scheduled Maturity Date, the Issuer may, subject to Conditions 5(g) and 5(i) and on giving not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 10 (which notice shall be irrevocable, subject as aforesaid, and shall specify the date for redemption), elect to redeem all, but not some only of the Notes, in accordance with these Conditions, at the Redemption Price. Upon the date specified for redemption set out in such notice but subject to Conditions 5(g) and 5(i), the Issuer shall redeem the Notes.

(f) *Purchases*

The Issuer may, subject to Conditions 5(g) and 5(i), at any time purchase (or otherwise acquire), or procure others to purchase (or otherwise acquire) beneficially for its account, Notes in any manner and at any price.

The Notes so purchased (or acquired), while held by or on behalf of the Issuer, shall not entitle the Noteholder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders.

All Notes purchased by or on behalf of the Issuer may, subject to any Regulatory Conditions, be held, resold or, at the option of the Issuer, cancelled.

(g) *Redemption and Purchase Deferral*

- (i) No Notes shall be redeemed on the Scheduled Maturity Date pursuant to Condition 5(a) or prior thereto pursuant to Condition 5(b), (c), (d) or (e), or purchased by the Issuer or for the account of the Issuer, if a Regulatory Deficiency Deferral Event has occurred and is continuing on the applicable Redemption Date or on the due date for purchase, or would occur if redemption was made on the otherwise applicable Redemption Date or the purchase was made on the due date for purchase (including when notice for repayment, redemption or purchase of the Notes has been given) and, in the case of the redemption, the relevant redemption of the Notes shall be deferred to the extent set out in this Condition 5(g).
- (ii) Notwithstanding that a Regulatory Deficiency Deferral Event may have occurred and be continuing on the date due for redemption or purchase, or if such redemption or purchase would itself cause a Regulatory Deficiency, the Notes may still be redeemed or purchased on such date to the extent permitted under, and in accordance with the Relevant Rules, and provided that all of the following conditions are met:
  - (A) the Relevant Regulator has exceptionally waived such deferral (if and to the extent that the Relevant Regulator can give such a waiver in accordance with the Relevant Rules);
  - (B) the relevant Notes are exchanged for, or converted into, another basic own-fund item of at least the same quality upon or prior to redemption or purchase; and
  - (C) the Regulatory Minimum Capital Requirement for the Issuer is complied with immediately after the relevant Redemption Date or the date due for purchase.
- (iii) If the Notes are not to be redeemed on the Scheduled Maturity Date or on any Redemption Date as a result of circumstances where:
  - (A) a Regulatory Deficiency Deferral Event has occurred and is continuing or would occur if the Notes were redeemed on such date; or
  - (B) the Relevant Regulator does not approve or consent to the redemption (to the extent that consent is then required by the Relevant Regulator or the Relevant Rules) or the Relevant Regulator objects to the redemption (to the extent that non-objection is then required under the Relevant Rules) or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date,

the Issuer shall notify the Fiscal Agent, the Registrar, the Transfer Agents and, in accordance with Condition 10, the Noteholders no later than 10 days prior to the otherwise applicable Redemption Date (or as soon as reasonably practicable if the relevant circumstance requiring redemption to be deferred arises, or is determined, less than 10 days prior to the relevant Redemption Date). Any delay or failure in giving such notice shall not result in the Notes becoming due and payable on the relevant Redemption Date or give Noteholders any rights as a result of such delay or failure.

In addition, a certificate signed by two Authorised Signatories shall be delivered to the Fiscal Agent (copies thereof will be available to Noteholders at the Specified Office of

the Registrar or the Transfer Agents during normal business hours (and, at the relevant Agent's option, such inspection may be provided electronically)) confirming (a) that a Regulatory Deficiency Deferral Event has occurred and is continuing, or would occur if redemption of the Notes were to be made on the Redemption Date or (b) that the circumstances described in Condition 5(g)(iii)(B) apply. This certificate shall be treated and accepted by the Noteholders and all other interested parties as correct and sufficient evidence thereof.

- (iv) In the circumstances described in Condition 5(g)(iii) above, subject to any Regulatory Conditions, such Notes shall be redeemed at the Redemption Price, upon the earliest of:
  - (A) in the case of a failure to redeem due to the operation of Condition 5(g)(i) only, the date falling 10 Business Days after the date the Regulatory Deficiency Deferral Event has ceased (unless, on such tenth Business Day, a further Regulatory Deficiency Deferral Event has occurred and is continuing or redemption of the Notes on such date would result in a further Regulatory Deficiency Deferral Event occurring, in which case the provisions of Condition 5(g)(i), Condition 5(g)(ii) and this Condition 5(g)(iii) shall apply *mutatis mutandis* to determine the applicable due date for redemption); or
  - (B) the date falling 10 Business Days after the Relevant Regulator has agreed, approved, consented or not objected to the redemption of the Notes, as the case may be; or
  - (C) the date on which a Winding-Up of the Issuer occurs.
- (v) Notwithstanding any other provision in these Conditions, the deferral of redemption or purchase of the Notes in accordance with this Condition 5(g) will not constitute a default by the Issuer or any breach of its obligations under the Notes or for any other purpose and will not give Noteholders any right to accelerate repayment of the Notes or take any other action under the Notes.
- (vi) In circumstances where redemption of the Notes has been deferred, the Issuer will notify the Fiscal Agent, the Registrar, the Transfer Agents and, in accordance with Condition 10, the Noteholders as soon as reasonably practicable after it has determined the relevant deferred date for redemption, and (if applicable) of any subsequent redemption deferrals and corresponding deferred dates for redemption.

(h) *Substitution or Variation*

If a Tax Event or a Capital Disqualification Event has occurred and is continuing, then the Issuer may, subject to Condition 5(i) and having given not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 10 (which notice shall be irrevocable and shall specify the date for substitution or, as the case may be, variation of the Notes) but without any requirement for the consent or approval of the Noteholders, at any time either substitute all (but not some only) of the Notes for, or vary the terms of all (but not some only) the Notes so that they remain or, as appropriate, become, Qualifying Tier 2 Securities.

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.



Such substitution or variation shall be conditional upon the delivery to the Fiscal Agent of the certificate referred to in Condition 5(i) and in the definition of Qualifying Tier 2 Securities and, in case of substitution or variation resulting from a Tax Event, the opinion referred to in Condition 5(i).

Upon the date specified for substitution or variation specified in such notice, the Issuer shall either vary the terms of or substitute the Notes in accordance with this Condition 5(h), as the case may be. The Fiscal Agent shall use its reasonable endeavours to assist the Issuer in the substitution of the Notes for, or the variation of the terms of the Notes so that they remain, or as appropriate, become, Qualifying Tier 2 Securities. Upon any such substitution of the Notes for Qualifying Tier 2 Securities the original Notes will be cancelled.

Noteholders shall, by virtue of holding Notes, be deemed to have accepted the substitution or variation of the terms of the Notes in the terms foreseen in this Condition 5(h) and to have granted to the Issuer full power and authority to take any action and/or to execute and deliver any document or notices in the name and/or on behalf of the Noteholders which is necessary or convenient to complete the substitution or variation of the terms of the Notes according to this Condition.

In connection with any substitution or variation in accordance with this Condition 5(h), 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 (including those of the Relevant Regulator and of the relevant clearing system).

(i) *Conditions to Redemption, Substitution, Variation and Purchase*

Any redemption or purchase of the Notes or substitution or variation of the terms of the Notes is subject, as applicable, to (if and to the extent required or applicable in order for the Notes to qualify as Tier 2 Capital of the Issuer under the Relevant Rules from time to time):

- (i) the Issuer having complied with applicable Regulatory Conditions and being in continued compliance with the Relevant Rules applicable in relation to such action or event at the relevant time;
- (ii) in the case of any redemption or purchase prior to the fifth anniversary of the Issue Date (to the extent then required by the Relevant Regulator or the Relevant Rules) either (A) such redemption or purchase being funded out of the proceeds of a new issuance of, or the Notes being exchanged into, own funds of the same or higher quality than the Notes and being otherwise permitted under the Relevant Rules or (B) in the case of a redemption pursuant to either Condition 5(b) or Condition 5(c), the Regulatory Solvency Capital Requirement after the relevant redemption would be exceeded by an appropriate margin, taking into account the solvency position of the Issuer, including its medium term capital management plan;
- (iii) in the case of any redemption prior to the fifth anniversary of the Issue Date pursuant to Condition 5(b), the Issuer has demonstrated to the satisfaction of the Relevant Regulator that the change in the applicable tax treatment of the Notes is material and was not reasonably foreseeable as at the Issue Date; and
- (iv) in the case of any redemption prior to the fifth anniversary of the Issue Date pursuant to Condition 5(c), the Relevant Regulator considers the change in regulatory classification of the Notes to be sufficiently certain and the Issuer has demonstrated to the satisfaction of the Relevant Regulator that such change was not reasonably foreseeable as at the Issue Date.

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase of the Notes, the prevailing Relevant Rules permit the redemption, substitution, variation or purchase of basic own-fund items only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 5(i), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

Prior to the publication of any notice of redemption, substitution or variation pursuant to this Condition 5, the Issuer shall deliver to the Fiscal Agent:

- (i) a certificate signed by two Authorised Signatories stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied, and
- (ii) in case of redemption pursuant to Condition 6(b) and substitution or variation resulting from a Tax Event, an opinion of an independent law firm or other tax adviser in the Kingdom of Spain (in either case being nationally recognised and experienced in such matters) that a Tax Event has occurred and is continuing or will apply to payments to be made on the next succeeding Interest Payment Date (copies thereof will be available to Noteholders at the Specified Office of the Registrar or the Transfer Agents during normal business hours (and, at the relevant Agent's option, such inspection may be provided electronically)) and the Noteholders shall accept such certificate and, if applicable, opinion, without any further inquiry as sufficient evidence of the satisfaction of the relevant conditions precedent and it shall be conclusive and binding on the Noteholders.

If the Issuer gives notice of redemption of the Notes, it will notify the Fiscal Agent, the Registrar and the Transfer Agent thereof and carry out any actions necessary to procure that the relevant payments are made to the Noteholders on the relevant Redemption Date in accordance with the provisions contained in Condition 3(c) (as if references to interest payments contained therein were made to the payment of the relevant amounts payable on redemption).

## **6. Events of Default**

There will be no events of default in respect of the Notes.

However, in the event of a Winding-Up of the Issuer the Notes shall, when permitted by applicable Spanish law, become immediately due and payable at their Liquidation Amount, without presentment, demand, protest or other notice of any kind, all of which the Issuer expressly waives.

Claims against the Issuer in respect of such amounts will be subordinated in accordance with Condition 2(b).

## **7. Waiver of set-off**

No Noteholder may at any time exercise or claim any Waived Set-Off Rights against any right, claim or liability that the Issuer has or may have acquired against such Noteholder, directly or indirectly, howsoever arising (and, for the avoidance of doubt, including all such rights, claims and liabilities arising under or in relation to any and all agreements or other instruments of any sort, whether or not relating to such Note) and each Noteholder shall, by virtue of holding Notes, be deemed to have waived all Waived Set-Off Rights to the fullest extent permitted by applicable law in relation to all such actual and potential rights, claims and liabilities. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder by the Issuer in respect of, or arising under, or in connection with, the Notes is discharged by set-off, netting,

compensation, retention or counterclaim, such Noteholder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer.

For the avoidance of doubt, nothing in this Condition is intended to provide, or shall be construed as acknowledging, any right of deduction, set-off, netting, compensation, retention or counterclaim or that any such right is, or would be, available to any Noteholder of any Note but for this Condition.

## 8. Taxation

All payments of principal, premium, interest and any other amounts by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Kingdom of Spain or any political subdivision thereof or by any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

In that event, in respect of payments of interest (but not principal or any other amount) the Issuer will pay such additional amounts (**Additional Amounts**) as will result in receipt by the Noteholders of such amounts as would have been received by them in respect of payments of interest had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Note:

- (a) to, or to a third party, on behalf of a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the Kingdom of Spain other than a mere holding of such Note; or
- (b) presented for payment more than 30 days after the Relevant Date except to the extent that the Noteholder of it would have been entitled to such Additional Amounts on presenting it for payment on the thirtieth such day; or
- (c) to, or to a third party on behalf of, a holder if the Issuer does not receive in a timely manner certain information about the Notes of such holder as is required by the applicable Spanish tax laws and regulations, including a duly executed and completed certificate from the Fiscal Agent, pursuant to Law 10/2014 and Royal Decree 1065/2007 of 27 July, and any implementing legislation or regulation; or
- (d) to, or to a third party on behalf of, a holder in respect of whom the Issuer does not receive from the holder such information (including but not limited to any declaration or certificate, as applicable) concerning such holder's identity and tax residence as the holder may be required to provide in order to (i) comply with any new procedures that may be implemented as a consequence of an amendment, modification or new interpretation of Royal Decree 1065/2007; or (ii) to avoid any withholding tax upon the payment of interest in case the Notes are represented by individual certificates; and provided that the Issuer (or any other person through whom payment may be made) has duly notified the holder or beneficial owner of the Note at least 30 days in advance of the time when the relevant declaration or certification needs to be made; or
- (e) to, or to a third party on behalf of, Spanish resident corporate entities subject to Spanish Corporate Income Tax, if the Spanish Tax Authorities determine that the Notes do not comply with applicable exemption requirements, including those specified in the Reply to the Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 and require a withholding to be made; or

- (f) any combination of the items above.

References in these Conditions to interest shall be deemed also to refer to any Additional Amounts which may be payable under this Condition 8.

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Kingdom of Spain, references in these Conditions to the Kingdom of Spain shall be construed as references to such other jurisdiction.

Notwithstanding any other provisions of these Conditions any amounts to be paid on the Notes by or on behalf of the Issuer shall be made net of any deduction or withholding imposed or 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 (or any regulations thereunder or official interpretations thereof) or any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a **FATCA Withholding**). Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

As used in these Conditions, **Relevant Date** in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholder that, upon further presentation of the Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

## 9. Meetings of Noteholders

### (a) *Modification and waiver*

Subject as provided below, any modification or waiver of the Notes shall be approved by an Extraordinary Resolution. The Issuer may agree with the Fiscal Agent, without the consent of the Noteholders, to any modification or waiver of the Notes which is (i) of a formal, minor or technical nature of is made to correct a manifest error or to comply with mandatory provisions of law, or (ii) not prejudicial to the interests of the Noteholders.

In these Conditions, **Extraordinary Resolution** means (a) a resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provisions of this Condition 9 by a majority consisting of not less than 75 per cent. of the persons voting on the resolution upon a show of hands or, if a poll was duly demanded, by a majority consisting of not less than 75 per cent. of the votes given on the poll or (b) a resolution in writing signed by or on behalf of Noteholders holding not less than 75 per cent. of the principal 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) a consent given by way of Electronic Consents by or on behalf of the Noteholders holding not less than 75 per cent. in principal amount of the Notes for the time being outstanding.

### (b) *Convening meetings*

The Issuer may, at any time, and shall, if required in writing by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding, convene a meeting of the Noteholders, including by way of conference call or by use of a videoconference platform 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 Fiscal Agent of the day, time and place (or conference call or videoconference platform details) of the meeting and of the nature of the business to be transacted at the meeting. Every meeting shall be held at a time and place (or by way of conference call or by use of a videoconference platform) approved by the Fiscal Agent.

(c) *Procedures for convening meetings*

- (i) At least 21 clear days' notice specifying the place (which need not be a physical place and instead may be by way of conference call, including by use of a videoconference platform), day and hour of the meeting shall be given to the Noteholders in the manner provided in Condition 10. The notice, which shall be in the English language, shall state generally the nature of the business to be transacted at the meeting and, in the case of an Extraordinary Resolution only, shall specify the terms of the Extraordinary Resolution to be proposed. The notice shall include statements as to the manner in which Noteholders are entitled to attend and vote at the meeting. A copy of the notice shall be sent by post to the Issuer (unless the meeting is convened by the Issuer).
- (ii) 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 with at least 10 clear days' notice (instead of at least 21 clear days' notice). The notice shall state the relevant quorum. Subject to this it shall not be necessary to give any notice of an adjourned meeting.

(d) *Chairperson*

An individual (who may but need not be a Noteholder) nominated in writing by the Issuer (the **Chairperson**) 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 Chairperson, failing which the Issuer may appoint a Chairperson. The Chairperson of an adjourned meeting need not be the same person as was Chairperson of the meeting from which the adjournment took place.

(e) *Quorums*

(i) *Regular Quorum*

At any meeting one or more Eligible Persons present and holding or representing in aggregate not less than 10 per cent. in principal amount of the Notes for the time being outstanding shall (except for the purpose of passing an Extraordinary Resolution) form a quorum for the transaction of business, and no business (other than the choosing of a Chairperson in accordance with Condition 9(d)) shall be transacted at any meeting unless the required quorum is present at the commencement of business.

(ii) *Extraordinary Quorum*

The quorum at any meeting for passing an Extraordinary Resolution shall (subject as provided below) be one or more Eligible Persons present and holding or representing in the aggregate not less than 50 per cent. in principal amount of the Notes for the time being outstanding, subject to Condition 9(f)(ii).

(iii) *Enhanced Quorum*

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

- (A) a modification of the Scheduled Maturity Date or any other date for redemption of the Notes;
- (B) a reduction or redemption of the principal amount of the Notes for the time being outstanding; or
- (C) a reduction of the amount payable or modification of the Interest Payment Dates or variation of the method of calculating the interest; or
- (D) a modification of the currency in which payments under the Notes are to be made; or
- (E) a modification of the provisions of Condition 2(b) (“*Status and subordination*”); or
- (F) a modification of the majority required to pass an Extraordinary Resolution; or
- (G) alteration of this proviso or the proviso to Condition 9(f)(i) below,

the quorum shall be one or more Eligible Persons present and holding or representing in the aggregate not less than two-thirds in principal amount of the Notes for the time being outstanding, subject to Condition 9(f)(ii).

