



CAIXABANK, S.A.

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

EUR 594,300,000

Unsecured Mandatory Exchangeable Bonds due 2016 Exchangeable for existing shares in Repsol, S.A.

The EUR 594,300,000 4.5 per cent. Mandatory Exchangeable Bonds due 2016 (the “**Bonds**”) of CaixaBank, S.A. (the “**Issuer**”) will be exchangeable into their respective entitlements to the Exchange Property (as defined herein), initially comprising 32,564,383.56 ordinary shares in Repsol, S.A. (“**Repsol**”) of EUR 1 par value each (the “**Repsol Shares**”) unless the Issuer shall have made a Cash Settlement Election (as defined herein), in which case holders of the Bonds (the “**Bondholders**”) shall be entitled to receive the relevant Cash Settlement Amount (as defined herein) in respect of the Exchange Property. The Bonds may be so exchanged either voluntarily at the option of the Bondholders or mandatorily by the Issuer, as described herein. The Exchange Property will be subject to adjustment from time to time as provided herein. See “*Terms and Conditions of the Bonds – Exchange Property Adjustments*”.

Interest on the Bonds is payable at the rate of 4.5 per cent. per annum payable annually in arrear on 22 November in each year, commencing on 24 November 2014. In addition the Bondholders will receive on an annual basis the gross amount of any distribution in cash made with respect to the Repsol Shares.

The Bonds will be exchangeable, at the option of the Bondholder (the “**Exchange Right**”) on or after 1 January 2014 until the day which is the 25th Barcelona Business Day (as defined herein) prior to the Maturity Date (as defined herein) (the “**Exchange Period**”) for the Minimum Exchange Ratio (as defined herein) of the Exchange Property per Bond, unless the Issuer shall have made a Cash Election. Unless otherwise previously exchanged, redeemed or purchased and cancelled, on 22 November 2016 (the “**Maturity Date**”) all outstanding Bonds will be mandatorily redeemed by delivery by, or on behalf of the Issuer on the relevant Settlement Date (as defined herein) to, or to the account of, the relevant Bondholders of the Maturity Exchange Ratio of the Exchange Property per Bond, unless the Issuer shall have made a Cash Election, in which case Bondholders shall be entitled to receive the relevant Cash Alternative Amount in respect of the Exchange Property. At any time during the Exchange Period, the Issuer may give notice to Bondholders in accordance with the Conditions to exchange their outstanding Bonds into Repsol Shares (and/or other property comprising the Exchange Property) by reference to the then prevailing Maximum Exchange Ratio (as defined herein) of the Exchange Property plus payment of the accrued Fixed Interest and the Make Whole Amount (subject to the Settlement Alternative Options (as defined herein)).

This Prospectus has been approved by the Central Bank of Ireland (the “**CBI**”) in its capacity as competent authority under Directive 2003/71/EC, as amended (including the amendments made by Directive 2010/73/EU) (the “**Prospectus Directive**”). The CBI only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to Bonds that are to be admitted to trading on the regulated market of the Irish Stock Exchange (the “**Main Securities Market**”) or on another regulated market for the purposes of Directive 2004/39/EC (the “**Markets in Financial Instruments Directive**”) or that are to be offered to the public in any Member State of the European Economic Area. Application has been made to the Irish Stock Exchange (the “**Irish Stock Exchange**”) for Bonds to be admitted to its official list (the “**Official List**”) and trading on the Main Securities Market. The existing issued Repsol Shares are listed on the Madrid Stock Exchange and the Buenos Aires Stock Exchange. See “*Description of Repsol and the Repsol Shares*”.

Neither the Bonds, nor the Repsol Shares have been or will be registered under the United States Securities Act of 1933 (the “**Securities Act**”) or with any securities regulatory authority of any jurisdiction. The Bonds have been offered in offshore transactions outside the United States in reliance on Regulation S (“**Regulation S**”) under the Securities Act

and, unless the Bonds are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available, may not be offered, sold or delivered within the United States or to or for the benefit of U.S. persons.

