

INTER-AMERICAN INVESTMENT CORPORATION - SUBORDINATED FINANCING TERM SHEET

BBVA Uruguay S.A.

The Financing	<p>The financing will consist of a private issuance by the Issuer (as defined below) of a subordinated bond for a total amount of up to fifteen million dollars (US\$15,000,000) (the “Bonds” or the “Financing”) to be funded by IDB Invest.</p> <p>IDB Invest will be the sole subscriber of the Bonds.</p>
Issuer	Banco Bilbao Vizcaya Argentaria Uruguay S.A., a company organized under the laws of Uruguay (“ BBVA ” or the “ Issuer ”).
Use of Proceeds	The Issuer shall use the proceeds of the sale of Bonds to (i) support its capital structure by increasing its Tier 2 Capital as defined in the applicable Local Banking Laws and Regulations, (ii) fund the growth of its sustainable lending activities that can be classified under the 17 categories of the Sustainable Development Goals (“Sub-Loan”) in accordance with Applicable Law and the terms of this term sheet, subject to the List of Excluded Activities attached hereto as Annex B.
Class of Securities	Subordinated non-convertible bond.
Subordinated Provisions	The Note Purchase Agreement shall include all representations, covenants, events of default and provisions necessary to qualify to the satisfaction of IDB Invest as a subordinated bond in accordance with Local Banking Laws and Regulations.
Ranking	The Bonds will constitute, at all times, unsecured, subordinated obligations of the Issuer and, in case of liquidation, intervention or other similar events relating to the Issuer, will rank: (i) junior in priority of payment to the payment by the Issuer of all amounts due under any other senior indebtedness; (ii) at least <i>pari passu</i> in priority of payment or otherwise with all other unsecured debt of the Issuer that is subordinated pursuant to the Local Banking Law and Regulations; and (iii) senior in priority of payment or otherwise to the payment by the Issuer of certain restricted payments (as agreed with IDB Invest and pursuant to the Local Banking Law and Regulations).
Amount of Subscription	Minimum amount of the issuance will be fifteen million dollars (US\$15,000,000).
Financial Terms of the Bonds	<p><u>Bonds:</u></p> <ul style="list-style-type: none"> (a) Format: Private Placement (b) Currency: US dollars. (c) Term: <i>ten years</i> following the Issuance Date. (d) Yield: Applicable LIBOR + 3,65% p.a. (e) Interest Payment Dates: semi-annually (f) Repayment: Bullet.
Voluntary Prepayments	After the fifth (5 th) anniversary from the Issuance Date, and provided that the Uruguayan Banking Regulatory Authority accepts, the Issuer shall have the right to voluntarily prepay or

	<p>redeem all or a portion of the Bonds on any Interest Payment Date with at least thirty (30) days prior written notice to IDB Invest.</p> <p>The minimum voluntary prepayment amount shall be:</p> <p>(i) - equal to ten million dollars (US\$10,000,000), and, if in excess of such amount, in whole multiples of one million dollars (US\$1,000,000) in excess thereof.</p>
Representations and Warranties	Representations and warranties customary for a transaction of this nature and satisfactory to IDB Invest, to be made on the Issuance Date and maintained through the term of the Bonds.
Affirmative Covenants	<p>Affirmative covenants customary for a transaction of this nature and satisfactory to IDB Invest, including without limitation</p> <ul style="list-style-type: none"> ▪ Use of proceeds: cause the proceeds of the Bond issuance to be used in accordance with the Use of Proceeds section set forth herein; ▪ Existence; continuing engagement in business in existence as of the Subscription Date; ▪ Compliance with Applicable Law and prudent industry practice; ▪ Maintenance in effect of authorizations and permits; ▪ Maintenance of good, legal and valid title to properties, free of all liens other than Permitted Liens; ▪ Adequate accounting and management control systems, books and records; ▪ Independent auditors acceptable to IDB Invest; ▪ Access to relevant information, books and records, and employees, subject to Applicable Law; ▪ Compliance with tax and insurance obligations; ▪ Ensure that the Bonds rank, and will at all times rank, at least equal in right of payment with all other present and future subordinated indebtedness of the Issuer; ▪ Adoption and compliance with internal policies, procedures, and controls for anti-money laundering and combating the financing of terrorism that comply with Applicable Law; ▪ Delivery of updated information regarding the direct and indirect ownership of the Issuer; ▪ Cooperation with IDB Invest in case of any allegation of any Prohibited Practice with respect to any transaction contemplated in the Financing; and ▪ Compliance with IDB Invest’s environmental and social requirements. <p>Most favored bondholder/lender clause, granting IDB Invest the right to have terms at least as favorable or more favorable than those granted to other subordinated bondholders and lenders.</p>
Negative Covenants	<p>Negative covenants customary for a transaction of this nature and satisfactory to IDB Invest, including without limitation:</p> <ul style="list-style-type: none"> ▪ No material changes, including no changes to scope of business, auditors or accounting policies; ▪ No liens other than Permitted Liens; ▪ No affiliate transactions other than at arms’ length and at fair market value; ▪ No engagement in any Prohibited Practices in connection with the Financing or any transaction contemplated in the Financing; and ▪ Not being included on any Internationally Recognized Sanctions List or on the IDB Group List of Sanctioned Firms and Individuals.