(f) *Adjourned Meeting*

- (i) If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairperson 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 of the next week (or if that day is not a Business Day the next following Business Day) at the same time and place. If within 15 minutes (or a longer period not exceeding 30 minutes as the Chairperson may decide) after the date and 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 Chairperson may either dissolve (with the approval of the Issuer) 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 (which need not be a physical place and instead may be by way of conference call, including by use of a videoconference platform) as may be appointed by the Chairperson (either at or after the adjourned meeting) and approved by the Issuer (or the Fiscal Agent on its behalf) and the provisions of this sentence shall apply to all further adjourned meetings.
- (ii) At any adjourned meeting one or more Eligible Persons present (whatever the principal amount of the Notes for the time being outstanding so held or represented by them) shall (subject as provided below) form a quorum and shall (subject as provided below) have power to pass any Extraordinary Resolution or other resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the required quorum been present, provided that at any

adjourned meeting the business of which includes any of the matters specified in the proviso to Condition 9(e)(iii) the quorum shall be one or more Eligible Persons present and holding or representing in the aggregate not less than 25 per cent. in principal amount of the Notes for the time being outstanding.

(g) *Right to attend and vote*

(i) The provisions governing the manner in which Noteholders may attend and vote at a meeting of Noteholders must be notified to Noteholders in accordance with Condition 10 and/or at the time of service of any notice convening a meeting.

(ii) *Voting Certificate*

A Noteholder holding a Note (not being a Note in respect of which instructions have been given to a Clearing System or the relevant Accountholder in accordance with Condition 9(g)(iii) may procure the delivery of a Voting Certificate in respect of such Note by giving notice to the Clearing Systems or the relevant Accountholder through which such Noteholder's interest in the Note is held specifying by name a person (an **Identified Person**) (which need not be the Noteholder) to collect the Voting Certificate and attend and vote at the meeting. The relevant Voting Certificate will be made available at or shortly prior to the commencement of the meeting by the Fiscal Agent against presentation by such Identified Person of the form of identification previously notified by such Noteholder to the Clearing Systems or the relevant Accountholder (as communicated to the Fiscal Agent by the Accountholder or the Clearing Systems). The Clearing Systems or the relevant Accountholder may prescribe forms of identification (including, without limitation, a passport or driving licence) which it deems appropriate for these purposes. Subject to receipt by the Fiscal Agent from the Clearing Systems or the relevant Accountholder, no later than 24 Hours prior to the time for which such meeting is convened, of notification of the principal amount of the Notes to be represented by any such Voting Certificate and the form of identification against presentation of which such Voting Certificate should be released, the Fiscal Agent shall, without any obligation to make further enquiry, make available Voting Certificates against presentation of the form of identification corresponding to that notified.

(iii) *Block Voting Instruction*

A Noteholder holding a Note (not being a Note in respect of which a Voting Certificate has been issued) may require the Clearing Systems or relevant Accountholder to issue a Block Voting Instruction in respect of such Note by first instructing the relevant Accountholder or (to the extent possible) the Clearing Systems through which such Noteholder's interest in the Note is held to procure that the votes attributable to such Note should be cast at the meeting in a particular way in relation to the resolution or resolutions to be put to the meeting. Any such instruction shall be given in accordance with the rules of the Clearing Systems then in effect or as agreed with the relevant Accountholder. Subject to receipt by the Fiscal Agent of instructions from the relevant Accountholder or (to the extent possible) the Clearing Systems, no later than 24 Hours prior to the time for which such meeting is convened, of notification of the principal amount of the Notes in respect of which instructions have been given and the manner in which the votes attributable to such Notes should be cast, the Fiscal Agent shall, without any obligation to make further enquiry, appoint a proxy to attend the meeting and cast votes in accordance with such instructions.

Each Block Voting Instruction shall be deposited by the relevant Agent at such place specified by the Fiscal Agent for the purpose not less than 24 Hours before the time appointed for holding the meeting at which the proxy or proxies named in the Block Voting Instruction or form of proxy proposes to vote, and in default the Block Voting Instruction or form of proxy shall not be treated as valid unless the Chairman of the meeting decides otherwise before such meeting proceeds to business. A copy of each Block Voting Instruction shall (if so requested by the Issuer) be deposited with the Issuer before the commencement of the meeting but the Issuer shall not thereby be obliged to investigate or be concerned with the validity of or the authority of the proxy or proxies named in any such Block Voting Instruction or form of proxy.

Any vote given in accordance with the terms of a Block Voting Instruction shall be valid notwithstanding the previous revocation or amendment of the Block Voting Instruction or of any of the instructions of the relevant Noteholder through the relevant Accountholder or the Clearing Systems (as the case may be) pursuant to which it was executed provided that no indication in writing of such revocation or amendment has been received from the relevant Agent by the Issuer at its registered office by the time being 24 Hours before the time appointed for holding the meeting at which the Block Voting Instruction is to be used.

- (iv) Any director or officer of the Issuer and its lawyers, financial or other advisers may attend and speak at any meeting. Subject to this, but without prejudice to the definition of "outstanding", no person shall be entitled to attend and speak, nor shall any person be entitled to vote at any meeting of the Noteholders or join with others in requiring the convening of a meeting unless he is an Eligible Person, the Registrar (or its representatives) or any other person approved by the meeting. No person shall be entitled to vote at any meeting in respect of the Notes held by, for the benefit of, or on behalf of the Issuer or any member of the Group. Nothing contained in this paragraph shall prevent any of the proxies named in any block voting instruction from being a director, officer or representative of or otherwise connected with the Issuer.
- (v) Subject as provided in Condition 9(g)(ii), 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 Euro 1,000 or such other amount as the Fiscal Agent shall in its absolute discretion specify in principal amount of Notes in respect of which he is an Eligible Person.

(h) *Holding of 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 Chairperson 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 Chairperson or the Issuer or by any Eligible Person present (whatever the principal amount of the Notes held by him), a declaration by the Chairperson that a resolution has been carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.



- (iii) Subject to Condition 9(h)(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 Chairperson may direct and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.
  - (iv) The Chairperson 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 Chairperson or on any question of adjournment shall be taken at the meeting without adjournment.
- (i) *Approval of the resolutions*
- (i) Any resolution passed at a meeting of the Noteholders duly convened and held shall be binding upon all the Noteholders whether present or not present at the meeting and whether or not voting and each of them shall be bound to give effect to the resolution accordingly and the passing of any resolution shall be conclusive evidence that the circumstances justify its passing. Notice of the result of voting on any resolution duly considered by the Noteholders shall be published in accordance with Condition 10 by the Issuer within 14 days of the result being known provided that non-publication shall not invalidate the resolution.
  - (ii) A meeting of the Noteholders shall in addition to the powers set out in this Condition 9 have the following powers exercisable only by Extraordinary Resolution (subject to the provisions relating to the quorum contained in Conditions 9(e)(ii), 9(e)(iii) and 9(f)(ii)), namely:
    - (A) power to approve any compromise or arrangement proposed to be made between the Issuer and the Noteholders;
    - (B) power to approve any abrogation, modification, compromise or arrangement in respect of the rights of the Noteholders against the Issuer or against any of its property whether these rights arise under these Conditions or the Notes or otherwise;
    - (C) power to agree to any modification of the provisions contained in these Conditions or the Notes which is proposed by the Issuer;
    - (D) power to give any authority or approval which under the provisions of this Condition 9 or the Notes is required to be given by Extraordinary Resolution; and/or
    - (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.
  - (iii) To be passed at a meeting of the Noteholders duly convened and held in accordance with the provisions of this Condition 9, a resolution (other than an Extraordinary

Resolution) shall require a majority of the persons voting on the resolution upon a show of hands or, if a poll was duly demanded, a majority of the votes given on the poll.

(j) *Miscellaneous*

- (i) 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. Any minutes signed by the Chairperson of the meeting at which any resolution was passed or proceedings had transpired shall be conclusive evidence of the matters contained in them and, until the contrary is proved, every meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had transpired at the meeting to have been duly passed or had.
- (ii) 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.
- (iii) Any modification or waiver of the Conditions in accordance with this Condition 9 will be effected in accordance with the Relevant Rules and subject to any Regulatory Conditions.

(k) *Definitions*

In these Conditions:

- (i) **24 Hours** means a period of 24 hours including all or part of a day upon which banks are open for business in both the place where the relevant meeting is to be held and in each of the places where the Agents have their Specified Offices (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included all or part of a day upon which banks are open for business in all of the places where the Agents have their Specified Offices;
- (ii) **48 Hours** means a period of 48 hours including all or part of two days upon which banks are open for business both in the place where the relevant meeting is to be held and in each of the places where the Agents have their Specified Offices (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included all or part of two days upon which banks are open for business in all of the places where the Agents have their Specified Offices;
- (iii) **Block Voting Instruction** means an English language document issued by a Clearing System or by an Accountholder and received by an Agent in which:
  - (A) it is confirmed that on the date thereof Notes (not being Notes in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction) are blocked in an account with a Clearing System and/or the relevant Accountholder and that no such Notes will cease to be so blocked until the first to occur of:
    - 1) the conclusion of the meeting specified in such Block Voting Instruction, and

- 2) the Notes ceasing with the agreement of the Agent to be so blocked and the giving of notice by the Agent to the Issuer in accordance with Condition 9(g)(iii);
- (B) it is certified that each Noteholder holding such Notes has instructed the relevant Clearing System (to the extent possible) and/or the relevant Accountholder that the vote(s) attributable to the Notes so blocked should be cast in a particular way in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the period commencing 48 Hours prior to the time for which such meeting is convened and ending at the conclusion or adjournment thereof, neither revocable nor capable of amendment;
- (C) the aggregate principal amount of the Notes so blocked is listed distinguishing with regard to each such resolution between those in respect of which instructions have been given that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
- (D) one or more persons named in such Block Voting Instruction (each hereinafter called a **proxy**) is or are authorised and instructed by the relevant Clearing System (to the extent possible) and/or the Accountholder(s) to cast the votes attributable to the Notes so listed in accordance with the instructions referred to in paragraph (C) above as set out in such Block Voting Instruction.
- (iv) **Chairperson** has the meaning given in Condition 9(d);
- (v) **Electronic Consent** means a consent given by way of electronic consents through any Clearing System (in a form satisfactory to the Fiscal Agent) by on or behalf of the Noteholders holding the relevant percentage in nominal amount of the Notes outstanding required for the passing of the relevant resolution;
- (vi) **Eligible Person** those Noteholders or persons (being duly appointed proxies or representatives of such Noteholders, appointed by way of Voting Certificates, Block Voting Instructions, proxy or otherwise) that are entitled to attend and vote at a meeting of the Noteholders, for the purposes of which no person shall be entitled to vote at any such meeting in respect of Notes held by or for the benefit, or on behalf, of the Issuer or any member of the Group;
- (vii) **Voting Certificate** means an English language certificate issued by the relevant Accountholder or Clearing System and received by an Agent in which it is stated:
- (A) that on the date thereof Notes (not being Notes in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) are blocked in an account with a Clearing System and/or with the relevant Accountholder and that no such Notes will cease to be so blocked until the first to occur of:
- 1) the conclusion of the meeting specified in such Voting Certificate, and
  - 2) the surrender of the Voting Certificate to the relevant Accountholder or Clearing System that issued the same; and

- (B) that the bearer thereof is entitled to attend and vote at such meeting in respect of the Notes represented by such Voting Certificate.

## **10. Notices**

Notices required to be given to the holders of Notes pursuant to the Conditions shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices required to be given to the Noteholders pursuant to the Conditions shall also be published (if such publication is required) in a manner which complies with the rules and regulations of the stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made. If publication as provided above is not practicable, notice will be given by publication in a newspaper of general circulation in Luxembourg.

Notwithstanding the above, notices may, while the Notes are held on behalf of Euroclear and/or Clearstream, instead be given by delivery of the relevant notice to Euroclear and/or Clearstream for communication by them to the persons shown in their respective records as having interests therein, provided that the requirements of any relevant listing authority, stock exchange and/or quotation system have been complied with, and any such notices shall be deemed to have been validly given on the day of delivery to Euroclear and/or Clearstream.

## **11. Prescription**

To the extent that the Spanish Civil Code (*Código Civil*) applies to the Notes, claims relating to the Notes, both in the case of principal and interest, will become void unless such claims are duly made within five years from the relevant payment date, as established by Articles 1,964 and 1,966, respectively, of the Spanish Civil Code.

## **12. Replacement of Certificates**

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the Specified Office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## **13. Further Issues**

The Issuer may from time to time, without the consent of the Noteholders, create and issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) and so that such further issue shall be consolidated and form a single series with the Notes.

#### **14. Governing Law and Jurisdiction**

- (a) The Notes and any non-contractual obligations arising out of or in connection with the Notes shall be governed by, and construed in accordance with, Spanish common law (*Derecho común español*).
- (b) The Spanish courts of the city of Madrid (Spain), are to have exclusive 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 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 Spanish Courts of the city of Madrid.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Notes will be represented by a Global Note Certificate which will be registered in the name of a nominee for, and deposited with, the common depositary for Euroclear and Clearstream, Luxembourg.

The Global Note Certificate will become exchangeable in whole, but not in part, for Individual Note Certificates if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) in the event of a Winding-Up of the Issuer in the circumstances described in Condition 6 (*Events of Default*) occurs.

Whenever the Global Note Certificate is to be exchanged for Individual Note Certificates, such Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Note Certificate (the **Holder**), Euroclear and/or Clearstream, Luxembourg, to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Note Certificate at the Specified Office of the Registrar. Such exchange will be effected in accordance with the provisions of the Fiscal Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any Holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

- (a) Individual Note Certificates have not been issued and delivered by 5.00 p.m. (London time) on the thirtieth day after the date on which the same are due to be issued and delivered in accordance with the terms of the Global Note Certificate; or
- (b) any of the Notes evidenced by the Global Note Certificate has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the Holder of the Global Note Certificate on the due date for payment in accordance with the terms of the Global Note Certificate,

then (a) the Accountholders (as defined below) shall have the rights described therein; and (b) the Global Note Certificate (including the obligation to deliver Individual Note Certificates) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the Holder will have no further rights thereunder.

In addition, the Global Note Certificate will contain provisions that modify the Conditions as they apply to the Notes evidenced by the Global Note Certificate. The following is a summary of certain of those provisions:

*Payments on business days:* In the case of all payments made in respect of the Global Note Certificate **business day** means a T2 Business Day.

*Payment Record Date:* Each payment in respect of the Global Note Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant Clearing System) on the Clearing System Business Day before the due date for such payment (the **Record Date**) where **Clearing System Business Day** means a day on which each clearing system for which the Global Note Certificate is being held is open for business.

*Electronic Consent:* While the Global Note Certificate is held on behalf of a clearing system, then approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an **Electronic Consent**) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which a special quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders whether or not they participated in such Electronic Consent.

Subject to Condition 2 and the terms and conditions of the Global Note Certificate, each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in the Global Note Certificate (each an **Accountholder**) must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the holder of such Global Note Certificate and in relation to all other rights arising under the Global Note Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note Certificate will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note Certificate, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the holder of the Global Note Certificate.

Transfers of interests in the Global Note Certificate within Euroclear and Clearstream, Luxembourg or any other relevant clearing system will be in accordance with their respective rules and operating procedures. None of the Issuer, the Registrar, the Joint Lead Managers or the Agents will have any responsibility or liability for any aspect of the records of any Euroclear and Clearstream, Luxembourg or any other relevant clearing system or any of their respective participants relating to payments made on account of beneficial ownership interests in the Global Note Certificate or for maintaining, supervising or reviewing any of the records of Euroclear and Clearstream, Luxembourg or any other relevant clearing system or the records of their respective participants relating to such beneficial ownership interests.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes will be used by the Issuer for its general corporate purposes.



## DESCRIPTION OF THE ISSUER

### Overview

The Issuer's legal name is Atradius Crédito y Caución S.A. de Seguros y Reaseguros and its commercial names are "Atradius" and "Crédito y Caución".

The Issuer is a Spanish limited liability company (*sociedad anónima*) incorporated in Madrid on 6 July 1929. Its registered office is at Paseo de la Castellana 4, 28046, Madrid, Spain and the telephone number of its registered office is (+34) 914 326 300. The Issuer holds tax identification number (N.I.F.) A28008795 and is registered in the Commercial Registry of Madrid in volume 10836 of section 8, on sheet 1, page M-171,144, entry 308, and with Legal Entity Identification Code no. 9598002U9BK2VP1RTG14 issued by that Registry.

The Issuer's corporate object consists of insurance and reinsurance activities related to commercial risks arising from credit transactions in domestic trade, commercial risks arising in all types of foreign trade, any other types of credit insurance allowed under the applicable legal provisions and surety bonds.

The Issuer is registered in the Administrative Register of Insurers of the Spanish Directorate General of Insurance and Pension Funds (*Dirección General de Seguros y Fondos de Pensiones*) under reference C-0046 and is authorised to operate in the following lines of insurance and reinsurance: credit (commercial risks in domestic and foreign markets) and surety.

As a limited liability company, the Issuer is subject to the Spanish Royal Legislative Decree 1/2010 of 2 July, approving the consolidated text of the Spanish Companies Act (*Ley de Sociedades de Capital*) and any developing and implementing regulations. It is also subject to Spanish Law 20/2015 of 14 July 2015 on Regulation, Supervision and Capital Adequacy of Insurers and Reinsurers and Royal Decree 1060/2015 of 20 November 2015 (see "*Supervision and Regulation of the Issuer*" below).

### History

The Issuer was incorporated on 6 July 1929 under the name "Compañía Española de Seguros y Reaseguros de Crédito y Caución" (**CyC**). The surge in international trade during the interwar period prompted the incorporation of credit insurance firms, amongst which was CyC. In the 1950s, CyC started developing its network of exclusive agents, which became one of the company's differentiating pillars. The next decade was marked by the end of the period of autarky and increase of trade and exports in Spain in which CyC played a key role, by analysing and insuring the credit risks of exporters. In the 1970s, CyC strengthened its coverage of operations in the domestic market. Its commercial information subsidiary, Iberinform International, S.A.U. (**Iberinform**), was launched to improve knowledge of the market. Over the following decades, CyC continued growing, while implementing a computerisation of management, which contributed to consolidate its position on the Spanish market. In July 2006, Grupo Catalana Occidente, S.A. (**GCO**) became CyC's largest shareholder, with a 43.18% stake in CyC's capital.

In 2004, GCO initiated the acquisition of shares in Atradius, the world's second largest credit insurance operator at that time according to the International Credit Insurance and Surety Association ICISA<sup>1</sup>. GCO completed the acquisition process of Atradius, obtaining an 83.2% stake in 2010, maintaining the Crédito y Caución brand in Spain, Portugal and Brazil, while operating in the rest of the world under the Atradius brand.

On 30 December 2016, Atradius Credit Insurance N.V. and CyC merged to combine two Atradius European credit insurance subsidiaries into a single entity; such entity was subsequently renamed as

---

1 <https://icisa.org/>

Atradius Crédito y Caución S.A. de Seguros y Reaseguros. The merged entity has continued using the brand names of Atradius and Crédito y Caución in their respective markets. Such merger reduced the complexity of working with two European insurance operators, different regulatory environments and dual governance structures, without significantly impacting the business model, the established brands or the consolidated annual accounts.

On 31 October 2023, Atradius Reinsurance DAC (**ARE**), an Irish reinsurance carrier of the Atradius Group, merged with the Issuer through a cross-border merger. Further to the merger becoming effective, ARE's assets and liabilities, including all of its reinsurance obligations, were transferred to the Issuer which now operates ARE's reinsurance business as its legal successor (through its Irish branch). The merger reduced the complexity of the corporate structure of the Atradius Group, achieving more efficient management of the activity and simplifying the operational business activities carried out by these companies.

### **Shareholder structure**

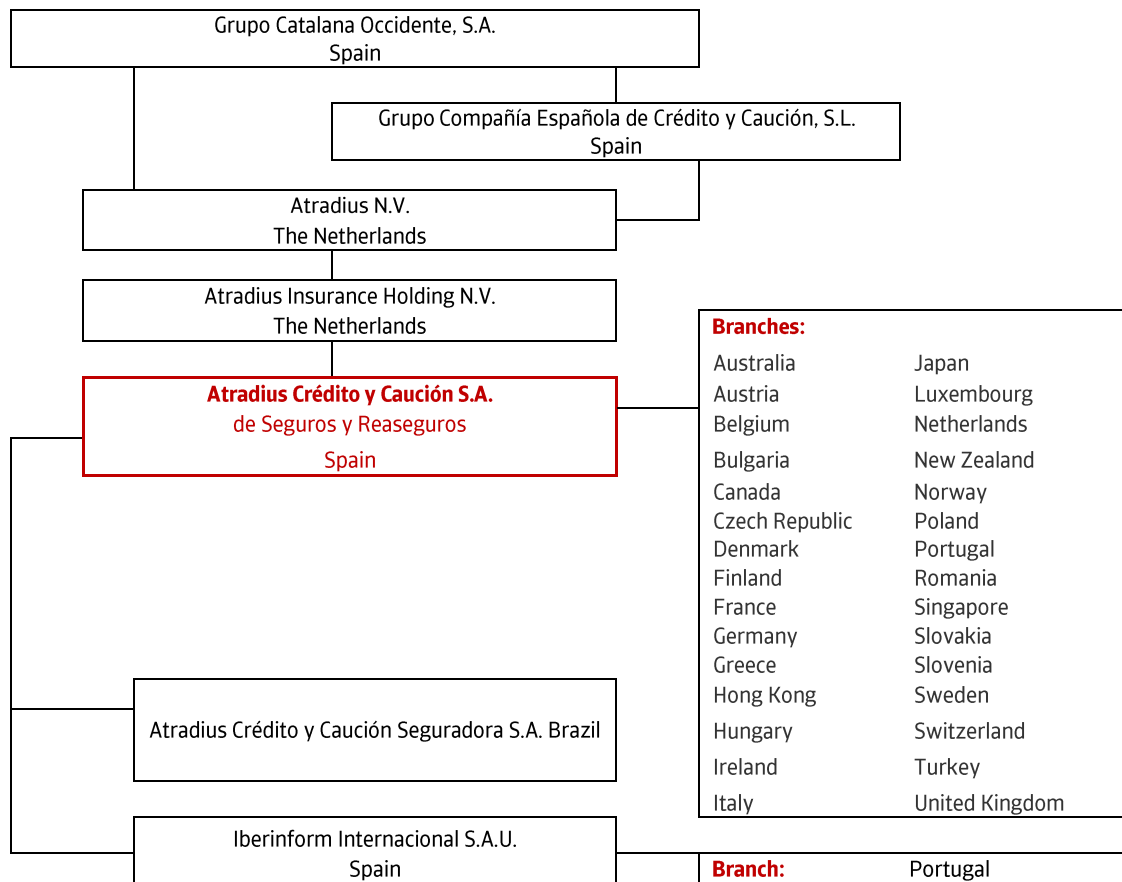
The share capital of the Issuer as at the date of this Offering Circular is EUR 32,813,373.96 represented by 5,459,796 registered shares, each with a nominal value of EUR 6.01, fully subscribed and paid in and carrying identical financial and political rights. There are no restrictions on the transferability of the shares and the Issuer's shares are not traded on any stock market.

The main shareholder of the Issuer is Atradius Insurance Holding N.V., a company incorporated and domiciled in Amsterdam, the Netherlands which holds all but one share in the Issuer. The parent company of Atradius Insurance Holding N.V. is Atradius N.V. (together with its subsidiaries, **Atradius** or the **Atradius Group**), a company incorporated and domiciled in Amsterdam, the Netherlands, which holds the remaining share in the Issuer. The Atradius Group operates in the credit insurance, surety, reinsurance, debt collection and information services, with more than 80% of the revenues of the Atradius Group coming from the credit insurance business. Atradius N.V. had a total consolidated shareholders' equity of EUR 2,784.7 million as at year-end 2023 and its consolidated net result reached EUR 379.1 million for financial year 2023, with a gross combined ratio of 70.6% (based on IFRS 17 and 9 figures).

Atradius is controlled by GCO, a company incorporated and domiciled in Madrid, Spain and one of the leaders in the Spanish insurance sector and, through Atradius, in global credit insurance according to ICEA (Investigación Cooperativa entre Entidades Aseguradoras y Fondos de Pensiones).

The Issuer is therefore an indirect subsidiary of GCO. GCO is the main shareholder of Atradius N.V., holding an economic stake of 83.2% (35.77% directly and 47.43% indirectly through the holding company Grupo Compañía Española de Crédito y Caución, S.L.). The shares of GCO are listed on the Continuous Market of the Barcelona and Madrid Stock Exchanges. As of 31 December 2023, approximately 62.03% of GCO's capital was held by INOC, S.A., 33.53% of the capital was floating, 2.78% of the capital was owned by the members of the board of directors and related parties, and 1.65% of the capital was held as treasury stock.

As at the date of this Offering Circular, the structure group chart of the Issuer is as follows:



## Business of the Issuer

### Introduction

The Issuer is a global credit and surety insurer and reinsurer and aims to support its customers’ growth by strengthening their credit and cash management through a wide range of products, which include credit insurance, surety products, instalment credit protection, reinsurance and services such as commercial information and credit management solutions.

As at the date of this Offering Circular, the Issuer is the largest insurance operating entity within Atradius (contributing more than 90% of the gross insurance premiums revenue generated for the year ended 31 December 2023) and has branches in 21 countries in the EEA. It also conducts its insurance business in all the other EEA countries, making use of the European Single Passport, as well as in Monaco and San Marino. The Issuer also acts in Andorra with special authorisation as a Spanish insurance company.

As at the date of this Offering Circular, in the EEA, the Issuer has branches in Austria, Belgium, Bulgaria, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia and Sweden. Outside the EEA, the Issuer has branches in the United Kingdom, Switzerland, Turkey, Canada, Hong Kong, Japan, Singapore, Australia and New Zealand. The Issuer also conducts business through cooperation agreements with local partners in other regions, such as China, Dubai and India.

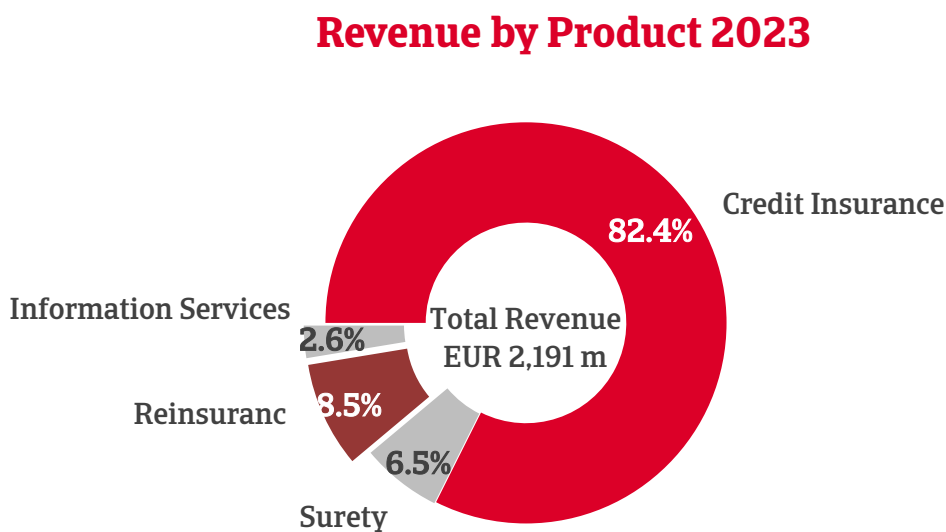
As at the date of this Offering Circular, the Issuer holds two wholly owned subsidiaries: Atradius Crédito y Caucción Seguradora S.A. through which it operates its credit insurance business in Brazil, and Iberinform through which it operates its commercial and financial information services business in Spain and Portugal, providing business intelligence solutions to assist customers in their credit management, risk, compliance and other processes, and also supporting the Issuer with information for its buyer underwriting processes.

#### *Distribution network*

The Issuer serves mainly medium-sized and large companies either directly or through broker channels, except for Spain where the Issuer predominantly serves a portfolio of small and medium-sized Spanish customers through a network of tied agents and Italy where there is a network of tied agents for the surety business alongside independent brokers. The brokers and agents through whom the Issuer sells and distributes its products and services are independent of the Issuer, whereas the tied agents in Spain and Italy act exclusively for one insurer.

#### *Key product lines*

The Issuer's material product lines are (i) credit insurance, (ii) surety, and (iii) reinsurance. As shown in the graph below, credit insurance represented 82.4% of the Issuer's total gross revenue for the year ended 31 December 2023, while surety and reinsurance represented 6.5% and 8.5%, respectively.



#### Credit insurance

Credit insurance can be divided into three subcategories: traditional credit insurance, instalment credit protection and special products.

#### *Traditional credit insurance*

Traditional credit insurance is the Issuer's core product and, as such, contributed 77.6% of the Issuer's total gross revenue for the year ended 31 December 2023. Traditional credit insurance provides cover against financial losses arising from non-payment of goods and services sold on credit, whether this results from insolvency, default, or political risks. The policies that cover "political" causes of loss include the risk of non-payment due to payment transfer problems, cancellation of export/import licenses and contract frustration. Whilst traditional credit insurance insures its customers against the

risk of non-payment of trade receivables, this would not cover non-payment arising from commercial disputes.

The Issuer focuses on a range of business segments: offering variations of credit insurance targeted at small and medium size enterprises (SMEs) and large local companies and multinational corporations. For multinationals, the Issuer offers a sophisticated and tailor-made credit management solution in the form of their global policy. The structure of the Issuer's modular cover and service footprint is designed to mirror the requirements of its customers, whether they have centralised or local credit management. Atradius, including the Issuer, had a customer retention level<sup>2</sup> for credit insurance of 94.9% in 2023, with retention levels being consistently in excess of 92.7% over the last-five year period.

Each policy stipulates a maximum credit period that the policyholder can offer to their debtors (also referred to as buyers) without approval from the Issuer. In this context, the debtors are the customers of the Issuer's insured customers, i.e. the parties for which the Issuer insures their credit risk. In order to mitigate the risk of adverse selection, the traditional credit insurance products of the Issuer usually cover the entire portfolio of debtors or what the Issuer calls 'whole turnover' of a policyholder.

For traditional credit insurance, there are two underwriting processes: policy underwriting and risk underwriting. Policy underwriting is the process by which the Issuer decides which companies to accept as policyholders and the terms and conditions of coverage that are offered. Risk underwriting is the process by which the Issuer sets risk limits for each debtor for a specific time period, which can be withdrawn or amended, thus allowing the risk of existing policies to be managed.

Policies are issued for a fixed period: usually between one and three years. Customers must retain some of the risk for their own account to protect the Issuer from the risk of moral hazard, for example with an uninsured percentage, a deductible on each claim, an aggregate first loss amount or a combination of these. Almost all policies stipulate the maximum liability born by the Issuer; such credit limits are an important risk management instrument for the Issuer as they cap the amount that the Issuer would have to pay out to a customer in the event of a claim. Such risk management also applies to the surety bonds set out below.

#### *Instalment credit protection (ICP)*

The Issuer's ICP product line contributed 1.5% of the Issuer's total gross revenue for the year ended 31 December 2023. The ICP products cover short- and medium-term risks involved in instalment-based credit agreements with private individuals and businesses. ICP products are offered to financial and corporate policyholders in Belgium and Luxembourg. The main products the Issuer offers relate to consumer credit, leasing and renting risks, recently extended to offer residential real estate insurance products for co-ownerships, as well as products for private-car leasing arrangements.

#### *Special products*

The Issuer's special products line contributed 3.3% of the Issuer's total gross revenue for the year ended 31 December 2023. The special products unit offers solutions for customers outside the framework of the Issuer's whole turnover policies; the special products business offers a range of tailor-made policies to insure against a number of credit and political risks, including policies that cover single transactions, single trade relationships and asset confiscation. A distinguishing feature of the special products policies is that, unlike traditional credit insurance, credit limits cannot usually be easily withdrawn. The conditions of the special products policies demand greater due diligence *vis-à-vis* the insured.

---

<sup>2</sup> Customer retention level is calculated as the ratio of retained business (in portfolio value) to total renegotiated business (in portfolio value). Portfolio value is defined as the estimated premium expected to be declared or invoiced over the next 12 months for the policies with renegotiation date during the respective calendar year.

## Surety

The Issuer's surety product line contributed 6.5% of the Issuer's total gross revenue for the year ended 31 December 2023. A surety bond protects a beneficiary if the supplier (the Issuer's customer) fails to meet its contractual, legal or tax obligations. Beneficiaries include national, regional and local governments as well as tax authorities and businesses.

The Issuer has a range of surety bonds, which seek to put customers in a stronger financial position when dealing with their business partners. While a customer may fail to meet its obligations, either because it is unable to perform to the agreed or required level or because it is insolvent, there is also the risk that the customer may intentionally fail to meet its obligations. Therefore, an assessment of both the customer's financial strength and its ability to perform plays an important part in the underwriting process. Unlike traditional credit insurance, exposure related to issued surety bonds cannot be unilaterally cancelled by the Issuer. When a surety bond is enforced by a beneficiary, the Issuer might mediate to resolve conflicts by working with both the customer and the beneficiary. If a payment is made by the Issuer to the beneficiary, recovery action is taken against the customer who remains ultimately liable.

The Issuer offers two main groups of products: contract bonds (bids, performance, advance payment, maintenance and various types of administrative bonds) and commercial bonds (tax, excise, custom and authorisation bonds) in traditional sectors like construction, engineering and travel. The distribution of customers across different sectors of the economy varies by country. These are issued with tenors ranging from a few weeks to years.

The surety bonds unit operates in 12 countries: France, Italy, Spain, Denmark, Finland, Norway, Sweden, Germany, Belgium, the Netherlands, Luxembourg and Portugal.

## Reinsurance







As a result of the merger with Atradius Reinsurance DAC in 2023, the Issuer also now offers through its Irish branch reinsurance services for credit insurance and surety primary insurers around the globe under the brand name "Atradius Re", which contributed 8.5% of the Issuer's total gross revenue for the year ended 31 December 2023. As at 31 December 2023, the underlying business consisted of 59% credit insurance and 41% surety, based on premium volume and supported clients in over 55 countries.

Reinsurance underwriting guidelines and risk boundaries define the type of businesses the Issuer is authorised to underwrite. There are specific guidelines for the type of product, capacity limit, exposure, term and type of the underlying insurance provided. Particular attention is given to ensuring the diversity of business from third party clients and the level of exposure to any one country, company, or market is managed within agreed underwriting limits and capacity.

All reinsurance business is regularly reviewed in respect of the past underwriting years' performance, triangulation development, individual buyer exposure development, aggregate total potential exposure management of economic capital requirements and the market and country exposure. Risk and policy limit setting is monitored to ensure credit quality and compliance of the underlying insurance products to the terms of the reinsurance programme.

## *Key financial metrics*

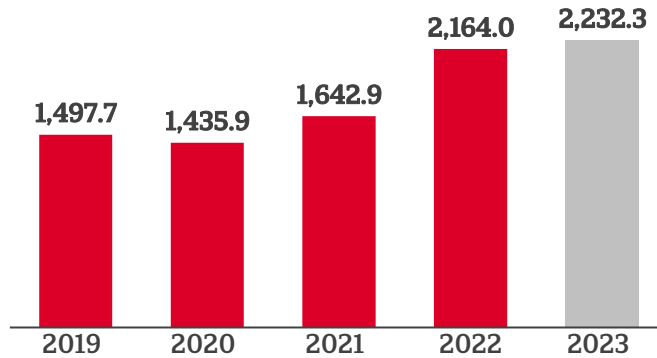
For comparative purposes 2022 financial metrics included in the figures below are presented on a merged basis even though the merger of ARE with the Issuer took place on 31 October 2023. Therefore, the financial metrics for the year ended 31 December 2022 differ from the corresponding annual report. The below figures reflect data as of 31 December 2023.