Financial Covenants	Financial covenants customary for a transaction of this nature and satisfactory to IDB Invest.
Reporting Requirements	<p>Reporting requirements customary for a transaction of this nature and satisfactory to IDB Invest, including without limitation:</p> <ul style="list-style-type: none"> ▪ audited annual financial statements, including detailed ratio calculations certified by the Issuer's chief financial officer; ▪ unaudited quarterly financial statements, including detailed ratio calculations certified by the Issuer's chief financial officer; provided that if the Issuer is required to file with the relevant authority audited quarterly financial statements, the Issuer shall deliver such financial statements; and ▪ notices of material events, including events of default or potential events of default.
Events of Default	Events of Default shall be customary for a transaction of this nature and satisfactory to IDB Invest
Governing Law and Jurisdiction	Laws of the State of New York and New York courts for the Note Purchase Agreement and Laws of Uruguay and Montevideo courts for the Bond Indenture.
Miscellaneous	<p>The Financing documentation will contain other terms and conditions customary for a transaction of this nature, including without limitation, gross-up, increased costs and illegality provisions, conditions precedent to IDB Invest's subscription of the Bonds, acceleration provisions, market disruption, indemnity, confidentiality, waiver of immunities, waiver of jury trial, submission to jurisdiction provisions, and waiver, amendment and consent fees.</p> <p>These indicative terms and conditions, including the amounts, interest rates, repayment provisions and fees, may be modified or supplemented by IDB Invest, in its sole discretion, at any time and from time to time during the course of its due diligence and credit approval process, as a result of changed market conditions or otherwise.</p>

Annex A

Selected Definitions

“Applicable Law” means any applicable statute, code, rule, regulation, treaty having the force of law, judgment, common or customary law or similar governmental restriction or directive by any Authority, in each case, as amended, re-enacted or replaced from time to time.

“Applicable LIBOR” means the interest rate corresponding to the prevailing:

- (i) one-month LIBOR, if the period from the relevant Interest Rate Determination Date to the next Interest Rate Determination Date is between one (1) and forty-five (45) days;
- (ii) two-month LIBOR, if the period from the relevant Interest Rate Determination Date to the next Interest Rate Determination Date is between forty-six (46) and seventy-five (75) days;
- (iii) three-month LIBOR, if the period from the relevant Interest Rate Determination Date to the next Interest Rate Determination Date is between seventy-six (76) and one hundred and thirty-five (135) days; or
- (iv) six-month LIBOR, if the period from the relevant Interest Rate Determination Date to the next Interest Rate Determination Date is more than one hundred and thirty-five (135) days;

provided that, if for any reason on the relevant Interest Rate Determination Date it is not possible to determine the LIBOR for the relevant Interest Period in accordance with clauses (i) through (iv) above, Applicable LIBOR shall mean the prevailing LIBOR for the period that is closest to the duration of the relevant Interest Period (or, if two periods are equally close, the longer one) rounded upward to the nearest three decimal places.¹

“Authority” means any supranational, national, regional or local government or political subdivision thereof, or any governmental, administrative, executive, legislative, arbitral, regulatory, fiscal or judicial body, department, commission, authority, tribunal or agency, or any superintendency, monetary authority or central bank, including the supervisory authority for banking and other financial institutions, and any Person, whether or not government-owned and howsoever constituted or called, that exercises the functions of any such entity or claims to have jurisdiction over such matters.

“Change of Control” means the occurrence of any of the following: (i) the Controlling Shareholder(s) shall cease to hold, of record or beneficially, and possess the ability to vote (whether directly or indirectly) more than fifty percent (50%) OR of each class of outstanding share capital entitled to voting rights with respect to the Issuer free and clear of all liens; (ii) the Controlling Shareholder(s) shall cease to Control the Issuer; or (iii) the Issuer enters into any management, partnership, profit-sharing, joint-venture or royalty agreement or other similar agreement whereby its business or operations are managed by, or a significant part of its net income or profits are shared with, any person, other than (directly or indirectly) the Controlling Shareholder(s).

“Control” means, with respect to any person, any other person having the power, directly or indirectly, (i) to vote more than fifty percent (50%) of the securities having ordinary voting power for the election of directors of such person; (ii) to appoint the majority of the administrators of such person; (iii) to appoint a majority of the members of such person’s Board of Directors; or (iv) to establish, direct or cause the direction of the management or policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

“Controlling Shareholder” means BBVA Spain, an entity organized and existing pursuant to the laws of Spain, which directly or indirectly Controls the Issuer as of the Subscription Date.

“Fee Letter” means each fee letter agreed between the Issuer and IDB Invest setting forth the fees payable by the Issuer in connection with the Bond.