<b>Gross insurance revenue:</b>  <b>€2,191 m</b>	<b>Gross combined ratio:</b>  <b>77%</b>	<b>Result after tax:</b>  <b>€325 m</b>
<b>Total shareholders' equity:</b>  <b>€2,107 m</b>	<b>Eligible Own Funds:</b>  <b>€2,554 m</b>	<b>Solvency Ratio:</b>  <b>218%</b>

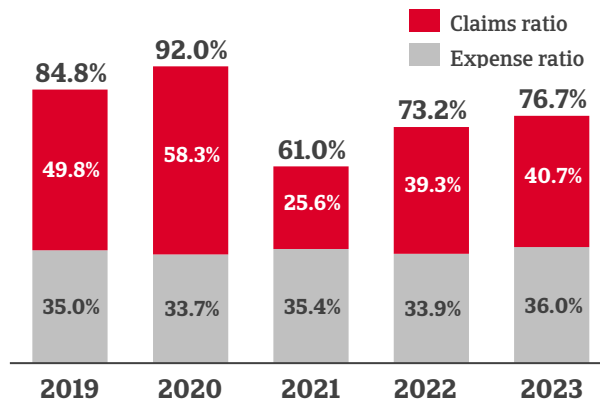
Income Statement (EUR millions)	2022	2023	<%>
Written premiums	2,164.0	2,232.3	3.2%
Change in unearned premium reserve	(82.3)	(97.7)	18.7%
Insurance premium revenue	2,081.7	2,134.6	2.5%
Information income	56.5	56.6	0.1%
<b>Gross insurance revenue</b>	<b>2,138.2</b>	<b>2,191.1</b>	<b>2.5%</b>
Insurance claims expenses	(840.8)	(892.1)	6.1%
Insurance operating expenses	(724.4)	(788.4)	8.8%
Gross insurance result	573.0	510.6	(10.9%)
Reinsurance result	(203.5)	(192.2)	(5.5%)
Net insurance result	369.5	318.4	(13.8%)
Gross claims ratio	39.3%	40.7%	1.4%pts
Gross operating expenses ratio	33.9%	36.0%	2.1%pts
Gross combined ratio	73.2%	76.7%	3.5%pts

## Gross written premiums

Eur Million



## Gross Combined Ratio



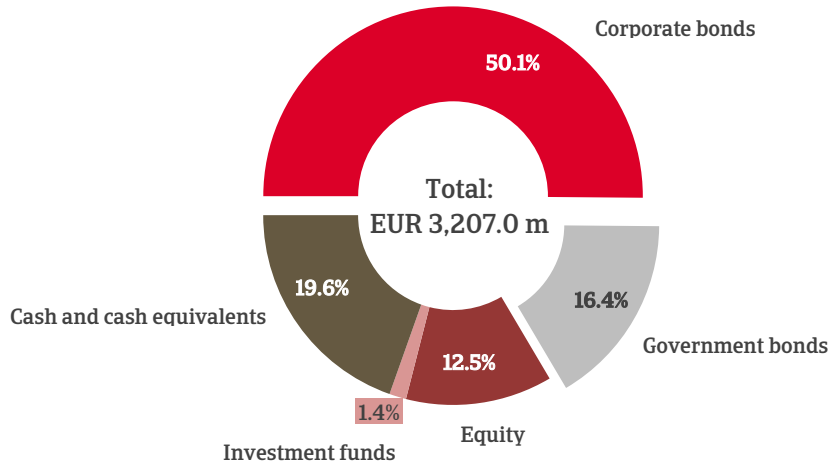
### Investments

Atradius (including the Issuer) maintains a diversified portfolio of investments, which are closely monitored and managed according to strategic asset allocation (SAA) parameters. The SAA is based on a centralised investment approach focused on risk and return profile, rating capital models and capital consumption under Solvency II (as defined below).

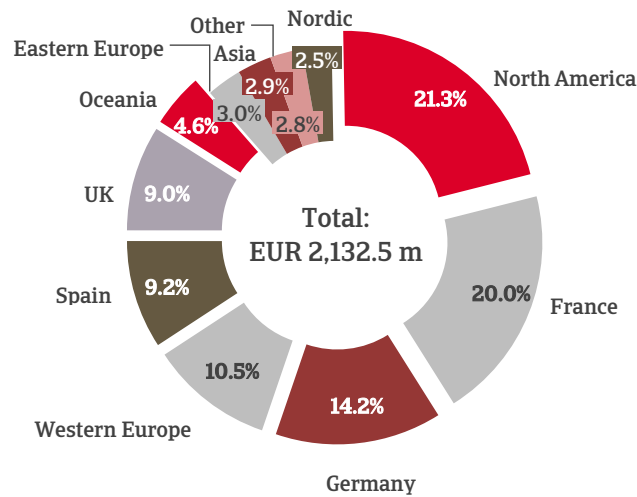
The portfolio remains concentrated around investment-grade fixed income assets with a short duration taking into account the short-term liabilities profile of the credit insurance business. A strong focus on liquidity and investment grade ratings helps to reduce risk while providing adequate returns. As at 31 December 2023 the investment portfolio is composed of 66.5% debt instruments and 19.6% cash and cash equivalents. The remaining 13.9% is represented by equities (12.5%) and investment funds (1.4%), the latter including real estate, infrastructure and money market funds.



## Investments allocation

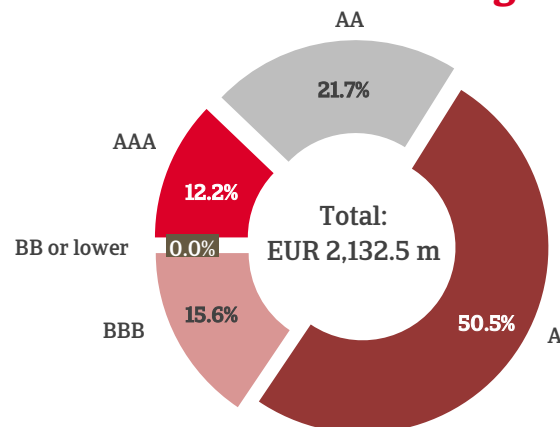


## Debt instruments – Geographic distribution

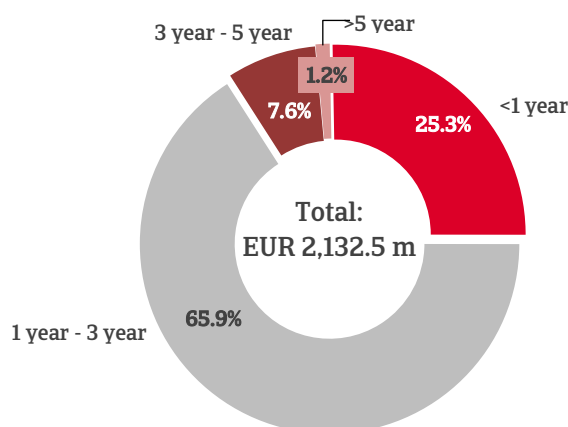


From Standard & Poor's rating scale or from a comparable perspective, the fixed income portfolio is almost completely invested in investment grade debt securities with a minimum average 'A-' rating.

## Debt instruments – rating distribution



## Debt Instruments by Maturity



### Risk management

The risk strategy of Atradius (including the Issuer) is driven by its risk appetite framework, which aligns with the risk strategy of GCO. Such strategy consists of three components: (i) risk appetite which is the aggregate level of risk that the Issuer is willing to assume and manage within a determined period, (ii) risk tolerance which is the maximum level of risk that the Issuer is willing to assume in relation to a specific risk, and (iii) risk limits which are operational limits to facilitate control of risk-taking. Atradius has also established various operational tolerances and limits which are used in its day-to-day operations. This includes strategic asset allocation for investments, limitations on the exposure or cover terms for countries and industry sectors, group and individual buyer exposure limits, credit risk limits (e.g. for reinsurance, deposits), and policy and risk underwriting authority levels.

Atradius has established a group-wide risk governance structure through several risk governance committees to make decisions involving material risks. These committees operate in specific risk-related areas such as underwriting of buyer exposures, country risk, provisioning, asset management and investments, reinsurance, quantitative modelling, and approval of new products and transactions. The committees support and report to the Atradius Risk Strategy Management Board (RSMB). In addition, all employees have well-defined authorities specifying the level of risk they can accept. This framework aims to ensure that Atradius, and therefore the Issuer, assumes and manages risks in a controlled way, in line with its risk appetite.

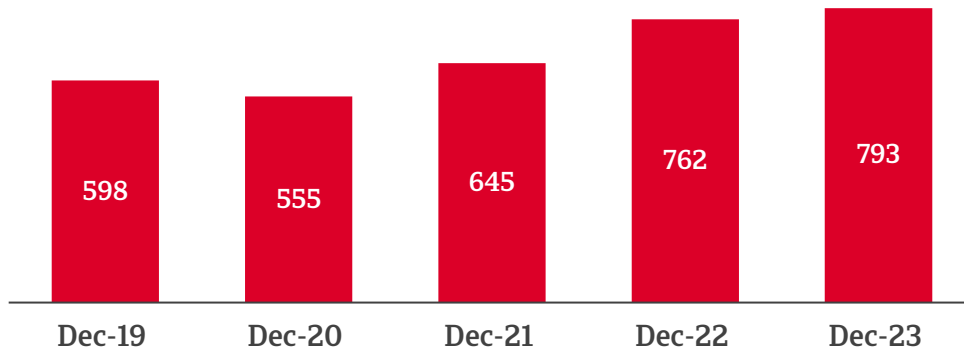
Atradius (including the Issuer) monitors its exposure by counterparty, sector and country across all product lines. It holds records of all policies, credit limits and buyers in various connected systems. These systems enable Atradius (including the Issuer) to set system specific limits by buyer or buyer group (including surety customers) and to monitor aggregate exposure along various dimensions. All significant exposures are reviewed at least annually, and the Issuer also receives continuous information on buyers through online connections with business information providers and from customers reporting negative payment experiences, allowing Atradius to also review buyers if new information is received.

The Issuer has maintained a diversified buyer underwriting portfolio (traditional credit insurance and special products exposure of EUR 792.8 billion as at 31 December 2023) with the largest exposures to stable industries, such as: chemicals, metals and electronics. The chart below shows the year-end exposure amount (in EUR billion) for traditional credit insurance and special products for the year-ends

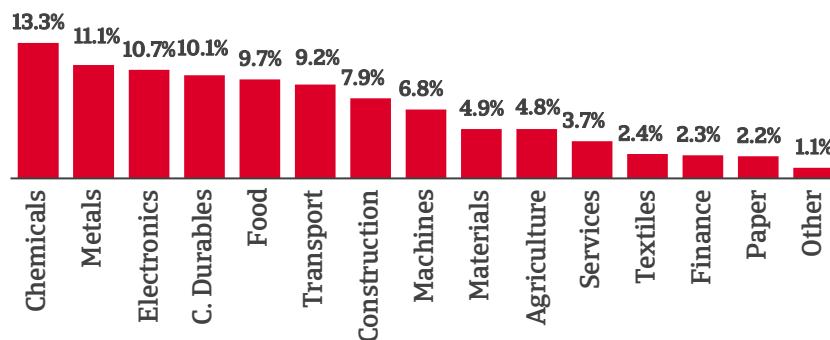
2019 to 2023 as presented in the respective solvency and financial condition reports (individually, an SFCR).

## Evolution of exposure (2019-2023)

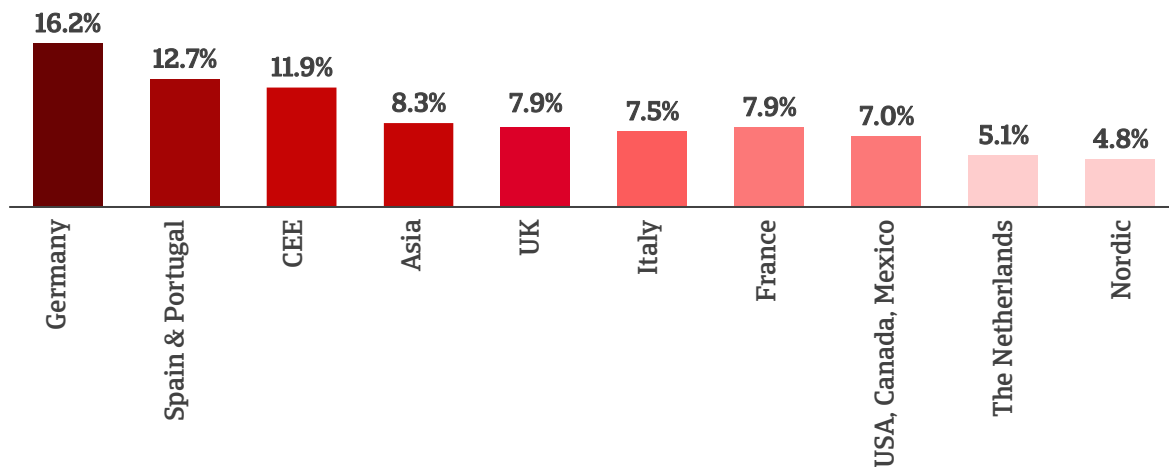
*Eur Billion*



## Exposure per industry - Dec 23



## Exposure per region - Top 10 - Dec 23



The Issuer measures market risk identifying the mismatch between assets and liabilities denominated in various currencies, employing methodologies such as Value at Risk, rating agency capital models and the duration of interest rates, among others. The Issuer applies the capital approach available under Solvency II to define strategic asset allocation and assess the impact of investment decisions, so that the commitments resulting from the exposure to purchased assets and the Issuer's insurance liabilities can be met while maximising the expected investment return within pre-defined risk and capital restraints. The Issuer's policy is to invest only in investment grade, liquid investments taking into account the short interest rate duration of the claims provisions. The Issuer's policy for financial instrument types is to invest only in capital market instruments and refrain from investing in derivatives.

In order to manage the credit risks of the Issuer's financial investments, its investment policy is to hold a principally euro-centric, internationally diversified portfolio and to avoid large risk concentrations. If a debt security in which the Issuer has invested falls below the minimum credit rating or is not rated, it must be reviewed by the Atradius investment committee to decide whether the investment asset is still a suitable investment. The Atradius investment committee is one of the risk-governance committees that support and report to the Atradius RSMB. The maximum concentration limit per issuer is set at five per cent. of the market value of the financial investments of the entity. Concentration per issuer is evaluated by aggregating the exposure to a single issuer through both debt investments and equity securities. The investment committee monitors this limit and the appropriate actions are taken if the concentration limit is breached.

Liquidity risk is managed at the Atradius level, in close coordination with local operations. Atradius' policy is to monitor and measure ongoing cash flow patterns and control liquidity by maintaining sufficient cash and highly marketable securities to reduce liquidity risk to acceptably low levels. The investment policy states that the Issuer should only invest in financial instruments that can be settled within three business days or less. As at the date of this Offering Circular, the Issuer maintains an overdraft facility, in order to cope with liquidity shortages that could arise due to short-term cash flow variations. The credit line provides liquidity to cover infrequent peaks in short-term liquidity requirements, whilst also permitting the Issuer to reduce its cash balances and to benefit from a broader and stable investment portfolio. Additionally, the main reinsurance treaties of Atradius (including the Issuer) have simultaneous claims payment clauses in place that allow Atradius and the Issuer to request (via cash call) the reinsurers to settle their share of a large reported claim instead of the usual payment terms agreed in the reinsurance treaties.

#### *Reinsurance coverage*

In order to mitigate the risk arising from its underwriting business, the Issuer transfers a significant portion of such underwriting risk to reinsurers through a number of reinsurance arrangements that include quota share and excess of loss treaties covering either the entire portfolio of the Issuer or specific risks. The reinsurance treaties are renewed annually; however, to ensure the capacity and pricing the Issuer renews its reinsurance a year in advance. For the underwriting year ended on 31 December 2023, quota share reinsurance treaty and excess of loss treaty programmes were in place that covered the majority of the Issuer's business. The retention under the quota share treaty for 2023 was 63%. The attachment point of the excess of loss treaties has been set such that the net retention for business ceded under the quota share and excess of loss structure for any buyer group does not exceed EUR 26.25 million for Atradius, including the Issuer. The use of reinsurance arrangements also mitigates the concentration risk to which the Issuer is exposed; special excess-of-loss reinsurance treaties are established to mitigate liability in case of large claims for concentration on the largest buyer exposures. The reinsurance panel for the underwriting year 2023 consisted of 17 members with a rating in the A

range or above and a relationship longevity between 10 and more than 30 years as at 31 December 2023.

With regard to the reinsurance panel, Atradius' policy is to select only reinsurers that have a high rating. The normal minimum requirement is an 'A-' level rating. The treaties also include a provision pursuant to which if a reinsurer is downgraded during the period of the reinsurance below an A- rating then security can be requested and if not provided the reinsurance agreement with that reinsurer can be terminated. The policy is also to maintain no more than 5% of reinsurance contracts with one reinsurer, unless the reinsurer is considered a lead or a strategic reinsurer.

To further mitigate such risk, the Issuer also has an excess of loss programme on a per buyer/buyer group basis, covering the Issuer's retention under all these quota share treaties. This excess of loss treaty also provides protection for all the insurance entities within Atradius. The top of the excess of loss layers is chosen so that, in the judgment of management, there remains only a remote possibility that failure of any single buyer group would exceed the excess of loss coverage purchased.

## **Capital management**

### *Approach*

Atradius (including the Issuer) manages its capital with the goal of maximising shareholders value in the long term, whilst maintaining the necessary financial strength at the Issuer's level and at Atradius Group level to develop the business strategy. Its capital is managed taking into account the internally developed risk appetite framework as well as the solvency requirements of the relevant regulatory authorities and credit rating agencies.

Both the Issuer and Atradius seek to maintain a strong capital position and well-capitalised operating entities in line with their defined risk appetite. This helps to support the evolution of their business, withstand financial stress in adverse business and financial markets, meet their financial obligations and create shareholder value. In order to ensure capital adequacy, a capital buffer above the solvency capital required is maintained, so that large loss events would not impair the ability of Atradius to carry on its normal course of business and the ambition to maintain an 'A' rating level is sustained.

Capital management is guided by the following principles:

- to ensure that the Issuer is sufficiently capitalised to have the ability to survive maintaining sufficient available capital after meeting its financial obligations;
- to meet the local regulatory capital requirements of all the Issuer's branches and subsidiaries worldwide;
- to manage the capital adequacy of the Issuer and its branches and subsidiaries, taking into account the economic and accounting views along with the external rating agencies and regulatory capital requirements;
- to optimise the capital structure by allocating funds across the Issuer's branches and subsidiaries; and
- to minimise the overall cost of funding while preserving financial flexibility.

In addition to the internally developed economic capital model, the Issuer considers the solvency calculation models of the relevant regulatory authorities and credit rating agencies in its processes of managing capital to ensure capital adequacy. In certain countries in which the Issuer has insurance operations, the local insurance regulators may specify the minimum amount and type of capital that

must be held locally. In such cases, the minimum required capital is to be maintained at all times throughout the year and, in addition, the local insurance regulators may have the discretionary right to impose additional capital requirements in excess of the required minimum.

#### *Solvency capital requirements*

The Issuer is subject to certain capital requirements under the Solvency II Directive, which requires that own funds are classified into three tiers, based on whether they are basic or ancillary own fund items and to the extent to which they possess the following characteristics: loss-absorbing capacity, subordination, sufficient duration, freedom from requirements and incentives to redeem, freedom from mandatory costs and absence of encumbrances. See the “*Supervision and Regulation of the Issuer*” section for more information.

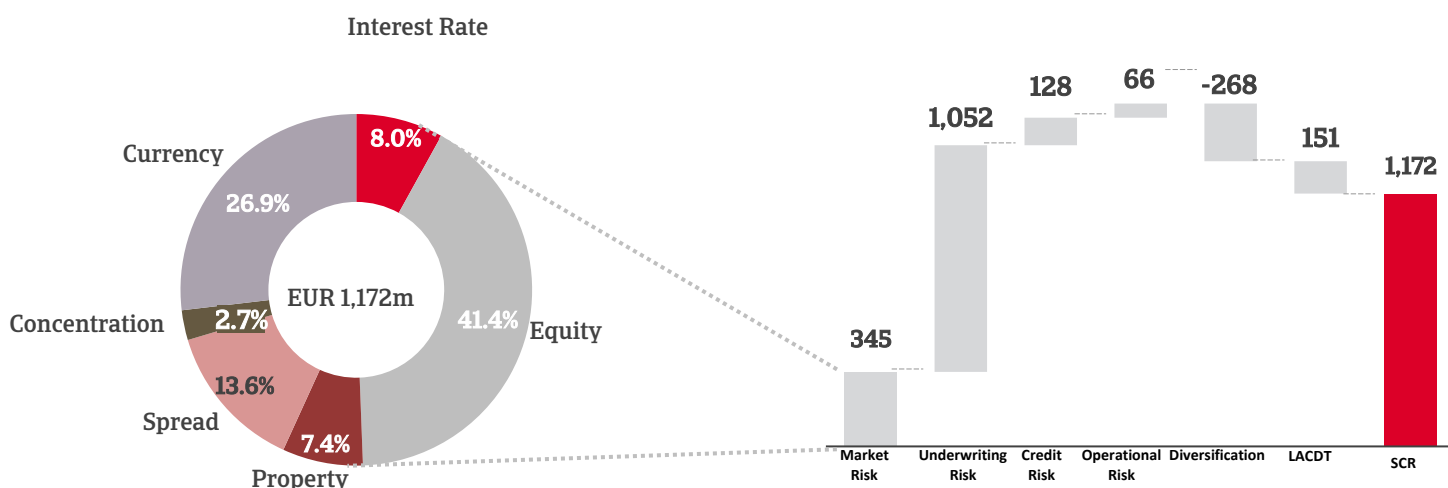
To calculate regulatory capital requirements under Solvency II, the Issuer applies a partial internal model which substantially measures all underwriting risk exposure and the Solvency II regulatory standard formula to measure market risks, counterparty default risk and operational risk. Regulatory approval for the use of the partial internal model was received in 2017.

The following table summarises the Solvency II position of the Issuer as at 31 December 2023 and as 31 December 2022<sup>3</sup>:

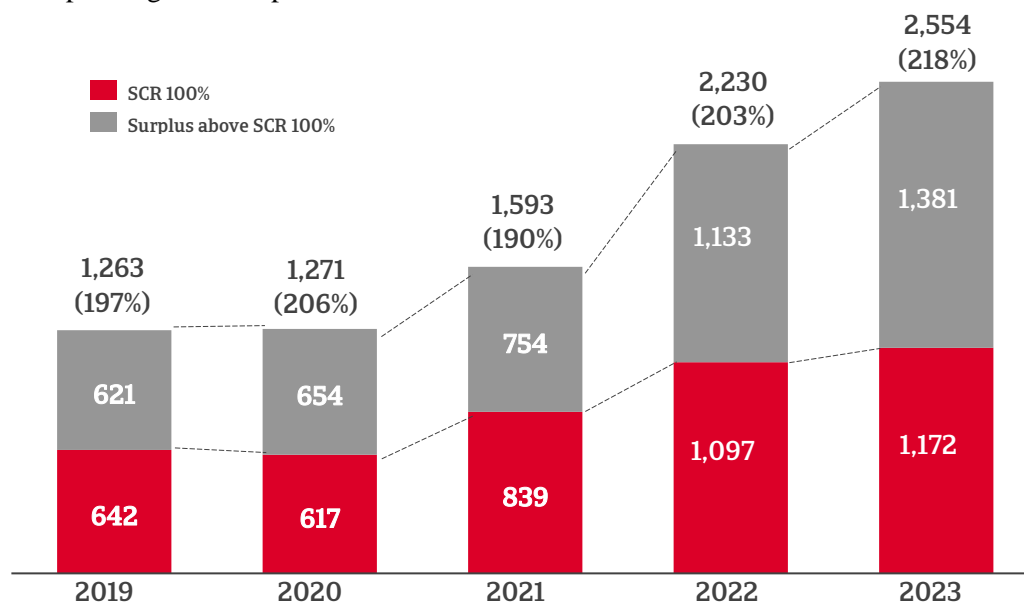
<i>Figures in EUR million</i>	2022	2023
Eligible Own Funds Solvency II (EOF)	2,230	2,554
Unrestricted Tier 1 (100% of EOF)	2,230	2,554
Solvency Capital Requirement (SCR)	1,097	1,172
Minimum Capital Requirement (MCR)	274	318
Surplus at 31 December (EOF-SCR)	1,133	1,382
Solvency Ratio (EOF/SCR)	203%	218%

As at 31 December 2023 the Issuer’s eligible own funds are represented 100% by unrestricted tier 1 Solvency II own funds. As at 31 December 2023, the largest components of the Solvency Capital Requirement (**SCR**) are the underwriting risk and the market risk with a share of: 69.0% and 22.6% respectively calculated before taking into account the diversification benefit between market, credit and underwriting risk. The chart below shows the share (%) of market risk components and the SCR components in EUR million.

<sup>3</sup> For comparative purposes the 31 December 2022 Solvency II position is presented on a merged basis even though the merger of ARE with the Issuer took place on 31 October 2023. Therefore, the Solvency II position as at 31 December 2022 differs from the corresponding SFCR report.



The table below summarises the solvency ratio calculated as eligible own funds to solvency capital requirement (SCR), for year-ends 2019 to 2023. For comparative purposes the year-end 2022 Solvency II position is presented on a merged basis even though the merger of ARE with the Issuer took place on 31 October 2023. Therefore, the Solvency II position as at 31 December 2022 differs from the corresponding SFCR report.



The risk profile of the Issuer is tested regularly by various sensitivity tests and scenario analyses.

As part of the annual Own Risk and Solvency Assessment (ORSA) process, the impact of external factors related to various risk types on the Issuer as of 31 December 2023 has been assessed. The following table shows the impact on the Solvency Ratio (as percentage point change) for several sensitivity tests:

### Summary of Sensitivity Analyses

Scenario	Risk Type	Solvency Ratio Impact	Resulting Solvency Ratio
Default of largest buyer	Underwriting risk	-4%	214%
Decrease of premium volume by 5%	Underwriting risk	-5%	213%
Increase of claims ratio by 10%	Underwriting risk	-9%	209%
Interest rate +1%	Market risk	-2%	216%
Interest rate -1%	Market risk	2%	220%
Equity prices -10%	Market risk	0%	218%
Equity prices -25%	Market risk	-1%	217%
Impairment of corporate bonds according to S&P transition matrix	Market risk	0%	218%
Increase of credit spread with 100 bps	Market risk	-2%	216%

The interplay and simultaneous occurrence of adverse developments are considered as part of the ORSA process. These analyses take a holistic approach and consider the impact of scenarios on the balance sheet, profit and loss statements, and ultimately on the solvency needs. Various scenarios are investigated to study the Solvency Ratio development over a multi-year time horizon – including expected (base case) and adverse developments.

The most recent ORSA has considered among others a prolonged global recession scenario with simultaneous adverse developments on revenues, claims, and the value of the investment portfolio. The scenario assumes that insurance exposures are reduced in year “*t*” and in year “*t+1*” and then progressively increase thereafter. Here, “year *t*” refers to the first full year after the scenario materializes.

The following table summarises the scenario assumptions:

Used variables	Shocks	Balance Sheet Impact
Revenues	-6.2% growth in year <i>t</i> and -8.0% in year <i>t+1</i> , with moderate increase thereafter.	Indirect effect on B/S, mainly through a reduction in P&L results
Total Potential Exposure	-8.5% in year <i>t</i> and -10.9% in year <i>t+1</i> , followed by a slow growth thereafter.	Indirect effect on B/S, mainly through reinsurance recoverables and best estimates/risk margin
Claims ratio	At 101.4% in year <i>t</i> with slow recovery thereafter.	Indirect effect on B/S, mainly through a reduction in P&L results
Equities	-35% in year <i>t</i> .	Reduction in market value
Property	-15% in year <i>t</i> .	Reduction in market value



Corporate Bonds, Government Bonds, Structured Notes	+200bps credit spread.  Interest Rate Curve of October 2020	Reduction in market value  Reduction in market value
---	--	--

The scenario and its assumptions are based on 2023 information, so that year “t” represents a hypothetical year 2024 under the assumptions above. The following table summarizes the year “t” impact of the scenario on the Solvency Ratio.

#### **Prolonged Global Recession scenario**

Projected end year <i>t</i> impact as per ORSA SCR projection 2024	<b>Solvency Ratio</b>
<b>Impact</b>	<b>-48%</b>

### **Financial strength ratings**

On 13 July 2023, A.M. Best confirmed the rating of the Issuer and the other Atradius rated entities at Financial Strength of ‘A (Excellent)’ and Long-Term Issuer Credit Rating of ‘a+’, both with a stable outlook. According to A.M. Best, the rating reflects Atradius’ balance sheet strength, strong operating performance, favourable business profile and appropriate enterprise risk management.

On 29 September 2023, Moody’s upgraded the Insurance Financial Strength rating (**IFSR**) of the Issuer and the other Atradius rated entities to ‘A1’ from ‘A2’ and changed the outlook to ‘stable’ from ‘positive’. According to Moody’s, this reflects the successful efforts in maintaining a conservative balance sheet over the past five years evidenced by the strong capitalisation, prudent reserving levels and conservative asset allocation, as well as the focus on underwriting discipline.

### **Litigation**

The nature of the business of the Issuer causes it to be involved in routine and other legal proceedings from time to time. Other than those inherent to the insurance business, the Issuer is not involved in governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have as at the date of this Offering Circular, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial position or profitability of the Issuer.

### **Board of directors and management of the Issuer**

#### *Board of Directors*

As at the date of this Offering Circular, the Issuer’s board of directors (the **Board**) consists of eight members. The Board consists of non-executive directors and supervises the general affairs of the Issuer, taking into account the interests of the Issuer and its stakeholders. The primary responsibility for corporate governance within the Issuer rests with the Board. The Board seeks to ensure the proper organisation of the Issuer, the implementation of the internal control system and the definition and formalisation of suitable internal policies and procedures. The Board provides direction concerning the running of the business in line with the strategy of the Issuer.

As at the date of this Offering Circular, the members of the Board are the following:

- Xavier Freixes, Chair
- Désirée van Gorp
- Joaquín Guallar
- Juan Ignacio Guerrero
- Carlos Halpern
- John Hourican
- Hugo Serra
- José María Sunyer

All the Board members have as business address for these purposes the corporate address of the Issuer, i.e. Paseo de la Castellana 4, 28046 Madrid, Spain.

The Board meets at least four times in any calendar year.

The Board is, amongst others, supported by the Audit Committee, the General Manager, the Executive Committee, and the key functions of the Issuer, which report directly into the Board and/or the Executive Committee. Four key functions support the Board in performing its obligations. These key functions are Compliance, Risk Management, Actuarial and Internal Audit, as required under Solvency II.

Audit Committee: As at the date of this Offering Circular, the Audit Committee consists of three Board members and meets at least three times in any calendar year. The Audit Committee supports the Board in its supervisory and monitoring duties with respect to the assurance of the integrity of the Issuer's financial statements, the quality of the Issuer's risk management and controls, governance and compliance processes, the external auditor's qualifications, and the performance of internal and external auditors.

As at the date of this Offering Circular, the members of the Audit Committee are the following:

- Juan Ignacio Guerrero, Chair
- Xavier Freixes
- Carlos Halpern

General Manager: David Capdevila. The General Manager oversees the overall operations of the Issuer, setting and executing Atradius' strategy by making major corporate decisions and acting as the main point of communication between the Board and corporate operations. He is responsible for strategy and corporate development, human resources and facilities, legal and compliance, internal audit and corporate responsibility within the Issuer.

Executive Committee: the Executive Committee was established by the Board and assists the General Manager in performing the day-to-day management of the Issuer.

As at the date of this Offering Circular, the members of the Executive Committee are the following:

- David Capdevila, General Manager, Chief Executive Officer
- Andreas Tesch, Chief Market Officer. He is responsible for the credit insurance operations, as well as special products and marketing and communications.
- Christian van Lint, Chief Risk Officer. He is responsible for risk services, risk management and outward reinsurance.

- Claus Gramlich-Eicher, Chief Financial Officer. He is responsible for finance, control, corporate finance, tax, enterprise data and ESG.
- Marc Henstridge, Chief Insurance Operations Officer. He is responsible for surety, assumed reinsurance, ICP, IT services and projects and process.

## SUPERVISION AND REGULATION OF THE ISSUER

### Supervision of the Issuer

The Issuer is a Spanish insurance company duly incorporated in Spain and registered as a credit and suretyship (re)insurance company, at the Special Administrative Registry of Insurance and Reinsurance Undertakings of the General Directorate of Insurance and Pension Funds (*Dirección General de Seguros y Fondos de Pensiones*) (**DGSFP**) under number C-0046.

The Issuer is subject to the supervision of the DGSFP. The DGSFP is the relevant supervisory body for the insurance industry in Spain, which depends hierarchically on the Ministry of Economy, Commerce and Business (*Ministerio de Economía, Comercio y Empresa*) (which also has supervisory and regulatory powers). The Ministry of Economy, Commerce and Business and the DGSFP have supervisory powers on the insurance business, such as the authorisation to conduct insurance activities (including the setting of certain minimum conditions which must be satisfied, both at the time of authorisation and on an ongoing basis), liquidity, capital adequacy, provisions, acceptable investments, product marketing and selling practices and rules of conduct generally, consumer protection and data policies. They also have the power to undertake a range of investigative, disciplinary or enforcement actions, including among other things, public reprimand, revocation or suspension of insurance authorisation, fines or sanctions.

The DGSFP also supervises the acquisition and increase (or decrease) of control and of relevant shareholdings of authorised insurance companies. Any person who intends to acquire or increase its **control** or a relevant shareholding over a Spanish authorised insurance company must notify the DGSFP of its decision and receive no objection from the DGSFP before becoming a **controller** or increasing its interest in such insurance company to or above certain thresholds which can qualify as a relevant shareholding.

### Regulatory framework

#### *Insurance rules applicable to the Issuer*

The main insurance regulatory rules applicable to the Issuer as insurance company are the following:

- (i) Law 20/2015 of 14 July on the regulation, supervision and solvency of insurance and reinsurance undertakings (*Ley 20/2015, de 14 de julio, de ordenación, supervisión y solvencia de las entidades aseguradoras y reaseguradoras*) (**Law 20/2015**) which implemented into Spanish law the Directive 2009/138/EC of the European Parliament and of the Council of the European Union of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance, as amended (**Solvency II Directive**). Law 20/2015 entered into force on 1 January 2016.
- (ii) Royal Decree 1060/2015 of 20 November on the regulation, supervision and solvency of insurance and reinsurance undertakings (*Real Decreto 1060/2015, de 20 de noviembre, de ordenación, supervisión y solvencia de las entidades aseguradoras y reaseguradoras*) (**Royal Decree 1060/2015**). Royal Decree 1060/2015 entered into force on 1 January 2016.
- (iii) The Insurance Contract Law (*Ley 50/1980, de Contrato de Seguro*), which includes certain mandatory provisions for all insurance contracts.
- (iv) Commission Delegated Regulation (EU) 2015/35 of 10 October 2014, supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (the **Solvency II Delegated Regulation**).

- (v) Regulatory Technical Standards and Implementing Technical Standards issued by the European Insurance and Occupational Pensions Authority (**EIOPA**).

### *The Solvency II regime*

The Solvency II Directive set up a harmonised framework for the regulation and supervision of insurance and reinsurance undertakings in the EU including prudential risk-based capital requirements. The Solvency II Directive has been implemented in Spain through Law 20/2015 and Royal Decree 1060/2015.

As the Solvency II Directive is a framework directive it also laid out numerous requirements for the Commission to adopt delegated acts and for EIOPA to draft Regulatory Technical Standards (RTS) and Implementing Technical Standards (ITS) in relation to matters including, among others, ancillary own funds, matching adjustment, special purpose vehicles, internal models, and joint decision on group internal models. EIOPA has also published accompanying guidelines.

The Solvency II Delegated Regulation, which is directly applicable in all EU Member States, aims to set out more detailed requirements for individual insurance undertakings as well as for groups, based on the principles set out in the Solvency II Directive. It covers, among other things:

- (i) assets and liabilities valuation, including the so-called **long-term guarantee measures** which were introduced to smooth out artificial volatility and ensure that insurers can continue to provide long-term protection at an affordable price;
- (ii) rules for the eligibility of insurers' own fund items, covering capital requirements to improve the risk sensitivity of the regime and allow timely supervisory intervention;
- (iii) the methodology and calibration of the Minimum Capital Requirement (**MCR**) and of the standard formula for the calculation of the SCR; this includes the calibration of market risks on insurers' investments;
- (iv) for undertakings applying to use an internal model to calculate their SCR, the implementing rules also specify standards that must be met as a condition for authorisation;
- (v) reporting and disclosure requirements, both to supervisors and to the public; the increased comparability and harmonisation of information is intended to improve the efficiency of supervision and foster market discipline; and
- (vi) rules related to insurance groups, such as the methods for calculating the group solvency capital requirement, the operation of branches and coordination within supervisory colleges, among others.

The Solvency II Directive, the Solvency II Delegated Regulation, and any further implementing and interpretative measures both at EU and Spanish national level are referred to herein as **Solvency II**.

### *The three "pillars"*

Solvency II is divided into three "pillars":

- (i) "Pillar 1" sets out quantitative requirements, including the rules to value assets and liabilities (in particular, technical provisions), to calculate capital requirements and to identify eligible own funds to cover those requirements.