“IDB Group List of Sanctioned Firms and Individuals” means the list of firms and individuals listed in, and accessible at: <http://www.iadb.org/en/topics/transparency/integrity-at-the-idb-group/sanctioned-firms-and-individuals,1293.html> or any successor website or location.

“Internationally Recognized Sanctions Lists” means sanctions lists maintained by the Office of Foreign Assets Control (OFAC) of the United States of America Department of Treasury, the United Kingdom of Great Britain and Northern Ireland, the United Nations and the European Union.

¹ Note: Final terms to include a provision with an alternative interest rate in case LIBOR disappears.

“**Issuance**” means the issuance and sale of the Bonds by the Issuer.

“**Issuance Date**” means the date of the initial Subscription of the Bonds for the Issuance.

“**Issuer’s Country**” means the *República Oriental del Uruguay*.

“**Local Banking Laws and Regulations**” means the regulation issued by the **Uruguayan Banking Regulatory Authority regarding subordinated obligations** (“*obligaciones subordinadas a los demás pasivos*”).

“**Permitted Liens**” means, in respect of any Person:

- (i) any tax or other lien arising by operation of law while the obligation underlying that lien is not yet due, or if due, is being contested in good faith by appropriate proceedings and for the payment of which reserves, bonds, insurance or other security has been provided in an amount sufficient to promptly pay in full any amounts that such Person may be ordered to pay on final determination of any such proceedings;
- (ii) liens that such Person is required to constitute with or in favor of any authority pursuant to the Banking Regulations and other statutory preferences that are generally applicable to deposit-taking institutions;
- (iii) any lien created under a repurchase agreement involving the sale and repurchase of securities entered in the ordinary course of banking business and on the basis of arm’s length arrangements;
- (iv) any lien on any asset of such Person in existence on the date of the Note Purchase Agreement that was disclosed to IDB Invest;
- (v) any lien created on any asset securing an extension, renewal or refinancing of debt secured in accordance with clauses (i) to (iv) of this definition, provided that (i) such lien is created over the assets that secured such original documents and (ii) the principal amount of debt secured by such lien prior to such extension, renewal or refinancing is not increased, other than with respect to reasonable costs, fees and expenses incidental to such extension, renewal, or refinancing; and
- (vi) liens that, when aggregated with all liens of such Person described in the preceding clauses (i) through (v), do not secure Debt in a principal or nominal amount in excess of five percent (5%) of the value of such Person’s total assets as reflected in such Person’s annual audited financial statements most recently delivered to IDB Invest.

“**Person**” means any natural person or any company, partnership, joint venture, firm, corporation, voluntary association, trust, enterprise, unincorporated organization or other corporate body or any Authority or any other entity whether acting in an individual, fiduciary or other capacity, including that Person’s successors and permitted assigns.

“**Prohibited Practice**” means any of the following: a) A corrupt practice is the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party; (b) A fraudulent practice is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation; (c) A coercive practice is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party; (d) A collusive practice is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party; (e) An obstructive practice is (i) destroying, falsifying, altering or concealing of evidence material to an IDB Invest investigation, or making false statements to investigators with the intent to impede an IDB Invest investigation; (ii) threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to an IDB Invest investigation or from pursuing the investigation; or (iii) acts intended to impede the exercise of IDB Invest contractual rights of audit or inspection or access to information; and (f) A misappropriation is the use of IDB Invest financing or resources for an improper or unauthorized purpose, committed either intentionally or through reckless disregard.

“**Sub-Borrower**” means a person that meets the Eligibility Criteria established by the Issuer set forth in Annex C (*Eligibility Criteria*).

“**Sub-Loan**” means any loan funded by Bond proceeds that is made by the Issuer to a Sub-Borrower to finance sustainable lending activities that can be classified under the 17 categories of the Sustainable Development Goals in accordance to Annex C.

“**Subscription**” means the subscription of IDB Invest to purchase the Bonds pursuant to the acceptance by the Subscribers of the Subscription Request, and in exchange for payment of the Subscription Price in accordance with the Bond Subscription Agreement.

“**Subscription Date**” means the Issuance Date and any other day on which IDB Invest subscribes for the Bonds.

“Subscription Request” means each request issued by the Issuer to IDB Invest for payment of the subscription price for the Bonds.

“Unauthorized Share Transaction” means any transaction affecting or changing the share capital held or to be acquired by any person in the Issuer (whether directly or indirectly, through the ownership by such person of share capital in any other person) if (a) (i) such transaction or such person violates, or would result in the Issuer violating, the Applicable Laws of the Issuer’s Country, or (ii) such person is included in the Internationally Recognized Sanctions Lists or in the IDB Group List of Sanctioned Firms and Individuals and, (b) such person holds or would as a result of such transaction hold in aggregate in excess of five percent (5%) of the total share capital of the Issuer.

“Uruguayan Banking Regulatory Authority” means the *Banco Central del Uruguay*.