- (ii) "Pillar 2" sets out requirements for risk management, governance, as well as the details of the supervisory process with competent authorities; this is intended to ensure that the regulatory framework is combined with each undertaking's own risk-management system and informs business decisions.
- (iii) "Pillar 3" addresses transparency, reporting to supervisory authorities and disclosure to the public, thereby enhancing market discipline and increasing comparability, intending to lead to more competition.

### *Capital Requirements*

Capital requirements under Solvency II are forward-looking and economic (i.e., they are tailored to the specific risks borne by each issuer), and are defined along a two-step ladder:

- (i) The SCR, which corresponds to the value-at-risk of the eligible basic own funds of an insurance or reinsurance undertaking subject to a confidence level of 99.5 per cent. over a one-year period. The SCR is a level of financial resources that enables insurance and reinsurance undertakings to absorb significant losses, it can be considered as the prudent amount of assets to be held in excess of liabilities and it is an early warning mechanism if breached.

The SCR is to be calculated at least once a year, monitored on a continuous basis, and recalculated as soon as the risk profile of the undertaking deviates significantly. The SCR is calculated using either a standard formula or, with regulatory approval, an internal model. If the level of eligible own funds is not sufficient to cover the SCR, the supervisory authority may require the insurance or reinsurance undertaking to take appropriate measures to restore the level of capital (e.g., raising own funds through capital increase or reduction of risk profile through sale of riskier assets).

- (ii) The MCR of an insurance and reinsurance undertaking corresponds to an amount of eligible basic own funds below which policy holders and beneficiaries would be exposed to an unacceptable level of risk if the insurance and reinsurance undertakings were allowed to continue their operations. The MCR is a lower, minimum level of eligible basic own funds below which the amount of insurance and reinsurance undertakings' financial resources should not fall, otherwise supervisory authorities may withdraw authorisation (if those undertakings are unable to re-establish the amount of eligible basic own funds at the level of the MCR within a short period of time). The MCR is calculated as a linear function of specified variables (calibrated to the value-at-risk of the basic own funds of an insurance or reinsurance undertaking subject to a confidence level of 85 per cent. over a one-year period), it cannot fall below 25 per cent., or exceed 45 per cent., of an insurance and reinsurance undertaking's SCR and it is subject to an absolute floor (as provided for in Article 78.3 of Law 20/2015).

The MCR at group level is implicit within the minimum consolidated group SCR, which is calculated as the sum of the proportional share of the MCR of the related insurance and reinsurance undertakings included under the accounting consolidation-based method (Method 1 according to Article 230 of the Solvency II Directive).

For the purposes of Solvency II, own funds of insurance and reinsurance undertakings are divided into three Tiers (1-3), reflecting permanence and the ability to absorb losses. The list of own funds and the features determining their classification as such are contained in the Solvency II Delegated Regulation.

### *Own Risk and Solvency Assessment*

Insurance and reinsurance undertakings are required to regularly conduct an Own Risk and Solvency Assessment (**ORSA**) through which they review their overall solvency needs, risk tolerance limits,

business strategy, compliance with capital requirements and the significance with which the risk profile of the undertaking concerned deviates from the assumptions underlying the SCR. The ORSA is also a supervisory tool for the supervisory authorities, which must be informed about its results. The ORSA does not require an undertaking to develop or apply a full or partial internal model. However, if the undertaking already uses an approved full or partial internal model for the calculation of the SCR, the output of the model should be used in the ORSA.

#### *The Issuer in difficulty or in an irregular situation*

The Issuer is required to immediately inform the DGSFP as soon as it observes that the SCR is no longer complied with, or where there is a risk of non-compliance in the following three months.

Within two months from the observation of non-compliance with the SCR (or the risk of non-compliance in the following three months), the Issuer shall submit a recovery plan for approval by the DGSFP. The DGSFP shall require the Issuer to take the necessary measures to achieve, within six months from the observation of non-compliance with the SCR (or the risk of non-compliance), the re-establishment of the level of eligible own funds covering the SCR or the reduction of its risk profile to ensure compliance with the SCR. The DGSFP may, if appropriate, extend that period by three months.

Within one month from the observation of non-compliance with the SCR (or the risk of non-compliance in the following three months), the Issuer shall submit, for approval by the DGSFP, a short-term realistic finance scheme to restore, within three months of that observation, the eligible basic own funds, at least to the level of the SCR or to reduce its risk profile to ensure compliance with it.

In addition to the above, the DGSFP has the power to take special control measures over the Issuer.

#### *A review of Solvency II*

On 11 February 2019, the European Commission formally requested technical advice from EIOPA to prepare for the review of the Solvency II regime. EIOPA's technical advice was published on 17 December 2020, addressing three main areas: (i) balanced updating of the regulatory framework; (ii) recognition of the economic situation; and (iii) regulatory toolbox completion.

Following on from the above, the European Commission published on 22 September 2021 a comprehensive review of the Solvency II regime consisting of the following elements:

- (i) a legislative proposal to amend the Solvency II Directive (the **Solvency II Amendment**) which, according to the European Commission, should address the following key points:
  - (a) the changes should better protect consumers and ensure that insurance companies remain solid, including in difficult economic times;
  - (b) consumers (policyholders) should be better informed about the financial situation of their insurer and better protected when buying insurance products in other Member States thanks to improved cooperation between supervisors;
  - (c) insurers should be incentivised to invest more in long-term capital for the economy and their financial strength should take better account of certain risks, including those related to climate, and be less sensitive to short-term market fluctuations;
  - (d) the whole sector should be better scrutinised to avoid that its stability is put at risk.
- (ii) a legislative proposal for a new EU insurance recovery and resolution directive (**IRR**).

The new regime, which would begin to apply no later than 18 months after the IRRD becomes law, will create a harmonised framework for recovery and resolution planning for EU insurance and reinsurance companies, superseding local regimes applicable in each of the Member States, and will apply, amongst others, to EU insurance and reinsurance companies covered by Solvency II.

Where the conditions for resolution are met (i.e. when an insurer breaches or may breach its MCR with no reasonable prospect of restoring compliance), the resolution tools available to the resolution authority would include a (i) solvent run-off (withdrawal of authority to write new business, run-off all existing contracts), (ii) sale of business, (iii) bridge undertaking (transfer of shares or assets/liabilities to a bridge institution controlled by public authorities aiming to complete an eventual sale), (iv) asset and liability separation (transfer of all or part of assets/liabilities to asset management vehicle(s) controlled by public authorities), and (v) write-down and conversion (bail-in), i.e. power to write down capital investments and eligible liabilities to recapitalise the insurer or a bridge institution.

The European Parliament and the Council have reached a provisional agreement on the Solvency II Amendment, and the IRRD and the final compromise text of both was published on 19 January 2024. Both the Solvency II Amendment and the IRRD are expected to be approved in 2024.



## TAXATION

*The tax laws of the investor's jurisdiction and of the Issuer's jurisdiction might have an impact on the income received from the Notes. The following is a general description of certain Spanish tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of the Kingdom of Spain of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law as in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date.*

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

### **The Spanish financial transactions tax (the Spanish FTT)**

On 16 January 2021, Law 15/2020, of 15 October, on the Spanish financial transactions tax (the **FTT Law**) entered into force.

Spanish FTT will charge a 0.2 per cent. on specific acquisitions of shares of Spanish listed companies, regardless of the residence of the agents that intervene in the transactions, provided the market value of the capitalisation thereof is greater than €1 billion of the year prior to the acquisition. The taxpayer will be the financial traders that transfer or execute the purchase order and must submit an annual tax return. The tax basis is the price paid for the shares excluding expenses and fees.

The list of Spanish companies with a market capitalisation exceeding €1 billion at 1 December of each year will be published on the Spanish tax authorities' website before 31 December each year. For the purposes of transactions closed during 2024, the Spanish tax authorities issued a list of entities whose market capitalisation exceeded €1 billion as of 1 December 2023, that will fall within the scope of the Spanish FTT.

Notwithstanding the above, the Notes will not be subject to this new tax in accordance with the FTT Law.

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

### **FATCA**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, and the Treasury regulations thereunder, commonly known as "FATCA," a "foreign financial institution" may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including the Kingdom of 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 will generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding will ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to

payments on instruments such as the Notes, such withholding will not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment" and Notes. In addition, if the Notes are classified as indebtedness for U.S. federal income tax purposes, they generally will be "grandfathered" for purposes of FATCA withholding, unless materially modified after the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register or upon the issuance of additional notes (as described under "*Terms and Conditions of the Notes – Taxation*") that are not distinguishable from previously issued Notes and are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, included the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Noteholders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding will be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

## Taxation in the Kingdom of Spain

### 1. Introduction

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

- (a) of general application, first additional provision of Law 10/2014, of 26 June on the management, supervision and solvency of credit institutions (the **First Additional Provision of Law 10/2014**), as well as Royal Decree 1065/2007, of 27 July establishing information obligations in relation to preferential holdings and other debt instruments and certain income obtained by individuals resident in the European Union and other tax rules, as amended (**Royal Decree 1065/2007**);
- (b) for individuals with tax residency in the Kingdom of Spain who are personal income tax (**Personal Income Tax**) tax payers, Law 35/2006, of 28 November on Personal Income Tax and on the partial amendment of the Corporate Income Tax Law, Non Residents Income Tax Law and Wealth Tax Law as amended (the **Personal Income Tax Law**), and Royal Decree 439/2007, of 30 March promulgating the Personal Income Tax Regulations as amended along with Law 19/1991, of 6 June on Wealth Tax as amended and Law 29/1987, of 18 December on Inheritance and Gift Tax, as amended, and Law 38/2022, of 27 December 2022 for the establishment of temporary levies on energy and on financial credit institutions and introducing a temporary solidarity tax on large fortunes;
- (c) for legal entities resident for tax purposes in the Kingdom of Spain which are corporate income tax (**Corporate Income Tax**) taxpayers, Law 27/2014 Corporate Income Tax Law as amended, and Royal Decree 634/2015, of 10 July promulgating the Corporate Income Tax Regulations, as amended, (the **Corporate Income Tax Regulations**); and
- (d) for individuals and legal entities who are not resident for tax purposes in the Kingdom of Spain and are non-resident income tax (**Non-Resident Income Tax**) taxpayers, Royal Legislative Decree 5/2004, of 5 March promulgating the Consolidated Text of the Non-Resident Income Tax Law as amended (the **NRIT Law**), and Royal Decree 1776/2004, of 30 July promulgating the Non-Resident Income Tax Regulations as amended along with Law 19/1991, of 6 June on Wealth Tax as amended and Law 29/1987, of 18 December on Inheritance and Gift Tax, as amended, and Law 38/2022, of 27 December 2022 for the establishment of temporary levies on energy and on financial credit institutions and introducing a temporary solidarity tax on large fortunes.

Whatever the nature and residence of the holder of a beneficial interest in the Notes (each, a **Beneficial Owner**), the acquisition and transfer of the Notes will be exempt from indirect taxes in the Kingdom of Spain, for example exempt from transfer tax and stamp duty, in accordance with the consolidated text of such tax promulgated by Royal Legislative Decree 1/1993, of 24 September, and exempt from value added tax, in accordance with Law 37/1992, of 28 December regulating such tax.

## 2. **Individuals with Tax Residency in the Kingdom of Spain**

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

Personal Income Tax is levied on an annual basis on the worldwide income obtained by Spanish resident individuals, whatever its source and wherever the relevant payer is established. Accordingly, income obtained from the Notes will be taxed in Spain when obtained by individuals that are considered resident in Spain for tax purposes. The fact that a Spanish company pays interest under a Note will not lead an individual being considered tax-resident in Spain.

Both interest periodically received and payments of income deriving from the transfer, redemption or repayment of the Notes obtained by individuals who are resident in Spain constitute a return on investment obtained from the transfer of own capital to third parties in accordance with the provisions of Section 25.2 of the Personal Income Tax Law, and should be included in each investor's taxable savings and taxed at the tax rate applicable from time to time, currently 19 per cent. for taxable income up to €6,000.00, 21 per cent. for taxable income between €6,000.01 and €50,000.00, 23 per cent. for taxable income between €50,000.01 and €200,000.00, 27 per cent. for taxable income between €200,000.01 and €300,000 and 28 per cent. for taxable income exceeding €300,000.00.

As a general rule, both types of income are subject to a withholding tax on account at the rate of 19 per cent.

According to Section 44.5 of Royal Decree 1065/2007, the Issuer will make interest payments to individual holders who are resident for tax purposes in the Kingdom of Spain without withholding provided that the relevant information about the Notes set out in Annex I is submitted by the Fiscal Agent in a timely manner. If the Fiscal Agent fails or for any reason is unable to deliver the required information in the manner indicated, the Issuer will withhold at the general rate applicable from time to time (currently 19 per cent.), but the Issuer will not pay any additional amounts in relation to such withholding to holders of the Notes.

If the Issuer is not required to withhold, nevertheless, Spanish withholding tax at the applicable rate (currently 19 per cent.) may have to be deducted by other entities (such as depositaries, custodians or financial entities), provided that such entities are resident for tax purposes in Spain or have a permanent establishment in the Spanish territory.

The amounts withheld, if any, may be credited by the relevant investors against its final Personal Income Tax liability for the relevant tax year and may be refundable pursuant to Section 103 of the Personal Income Tax Law.

In addition, income obtained upon transfer, redemption or exchange of the Notes may also be paid without withholding.

Regarding the interpretation of Royal Decree 1065/2007 and the information procedures, please refer to section "*Taxation in the Kingdom of Spain—Information about the Notes in Connection with Payments*" below.

## 2.2 **Wealth Tax (*Impuesto sobre el Patrimonio*) and Solidarity Tax (*Impuesto Temporal de Solidaridad de las Grandes Fortunas*)**

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

In addition to the above, the so-called “Solidarity Tax” was approved in December 2022, which is a direct wealth tax that, in general terms, applies, under certain conditions, to those residents in an autonomous region where the Wealth Tax is partially or fully exempt. Please note that the Basque Country and Navarre have approved their own legislation in this regard.

The rates of the “Solidarity Tax” are the following:

<b>Taxable base up to (Euros)</b>	<b>Tax due (Euros)</b>	<b>Rest of taxable base (Euros)</b>	<b>Rate</b>
0.00	0.00	3,000,000.00	0%
3,000,000.00	0.00	2,347,998.03	1.7%
5,347,998.03	39,915,97	5,347,998.03	2.1%
10,695,996.06	152,223,93	Any excess	3.5%

Note that the regulation lays down a minimum exempt amount of €700,000 which means that its effective impact, in general, will occur when the net wealth, not tax exempt, is greater than €3,700,000. Nonetheless, the amount payable for this tax could be reduced by the amount paid for Wealth Tax.

Prospective investors are advised to seek their own professional advice in this regard.

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

Individuals with tax residency in the Kingdom of Spain who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to inheritance and gift tax in accordance with the applicable Spanish regional or federal rules. The applicable tax rates currently range between 7.65 per cent. and 34 per cent., depending on a number of factors. Relevant factors applied (such as previous net wealth or family relationship among transferor and transferee) determine the final effective tax rate that range, as of the date of this Offering Circular, between 0 per cent. and 81.6 per cent. although the final tax rate may vary depending on any applicable regional tax laws. Some tax benefits could reduce the effective tax rate.

## 2.4 **Obligation to inform the Spanish tax authorities of the ownership of the Notes (*Modelo 720 - Declaración informativa sobre bienes y derechos situados en el extranjero*)**

With effect as from 1 January 2013, Law 7/2012, of 29 October, as implemented by Royal Decree 1558/2012, of 15 November, introduced annual reporting obligations applicable to Spanish residents (i.e., individuals, legal entities, permanent establishments in Spain of non-resident entities) in relation to certain foreign assets or rights.

Consequently, if the Notes are deposited with or placed in the custody of a non-Spanish entity, Noteholders resident in Spain will be obliged, if certain thresholds are met as described below, to declare before the Spanish tax authorities, between 1 January and 31 March each year, the ownership of the Notes held on 31 December of the immediately preceding year (e.g., to declare between 1 January 2025 and 31 March 2025 the Instruments held on 31 December 2024).

This obligation would need to be complied with if certain thresholds are met; specifically, if the only rights/assets held abroad are the Notes, this obligation would apply if the value of the Notes together with other qualifying assets held on 31 December exceeds €50,000 (with the corresponding valuation to be made in accordance with special rules). If this threshold is met, a declaration would only be required in subsequent years if the value of the Notes together with other qualifying assets increases by more than €20,000 against the declaration made previously. Similarly, cancellation or extinguishment of the ownership of the Notes before 31 December should be declared if such ownership was reported in previous declarations. Noteholders should seek their own advice to determine if any of the reporting exemptions is applicable.

### 3. **Legal Entities with Tax Residency in the Kingdom of Spain**

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

Legal entities with tax residency in Spain are subject to Corporate Income Tax on a worldwide basis.

Payments of income deriving from the transfer, redemption or repayment of the Notes constitute a return on investments for tax purposes obtained from the transfer to third parties of own capital and must be included in the taxable income of legal entities with tax residency in the Kingdom of Spain in accordance with the rules for Corporate Income Tax. Such income will be subject to Corporate Income Tax at the current general rate of 25 per cent. However, this general rate will not be applicable to all Corporate Income Tax taxpayers and, for instance, it will not apply to banking institutions (which will be taxed at the rate of 30 per cent.). Special rates apply in respect of certain types of entities (such as qualifying collective investment undertakings).

In accordance with Section 44.5 of Royal Decree 1065/2007, of 27 July, in the case of listed debt instruments issued in accordance with the First Additional Provision of Law 10/2014 and initially registered in a foreign clearing and settlement entity that is recognised under Spanish regulations or under those of another OECD member state, there is no obligation to withhold on income payable to Spanish Corporate Income Tax taxpayers (which for the sake of clarity, include Spanish tax resident investment funds and Spanish tax resident pension funds). Consequently, the Issuer will not withhold on interest payments to Spanish Corporate Income Tax taxpayers *provided that* the relevant information about the Notes set out in Annex I is submitted by the Fiscal Agent in a timely manner. If the Fiscal Agent fails or for any reason is unable to deliver the required information in the manner indicated, the Issuer will withhold at the general rate applicable from time to time (currently 19 per cent.), but the Issuer will not pay any additional amounts in relation to such withholding to holders of the Notes.

However, in the case of Notes held by a Spanish resident entity and deposited with a Spanish resident entity acting as depositary or custodian, payments of interest and income deriving from the transfer may be subject to withholding tax at the current rate of 19 per cent. Such withholding may be made by the depositary or custodian if the Notes do not comply with the exemption requirements specified in the ruling issued by the Spanish General Directorate of Taxes (*Dirección General de Tributos*) dated 27 July 2004 (that is, placement of the Notes outside of Spain in another OECD country and admission to listing of the Notes on an organised

market in an OECD country other than Spain). The amounts withheld, if any, may be credited by the relevant investors against their final Corporate Income Tax liability.

Regarding the information procedures, please refer to section "*Taxation in the Kingdom of Spain—Information about the Notes in Connection with Payments*" below.

### 3.2 ***Wealth Tax (Impuesto sobre el Patrimonio) and Solidarity Tax (Impuesto Temporal de Solidaridad de las Grandes Fortunas)***

Spanish resident legal entities are neither subject to Wealth Tax nor to Solidarity Tax.

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

Legal entities with tax residency in the Kingdom of Spain which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to inheritance and gift tax and must include the market value of the Notes in their taxable income for Spanish Corporate Income Tax purposes.

### 3.4 ***Obligation to inform the Spanish tax authorities of the ownership of the Notes (Modelo 720 - Declaración informativa sobre bienes y derechos situados en el extranjero)***

With effect as from 1 January 2013, Law 7/2012, of 29 October, as implemented by Royal Decree 1558/2012, of 15 November, introduced annual reporting obligations applicable to Spanish residents (i.e., individuals, legal entities, permanent establishments in Spain of non-resident entities) in relation to certain foreign assets or rights.

Consequently, if the Notes are deposited with or placed in the custody of a non-Spanish entity, Noteholders resident in Spain will be obliged, if certain thresholds are met as described below, to declare before the Spanish tax authorities, between 1 January and 31 March each year, the ownership of the Notes held on 31 December of the immediately preceding year (e.g., to declare between 1 January 2025 and 31 March 2025 the Instruments held on 31 December 2024).

This obligation would need to be complied with if certain thresholds are met; specifically, if the only rights/assets held abroad are the Notes, this obligation would apply if the value of the Notes together with other qualifying assets held on 31 December exceeds €50,000 (with the corresponding valuation to be made in accordance with special rules). If this threshold is met, a declaration would only be required in subsequent years if the value of the Notes together with other qualifying assets increases by more than €20,000 against the declaration made previously. Similarly, cancellation or extinguishment of the ownership of the Notes before 31 December should be declared if such ownership was reported in previous declarations. Noteholders should seek their own advice to determine if any of the reporting exemptions is applicable.

## 4. **Individuals and Legal Entities with no Tax Residency in the Kingdom of Spain**

### 4.1 ***Non-Resident Income Tax (Impuesto sobre la Renta de No Residentes)***

#### (a) *Non-Spanish resident investors acting through a permanent establishment in the Kingdom of Spain*

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

If the Notes form part of the assets of a permanent establishment in the Kingdom of Spain of a person or legal entity who is not resident in the Kingdom of Spain for tax purposes, the tax rules applicable to income deriving from such Notes are the same as those for Spanish Corporate Income Tax taxpayers.

(b) *Non-Spanish resident investors not acting through a permanent establishment in the Kingdom of Spain*

Payments of income deriving from the transfer, redemption or repayment of the Notes, obtained by individuals or entities who have no tax residency in Spain, and which are Non-Resident Income Tax taxpayers with no permanent establishment in the Kingdom of Spain, are exempt from such Non-Resident Income Tax on the same terms laid down for income from public debt. In order to be eligible for the exemption from Non-Resident Income Tax, certain requirements must be met, including the provision by the Fiscal Agent of certain information relating to the Notes, in a timely manner as detailed under section "Information about the Notes in Connection with Payments" as laid down in section 44 of Royal Decree 1065/2007. If the Fiscal Agent fails or for any reason is unable to deliver the required information in the manner indicated, the Issuer will withhold at the general rate applicable from time to time (currently 19 per cent.), but the Issuer will not pay any additional amounts in relation to such withholding to holders of the Notes.

4.2 ***Wealth Tax (Impuesto sobre el Patrimonio) and Solidarity Tax (Impuesto Temporal de Solidaridad de las Grandes Fortunas)***

Individuals resident in a country with which the Kingdom of 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 located in the Kingdom of Spain, or that can be exercised within the Spanish territory exceed €700,000 would be subject to Wealth Tax, the applicable rates ranging between 0.2 per cent. and 3.5 per cent. Individuals who are non-resident in the Kingdom of Spain for tax purposes may apply the rules approved by the autonomous region where the assets and rights with more value are located. All such prospective investors should consult their tax advisors.

However, non-Spanish resident individuals will be exempt from Net Wealth Tax in respect of the Notes which income is exempt from NRIT as described above.

In addition to the above, the so-called "Solidarity Tax" was approved in December 2022, which is a direct wealth tax that, in general terms, applies, under certain conditions, to those residents in an autonomous region where the Wealth Tax is partial or fully exempt. Please note that the Basque Country and Navarre have approved their own legislation in this regard.

The rates of the "Solidarity Tax" are the following:

<b>Taxable base up to (Euros)</b>	<b>Tax (Euros)</b>	<b>due Rest of taxable base (Euros)</b>	<b>Rate</b>
0.00	0.00	3,000,000.00	0%
3,000,000.00	0.00	2,347,998.03	1.7%
5,347,998.03	39,915,97	5,347,998.03	2.1%
10,695,996.06	152,223,93	Any excess	3.5%

Note that the regulation lays down a minimum exempt amount of €700,000 which means that its effective impact, in general, will occur when the net wealth, not tax exempt, is greater than €3,700,000. Nonetheless, the amount payable for this tax could be reduced by the amount paid for Wealth Tax.

Prospective investors are advised to seek their own professional advice in this regard.

Non-Spanish resident legal entities are neither subject to Net Wealth Tax nor to Solidarity Tax.

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

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

If the provisions of the foregoing paragraph do not apply, such individuals will be subject to inheritance and gift tax in accordance with Spanish legislation, to the extent that rights deriving from the debt securities are located or can be executed within Spanish territory.

However, if the deceased, heir or the donee are not resident in the Kingdom of Spain, depending on the specific situation, the applicable rules will be those corresponding to the relevant autonomous regions according to the law. As such, prospective investors should consult their tax advisors.

The tax rate ranges between 7.65 per cent. and 81.6 per cent., depending on relevant factors (including the legislation of the corresponding autonomous region). Some tax benefits could reduce the effective tax rate.

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

### 5. **Information about the Notes in Connection with Payments**

As at the date of this Offering Circular, the Issuer is currently required by Spanish law to file an annual return with the Spanish tax authorities in which it reports on certain information relating to the Notes. In accordance with Article 44 of Royal Decree 1065/2007, and provided that the Notes issued by the Issuer are initially registered for clearance and settlement in Euroclear and Clearstream, Luxembourg, for the purpose of preparing the annual return referred to above, the Fiscal Agent would be obliged to provide the Issuer certain information with respect to the Notes before the close of business on the business day (as defined in the Conditions) immediately preceding the date on which any payment of interest, principal or of any amounts in respect of the early redemption of the Notes (each, a **Payment Date**) is due.

Such information would be the following:

- (a) *identification* of the Notes (as applicable) in respect of which the relevant payment is made;
- (b) date on which relevant payment of income is made;



- (c) the *total* amount of the relevant payment of income; and
- (d) the amount of the relevant payment of income corresponding to each entity that manages a clearing and settlement system for securities situated outside the Kingdom of Spain.

In particular, the Fiscal Agent must certify the information above about the Notes by means of a certificate the form of which is attached as Annex I of this Offering Circular (the **Payment Statement**).

In light of the above, the Issuer and the Fiscal Agent have arranged certain procedures to facilitate the collection of information concerning the Notes. If, despite these procedures, the relevant information is not received by the Issuer by the close of business on the business day (as defined in the Conditions) immediately preceding the date on which any payment of interest, principal or any amounts in respect of the early redemption of the Notes is due, the Issuer may be required to withhold at the applicable rate (as at the date of this Offering Circular, 19 per cent.) from any payment in respect of the relevant Notes as to which the required information has not been provided. In that event the Issuer will not pay any additional amounts in relation to such withholding to holders of the Notes.

If, before the 10th day of the month following the month in which the interest is payable, the Fiscal Agent submits such information, the Issuer or the Fiscal Agent (acting on its behalf) may refund the amounts withheld. In addition, following the 10th calendar day of the month immediately following the relevant payment date, holders of the Notes may apply directly to the Spanish tax authorities for any refund to which they may be entitled.

In the event that the current applicable procedures were to be modified, amended or supplemented by, amongst others, a Spanish law, regulation, interpretation or ruling of the Spanish Tax Authorities, the Issuer would inform the investors of such information procedures and of their implications.

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

*Any foreign language text included in this Offering Circular is for convenience purposes only and does not form part of this Offering Circular.*

## ANNEX 1

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

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

Annex approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes. Declaration form referred to in paragraphs 3, 4 and 5 of Article 44 of the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes, as passed by Royal Decree 1065/2007, of 27 July.

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

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

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

Management Entity of the Public Debt Market in book entry form.

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

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

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

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

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

Fiscal Agent appointed by the issuer.

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

Makes the following statement, according to its own records:

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

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

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

1.1 Identification of the securities.....

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

**2.5 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero B**

2.5 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country B.

**2.6 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero C**

2.6. Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country C.

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

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

**(1) En caso de personas, físicas o jurídicas, no residentes sin establecimiento permanente se hará constar el número o código de identificación que corresponda de conformidad con su país de residencia**

(1) In case of non-residents (individuals or corporations) without permanent establishment in the Kingdom of Spain it shall be included the number or identification code which corresponds according to their country of residence.

## SUBSCRIPTION AND SALE

J.P. Morgan SE and BNP Paribas (the **Joint Lead Managers**) have, in a subscription agreement dated 15 April 2024 (the **Subscription Agreement**) and made between the Issuer and the Joint Lead Managers upon the terms and subject to the conditions contained therein, agreed to subscribe for the Notes at their issue price of 99.784 per cent. of their principal amount (plus any accrued interest in respect thereof). In addition to the agreed commissions, the Issuer will also reimburse the Joint Lead Managers in respect of certain of their expenses and has agreed to indemnify the Joint Lead Managers against certain liabilities incurred in connection with the issue of the Notes. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

### **United States of America**

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

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, other than in accordance with Rule 903 of Regulation S, and that it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases the Notes from it during the distribution compliance period a confirmation or notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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

### **Prohibition of Sales to EEA Retail Investors**

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

a retail client as defined in point (11) of Article 4(1) of MiFID II; or

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.

## **United Kingdom**

### ***Prohibition of Sales to UK Retail Investors***

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

a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the **EUWA**); or

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

### ***Other UK regulatory restrictions***

Each Joint Lead Manager has further represented, warranted and undertaken that:

it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and

it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the UK.

## **Kingdom of Spain**

Neither the Notes nor this Offering Circular have been or will be registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*). Accordingly, each Joint Lead Manager has represented and agreed that the Notes may not be offered, sold or distributed, nor may any subsequent resale of Notes be carried out in Spain, except in circumstances which do not require the registration of a prospectus in Spain or without complying with all legal and regulatory requirements under Spanish securities laws

The Notes may only be sold in the Kingdom of Spain by institutions authorised under Law 6/2023, of 17 March, on Securities Markets and Investment Services, as amended (the **Spanish Securities Market Law**), Royal Decree 813/2023, of 8 November, on the legal regime applicable to investment services companies and other entities providing investment services, as amended or replaced from time to time, and related legislation to provide investment services in Spain and in accordance with the provisions of the Spanish Securities Markets and Investment Services Law and further developing legislation..

## **Singapore**

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any 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 the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the SFA)) pursuant to Section 274 of the SFA, or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

## **Switzerland**

Each Joint Lead Manager has represented, warranted and agreed that it has not publicly offered, sold, advertised or otherwise made available and will not publicly offer, sell, advertise or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular, directly or indirectly, in or into Switzerland within the meaning of the Swiss Financial Services Act of 15 June 2018, as amended (**FinSA**), except to any investor that qualifies as a professional client within the meaning of the FinSA.

The Notes have not been and will not be listed or admitted to trading on any trading venue in Switzerland, and neither this Offering Circular nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA.

Each Joint Lead Manager has represented, warranted and agreed that neither this Offering Circular nor any other offering or marketing material relating to the Notes may be distributed or otherwise made publicly available in Switzerland, except to any investor that qualifies as a professional client within the meaning of the FinSA.

## **General**

Each of the Joint Lead Managers has represented, warranted and agreed that, to the best of its knowledge and belief, it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Offering Circular or any other offering material relating to the Notes. Persons into whose hands this Offering Circular comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Offering Circular or any other offering material relating to the Notes, in all cases at their own expense.

## GENERAL INFORMATION

### Authorisation

1. The issue of the Notes was authorised by the Board of Directors (*Consejo de Administración*) of the Issuer on 3 April 2024.

### Legal and Arbitration Proceedings

2. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer is aware) which may have or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial position or profitability of the Issuer.

### Significant/Material Change

3. Since 31 December 2023, there has been no material adverse change in the prospects of the Issuer. Since 31 December 2023, there has been no significant change in the financial position or profitability of the Issuer.

### Auditors

4. The Spanish language stand-alone financial statements of the Issuer as of and for the years ended 31 December 2023 and 31 December 2022 have been audited by PricewaterhouseCoopers Auditores, S.L., with registered office at Paseo de la Castellana 259 B, 28046, Madrid and registered with the Official Registry of Auditors (*Registro Oficial de Auditores de Cuentas* (ROAC)) under number S0242 (**PwC**). In case of any discrepancy between the English language version (incorporated by reference in this Offering Circular) and the Spanish language original of the Issuer's financial statements, the Spanish language version shall prevail.

### Documents on Display

5. Copies of the following documents (together with English translations thereof as applicable) may be inspected, in physical format, during normal business hours (other than Saturday, Sunday and public holidays) at the offices of Fiscal Agent set out below:
  - (a) the constitutional documents of the Issuer;
  - (b) the Public Deed;
  - (c) the Issuer 2023 Financial Statements, the Issuer 2022 Financial Statements and the ARE 2022 Financial Statements (incorporated by reference to this Offering Circular);
  - (d) the Issuer 2023 SCFR and the Issuer 2022 SCFR;
  - (e) the Fiscal Agency Agreement; and
  - (f) the Pro-forma Financial Information.

This Offering Circular will be available, in electronic format, on the website of the Exchange ([www.luxse.com](http://www.luxse.com)).



## **Yield**

6. On the basis of the issue price of the Notes of 99.784 per cent. of their principal amount, the yield of the Notes is 5.028 per cent. per annum.

## **ISIN and Common Code**

7. The Notes have been accepted for clearance and settlement through Euroclear and Clearstream, Luxembourg. The ISIN number is XS2798125907, and the common code is 279812590. The Financial Instrument Short Name (FISN) is ATRADIUS CREDIT/5 BD 20340417 JR and the Classification of Financial Instruments (CFI) Code is DBFQFR.

## **The Legal Entity Identifier**

8. The Legal Entity Identifier (LEI) code of the Issuer is 9598002U9BK2VP1RTG14.

## **Conflicts of Interest**

9. Each Joint Lead Manager has engaged, and/or may in the future engage, in investment banking and/or commercial banking transactions with and may perform services for the Issuer and its affiliates in the ordinary course of business. Each Joint Lead Manager and its affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, each Joint Lead Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and its affiliates. Each Joint Lead Manager or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer and its affiliates consistent with their customary risk management policies. Typically, each Joint Lead Manager and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes. Each Joint Lead Manager and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## **Listing Agent**

10. Deutsche Bank Luxembourg S.A. is acting in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Exchange or to trading on Euro MTF.

## **ANNEX 1**

### **Pro-forma Financial Information**



**Atradius Crédito y Caución S.A.,  
de Seguros y Reaseguros**

Independent practitioner's assurance report  
on the compilation of pro forma financial information  
31 December 2022



Atradius Crédito y Caución S.A., de Seguros y Reaseguros

## Independent practitioner's assurance report on the compilation of pro forma financial information

To the Board of Directors of Atradius Crédito y Caución S.A. de Seguros y Reaseguros.

### Report on the compilation of pro forma financial information

We have completed our assurance engagement to report on the compilation of pro forma financial information of Atradius Crédito y Caución S.A. de Seguros y Reaseguros by management. The pro forma financial information consists of the pro forma balance sheet as at 31 December 2022, the pro forma income statement for the period ended 31 December 2022, and related notes. The applicable criteria on the basis of which management has compiled the pro forma financial information are described in Note 3 (the 'applicable criteria').

The pro forma financial information has been compiled by management to illustrate the impact of the cross-border merger by acquisition of Atradius Reinsurance DAC set out in Note 2, on the company's financial position as at 31 December 2022 and its financial performance for the period ended 31 December 2022 as if the cross-border merger had taken place as at 31 December 2022 and 1 January 2022, respectively. As part of this process, information about the company's financial position and financial performance has been extracted by management from the company's financial statements for the period ended 31 December 2022, on which an audit report has been published. In addition, information about Atradius Reinsurance DAC's financial position and financial performance has been extracted by management from its financial statements for the period ended 31 December 2022, on which an audit report has been published.

### Management's responsibility for the pro forma financial information

Management is responsible for compiling the pro forma financial information on the basis of the applicable criteria.

### Our independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Practitioner's responsibilities

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by management on the basis of the applicable criteria.



## Atradius Crédito y Caución S.A., de Seguros y Reaseguros

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) Assurance engagements other than audits or reviews of historical financial information, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner plan and perform procedures to obtain reasonable assurance about whether management has compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction as at and for the period ended 31 December 2022 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by management in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgement, having regard to the practitioner's understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

In our opinion:

- the pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the company.



## Atradius Crédito y Caución S.A., de Seguros y Reaseguros

### Intended users and purpose

This pro forma financial information has been prepared for the purposes of the offering circular prepared in connection with the issuance of the Fixed Rate Subordinated Notes by Atradius Crédito y Caución S.A. de Seguros y Reaseguros in the Luxembourg Stock Exchange and for such Notes to be admitted to trading on the Exchange's Euro MTF Market and may therefore not be appropriate for another purpose, or be used in any other market or published in any other information memorandum or document of a similar nature, without our express consent. We will not accept any liability to persons other than the addressees of this report.

PricewaterhouseCoopers Auditores, S.L.

Enrique Anaya Rico

5 April, 2024

**PRO-FORMA FINANCIAL INFORMATION ON THE MERGER BY ACQUISITION OF  
ATRADIUS REINSURANCE DAC BY ATRADIUS CRÉDITO Y CAUCIÓN S.A. SEGUROS Y  
REASEGUROS**

**PRO FORMA CONSOLIDATED BALANCE SHEET**

**BALANCE 31 DECEMBER 2022 (Thousands of Euros)**

Assets	ACyC	ARE	ADJUSTMENTS	PRO FORMA CONSOLIDATED BALANCE SHEET
	31.12.2022	31.12.2022	31.12.2022	31.12.2022
Cash and cash equivalents	399,682	56,377	-	456,059
Available-for-sale financial assets	1,781,248	855,259	-	2,636,508
Loans and receivables	480,646	156,228	(145,588)	491,286
Reinsurance share on technical provisions	888,962	110,961	(103,799)	896,124
Property, plant and equipment and investment property	68,822	20	-	68,841
Intangible assets	105,985	-	-	105,985
Holdings in Group companies and associates	16,493	-	-	16,493
Tax assets	244,884	5,104	-	249,988
Other assets	366,695	73,003	99,393	539,091
<b>Total Assets</b>	<b>4,353,417</b>	<b>1,256,952</b>	<b>(149,994)</b>	<b>5,460,375</b>
<b>Liabilities</b>				
	ACyC	ARE	ADJUSTMENTS	PRO FORMA CONSOLIDATED BALANCE SHEET
	31.12.2022	31.12.2022	31.12.2022	31.12.2022
Debts and payables	396,137	31,589	(37,821)	389,905
Technical provisions	2,004,525	722,101	(103,803)	2,622,823
Non-technical provisions	60,450	-	-	60,450
Tax liabilities	252,199	12,065	-	264,264
Other liabilities	173,345	5,991	(8,371)	170,965
<b>Total liabilities</b>	<b>2,886,656</b>	<b>771,746</b>	<b>(149,995)</b>	<b>3,508,407</b>
<b>Shareholder funds</b>	<b>1,530,666</b>	<b>505,984</b>	<b>-</b>	<b>2,036,650</b>
Capital or mutual fund	24,870	635	7,308	32,813
Share premium	1,231	279,054	198,210	478,495
Reserves	1,398,101	139,843	(157,695)	1,380,249
Other shareholder contributions	60,000	-	-	60,000
Result for the year	216,422	86,452	(3)	302,871
(Interim dividend and interim equalization reserve)	(169,958)	-	(47,820)	(217,778)
Valuation adjustments:	(63,905)	(20,778)	-	(84,682)
<b>Total equity</b>	<b>1,466,761</b>	<b>485,206</b>	<b>-</b>	<b>1,951,968</b>
<b>Total liabilities and equity</b>	<b>4,353,417</b>	<b>1,256,952</b>	<b>(149,994)</b>	<b>5,460,375</b>

**PRO FORMA CONSOLIDATED INCOME STATEMENT**  
**INCOME STATEMENT 31 DECEMBER 2022 (Thousands of Euros)**

Technical account – Non-life insurance	ACyC	ARE	ADJUSTMENTS	PRO FORMA CONSOLIDATED INCOME STATEMENT
	31.12.2022	31.12.2022	31.12.2022	31.12.2022
<b>Premiums Attributed to the Year, Net of Reinsurance</b>	<b>1,022,691</b>	<b>251,912</b>	<b>104</b>	<b>1,274,707</b>
Earned premiums	1,880,367	302,243	(18,598)	2,164,012
Ceded reinsurance premiums	(767,448)	(53,850)	18,709	(802,589)
Change in the provision for unearned premiums and for unexpired risks (+/-)	(62,636)	3,828	(23,539)	(82,347)
Change in the provision for unearned premiums, ceded reinsurance (+/-)	(27,592)	(309)	23,532	(4,369)
<b>Income from property, plant and equipment and from investments</b>	<b>23,808</b>	<b>7,037</b>	<b>-</b>	<b>30,845</b>
Income from investment property	518	-	-	518
Income from financial investments	23,290	7,037	-	30,327
<b>Other technical income</b>	<b>57,784</b>	<b>(1,243)</b>	<b>-</b>	<b>56,541</b>
<b>Claims for Year, Net of Reinsurance</b>	<b>(521,914)</b>	<b>(38,068)</b>	<b>(86)</b>	<b>(560,068)</b>
Claims and expenses paid	(184,415)	(80,552)	-	(264,967)
Variation in the claims provision (+/-)	(295,702)	42,484	(85)	(253,303)
Expenses attributable to claims	(41,797)	-	-	(41,797)
<b>Profit sharing and for return premiums</b>	<b>(27,972)</b>	<b>7,005</b>	<b>-</b>	<b>(20,967)</b>
Variation in the provision for profit sharing and for return premiums (+/-)	(27,972)	7,005	-	(20,967)
<b>Net Operating Expenses</b>	<b>(279,328)</b>	<b>(122,349)</b>	<b>(13)</b>	<b>(401,690)</b>
Acquisition costs	(225,305)	-	-	(225,305)
Administration costs	(376,766)	(9,796)	-	(386,562)
Commissions and profit sharing on ceded reinsurance and retrocession	322,743	(112,553)	(13)	210,177
<b>Other Technical Expenses</b>	<b>(225)</b>	<b>-</b>	<b>-</b>	<b>(225)</b>
<b>Expenses on property, plant and equipment and investments</b>	<b>(6,163)</b>	<b>524</b>	<b>(2,362)</b>	<b>(8,001)</b>
Investment management expenses	(5,592)	872	(2,362)	(7,082)
Valuation adjustments of property, plant and equipment and investments	(571)	(348)	-	(919)
Impairment of property, plant and equipment and investment property	(158)	-	-	(158)
Impairment of financial investments	(413)	(348)	-	(761)
<b>Subtotal (Result of Non-Life Insurance Technical Account)</b>	<b>268,681</b>	<b>104,818</b>	<b>(2,354)</b>	<b>371,142</b>



**PRO FORMA CONSOLIDATED INCOME STATEMENT**  
**INCOME STATEMENT 31 DECEMBER 2022 (Thousands of Euros)**

Non-Technical Account	ACyC	ARE	ADJUSTMENTS	PRO FORMA CONSOLIDATED INCOME STATEMENT
	31.12.2022	31.12.2022	31.12.2022	31.12.2022
<b>Income from property, plant and equipment and from investments</b>	35,192	2,256	-	37,448
Gains on sale of property, plant and equipment and investments	35,192	2,256	-	37,448
<i>Of property, plant and equipment and investment property</i>	3,839	-	-	3,839
<i>Of financial investments</i>	31,353	2,256	-	33,609
<b>Expenses on property, plant and equipment and investments</b>	(19,753)	(8,238)	-	(27,991)
Losses on property, plant and equipment and investments	(19,753)	(8,238)	-	(27,991)
<i>On property, plant and equipment and investment property</i>	(1,039)	-	-	(1,039)
<i>On financial investments</i>	(18,714)	(8,238)	-	(26,952)
<b>Other expenses</b>	6,340	-	2,354	8,694
Rest of expenses	6,340	-	2,354	8,694
<b>Subtotal (Result of Non-Technical Account)</b>	21,779	(5,982)	2,354	18,153
<b>Profit before tax</b>	290,461	98,836	-	389,295
<b>Corporate Income Tax</b>	(74,039)	(12,384)	-	(86,423)
<b>Net Profit for the Year</b>	216,422	86,452	-	302,872

## 1. INTRODUCTION

On 31 October 2023, Atradius Crédito y Caución S.A. de Seguros y Reaseguros (**ACyC** or the **Company**) acquired Atradius Reinsurance DAC (**ARE**) through a cross-border merger as further described in Note 2 below (the **Transaction**).

The pro forma consolidated financial information (the **Pro-forma Financial Information**) presented here has been prepared by aggregating the audited financial statements for the year ended 31 December 2022 of ACyC and ARE. The purpose of this information is for illustrative purposes only. The Pro-forma Financial Information shall be considered to form part of the offering circular prepared in connection with the issuance of the EUR 300,000,000 Fixed Rate Subordinated Notes due 2034 by the Company (the **Notes**).

The Pro-forma Financial Information has been prepared to reflect, on a pro-forma basis, how the Transaction would have impacted the balance sheet and income statement of ACyC as of and for the year ended 31 December 2022.

The Pro-forma Financial Information relates to a hypothetical situation, considering the assumptions described in the following notes and, therefore, is not intended to represent and does not represent the actual financial position of ACyC as of 31 December 2022, or the results of its operations for the year then ended.

## 2. DESCRIPTION OF THE TRANSACTION

On 31 October 2023, ARE merged with ACyC through a cross-border merger. Upon effectiveness of the merger, ARE's assets and liabilities, including all of its reinsurance obligations, were transferred to ACyC (through its Irish branch) which now conducts ARE's reinsurance business as its legal successor. The merger reduced the complexity of the corporate structure of the Atradius group, achieving more efficient management of the activity and simplifying the operational business activities carried out by these companies.

## 3. BASIS OF PREPARATION

The Pro-forma Financial Information, which includes the balance sheet and income statement, has been prepared on a voluntary basis in connection with the Notes issuance mentioned in Note 1 (Introduction) and, following as a reference Annex 20 of the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 "Pro forma reporting" and the ESMA recommendation (ESMA32-382-1138 of 4 March 2021).

The following financial information has been used to compile the Pro-forma Financial Information:

- (a) The financial statements of ACyC for the year ended 31 December 2022, which were drawn up in accordance with the applicable financial reporting regulatory framework:
  - (i) The Code of Commerce and related company legislation.
  - (ii) The accounting Plan for Insurers approved by Royal Decree 1317/2008, as amended.
  - (iii) Royal Decree 1060/2015 ("**ROSSEAR**").
  - (iv) Law 20/2015 ("**LOSSEAR**").
  - (v) All other applicable Spanish accounting rules.

These financial statements are incorporated by reference in the Offering Circular. These financial statements were audited by PricewaterhouseCoopers Auditores S.L., resulting in an unqualified opinion issued as of 10 March 2023.

- (b) The financial statements of ARE for the year ended 31 December 2022, prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value, and in accordance with accounting standards issued by the UK Financial Reporting Council (FRS 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ and FRS 103 ‘Insurance Contracts’) ,which are incorporated by reference in the Offering Circular. These financial statements were audited by PricewaterhouseCoopers Chartered Accountants & Statutory Audit firm, resulting in an unqualified opinion issued as of 8 March 2023.

The financial information used as the basis for the Pro-forma Financial Information follows the same accounting principles as those followed by the Company, based on the Spanish General accounting Plan for Insurance Entities and ROSSEAR.

The Company is a group parent company and in accordance with the current legal framework is exempted from preparing consolidated financial statements, given that the group is consolidated with a larger group headed by Grupo Catalana Occidente, S.A., that is governed by Spanish Company Law.

The management of the Company has carried out an analysis of the accounting policies of ARE based on the audited financial statements to identify differences between its accounting policies and those of the Company. Based on this information, the analysis did not identify any material differences.

In the preparation of the Pro-forma Financial Information, the following has been considered:

- The balance sheet of the Company and the balance sheet of ARE as of 31 December 2022 have been aggregated and the pro-forma adjustments have been calculated as if the Transaction had taken place as of that date.
- The income statement of the Company and the income statement of ARE for the year ended 31 December 2022 have been aggregated as if the Transaction had taken place on 1 January 2022.
- The Pro-forma Financial Information is presented in thousands of euros, unless otherwise noted.
- The Pro-forma Financial Information has been prepared based on certain assumptions (as described in Note 4 below) that were considered reasonable at the date of their preparation.

#### **4. MAIN ASSUMPTIONS USED**

As already mentioned in Note 1, the preparation of this Pro-forma Financial Information incorporates estimates and assumptions used to reflect a hypothetical situation and necessarily refers to a point in time prior to the accounting valuation date on which the assets and liabilities of ARE were included into the equity of the Company. Therefore, the Pro-forma Financial Information cannot and does not purport to represent the actual financial position or result of the operations of ACyC, or to project its financial position, or the results or cash flows of its operations at a future date or for a future period.

As described in the Company’s 2023 financial statements, provided the Transaction relates to a business combination under common control, the predecessor accounting method has been used. Considering that the predecessor accounting values are the carrying values related to the acquired entity (ARE), the Pro-forma Financial Information includes the carrying amounts of assets and liabilities of ARE as of 31

December 2022 as well as the income statement predecessor accounting amounts for the year then ended.

## 5. PRO-FORMA ADJUSTMENTS

The pro-forma adjustments included in the Pro-forma Financial Information are reflected as if the Transaction had taken place on 31 December 2022 for balance sheet purposes and on 1 January 2022 for income statement purposes.

Below are the explanatory notes of the main pro-forma adjustments that have been made in the Pro-forma Financial Information:

- As part of the merger process, ARE's share capital amounting to EUR 635 thousand, share premium amounting to EUR 279 million and reserves and other equity balances amounting to EUR 206 million are derecognized. At the same time, the deed of merger by absorption of ARE by the Company, dated 31 October 2023, established an increase in the Company's capital by EUR 8 million of share capital and EUR 477 million of share premium.
- The intercompany transactions between ACyC and ARE have been eliminated as part of the pro-forma exercise in the balance sheet and income statement. The primary intercompany transactions related with reinsurance operations. The impact of these eliminations are summarized in the tables below:

### INTERCOMPANY ADJUSTMENTS BALANCE 31 DECEMBER 2022 (Thousands of Euros)

	Assets	Liabilities
Loans and receivables (Note 1)	(37,863)	
Reinsurance share on technical provisions	(103,799)	
Other assets (Note 1)	(8,332)	
Debts and payables		(37,821)
Technical provisions		(103,803)
Other liabilities		(8,371)
<b>Total</b>	<b>(149,994)</b>	<b>(149,995)</b>

Note 1: The adjustment of EUR 145 million within loans and receivables in the pro-forma consolidated balance sheet reconciles with the intercompany adjustment of EUR 38 million in loans and receivables and the pipeline premium estimate reclassification of EUR 108 million further described below. The adjustment of EUR 99 million within Other Assets in the pro-forma consolidated balance sheet reconciles with the intercompany adjustment of EUR 8 million in other assets, net of the pipeline premium estimate reclassification of EUR 108 million further explained below.

## INTERCOMPANY ADJUSTMENTS

### INCOME STATEMENT 31 DECEMBER 2022 (Thousands of Euros)

	Total	Assumed	Ceded	Other
<b>Premiums Attributed to the Year, Net of Reinsurance</b>	104	(42,137)	42,241	
Earned premiums	(18,598)	(18,598)		
Ceded reinsurance premiums	18,709		18,709	
Change in the provision for unearned premiums and for unexpired risks (+/-)	(23,539)	(23,539)		
Change in the provision for unearned premiums, ceded reinsurance (+/-)	23,532		23,532	
<b>Claims for Year, Net of Reinsurance</b>	(86)	(43,862)	43,776	
Claims and expenses paid	(1)	29,416	(29,417)	
Variation in the claims provision (+/-)	(85)	(73,278)	73,193	
<b>Net Operating Expenses</b>	(13)		(13)	
Commissions and profit sharing on ceded reinsurance and retrocession	(13)		(13)	
<b>Expenses on property, plant and equipment and investments</b>	(2,362)			(2,362)
Investment management expenses	(2,362)			(2,362)
<b>Other expenses</b>	2,354			2,354
Rest of expenses	2,354			2,354
<b>Total</b>	-	(85,999)	86,005	(7)

- In accordance with Spanish regulations, the equalization reserve will be increased every year against the allocation of profit for the year. For credit insurance, the allocation of this reserve cannot be less than 75% of the positive technical result of the insurance line and must be made until it reaches 134% of the average of the self-retention premiums accrued in last five years. For surety insurance, the minimum allocation to this reserve is 2% of the commercial premium. The reserve may only be used to offset deviations in the self-retention claims rate. For the surety line, the allocations are made until the reserve stands at 35% of the self-retention risk premiums. The equalization reserve recognized amounts to EUR 48 million.

The exercise performed for this Pro-forma Financial Information regarding to this reserve is a one-off calculation.

- In accordance with Spanish accounting standards, the pipeline premium estimate must be classified net of reinsurance and commissions within other assets instead of loans and receivables. The impact of the reclassification amounts to EUR 108 million.

**REGISTERED OFFICE OF THE ISSUER**

**Atradius Crédito y Caución S.A. de Seguros y Reaseguros**  
Paseo de la Castellana 4  
28046, Madrid  
Spain

**SOLE STRUCTURING AGENT TO THE ISSUER**

**J.P. Morgan SE**  
Taunustor 1 (TaunusTurm)  
60310 Frankfurt am Main  
Germany

**JOINT LEAD MANAGERS**

**J.P. Morgan SE**  
Taunustor 1 (TaunusTurm)  
60310 Frankfurt am Main  
Germany

**BNP Paribas**  
16, boulevard des Italiens  
75009 Paris  
France

**FISCAL, PAYING AND TRANSFER  
AGENT**

**Deutsche Bank AG, London Branch**  
21 Moorfields  
London EC2Y 9DB  
United Kingdom

**REGISTRAR**

**Deutsche Bank Luxembourg S.A.**  
2 Boulevard Konrad Adenauer  
L-1115 Luxembourg  
Luxembourg

**LEGAL ADVISERS**

*To the Issuer as to English and Spanish law:*

**Allen & Overy**  
Calle Serrano 73  
28006, Madrid  
Spain

*To the Managers as to English and Spanish law:*

**Clifford Chance, S.L.P.**  
Paseo de la Castellana 110  
28046 Madrid  
Spain

**AUDITORS TO THE ISSUER**

**PricewaterhouseCoopers Auditores, S.L.**  
Paseo de la Castellana 259 B  
28046 Madrid  
Spain

**LISTING AGENT**

**Deutsche Bank Luxembourg S.A.**  
2, Boulevard Konrad Adenauer  
1115 Luxembourg  
Luxembourg