The Bonds are unsubordinated and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer. Upon the insolvency of the Issuer the Bonds will rank *pari passu* among themselves and equally with all other unsecured and unsubordinated obligations of the Issuer (unless they qualify as subordinated claims pursuant to article 92 of Law 22/2003 (*Ley Concursal*) of 9th July, 2003 (the “**Insolvency Law**”) or equivalent legal provisions which replace it in the future, and subject to any applicable legal and statutory exceptions).

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

Potential investors should note the statements on pages 89 to 95 regarding the tax treatment in Spain of income obtained in respect of the Bonds and the disclosure requirements imposed by Law 13/1985, of 25th May, 1985, as amended, on the Issuer. In particular, payments on the Bonds may be subject to Spanish withholding tax if certain information relating to the Bonds is not received by the Issuer in timely manner.

References in this Prospectus to Bonds being “**listed**” (and all related references) shall mean that such Bonds have been admitted to trading on the Main Securities Market and have been admitted to the Official List of the Irish Stock Exchange.

The Issuer has been rated BBB-, Baa3, BBB and A (low) (each of which has a negative outlook) by Standard & Poor’s Credit Market Services Europe Limited (“**S&P**”), Moody’s Investors Services España, S.A. (“**Moody’s**”), Fitch Ratings España, S.A.U. (“**Fitch**”) and DBRS Ratings Limited (“**DBRS**”). Each of Standard and Poor’s, Moody’s, Fitch and DBRS is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”). As such each of S&P, Moody’s, Fitch and DBRS is included in the list of credit rating agencies published by the European Securities and Markets Authority (“**ESMA**”) on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. The Bonds are not rated. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The date of this Prospectus is 18 December 2013.

IMPORTANT INFORMATION

This Prospectus comprises a prospectus for the purposes of the Prospectus Directive.

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

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

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

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

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Bonds shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof.

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

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Bonds may be restricted by law in certain jurisdictions. The Issuer does not represent that this Prospectus may be lawfully distributed, or that any Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which is intended to permit a public offering of any Bonds or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Bonds. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Bonds in the United States, the United Kingdom and Spain.

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

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

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

The Bonds 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 U.S. tax law requirements. Subject to certain exceptions, Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.

PRESENTATION OF INFORMATION

In this Prospectus, all references to **euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

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

CONTENTS

Clause	Page
Overview	6
Risk Factors	9
Documents Incorporated by Reference	27
Summary of Provisions relating to the Bonds in Global Form.....	28
Use of Proceeds	70
Description of the Issuer.....	71
Description of Repsol and the Repsol Shares.....	88
Taxation.....	89
General Information	96

OVERVIEW

The following is an overview of the principal features of the Bonds. Words and expressions defined in "Terms and Conditions of the Bonds" (the "Conditions") or elsewhere in this Prospectus shall have the same meanings in this Overview. The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus.

Issuer:	CaixaBank, S.A..
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Bonds and/or which are material for the purpose of assessing the market risks associated with the Bonds. These are set out under "Risk Factors".
Securities Offered:	EUR 594,300,000 4.5 per cent. Unsecured Mandatory Exchangeable Bonds due 2016 Exchangeable for existing shares in Repsol, S.A..
Underlying Shares:	Ordinary shares of Repsol S.A. (ISIN ES0173516115 / Bloomberg REP SM / Reuters REP.MC).
Form and Denomination:	The Bonds are in registered form in denominations of EUR 100,000 each.
Maturity Date:	22 November 2016.
Issue Date:	22 November 2013.
Exchange Period:	The period from and including 1 January, 2014 to and including the 25th Barcelona Business Day prior to the Maturity Date provided that, if such day is not a Barcelona Business Day, the immediately preceding Barcelona Business Day.
Exchange Property:	The initial Exchange Property will comprise of 32.6 million Repsol Shares, representing approximately 2.5% of the issued share capital of Repsol. The Exchange Property will be subject to customary adjustments as provided in the Conditions of the Bonds.
Issuer Rating (long term senior debt):	The Issuer has been rated BBB- by S&P, Baa3 by Moody's, BBB by Fitch and A (low) by DBRS, each of which has a negative outlook. The Bonds will not be rated.
Status of the Bonds:	The Bonds will constitute direct, unconditional, unsubordinated and, subject to the provisions of the negative pledge, unsecured obligations of the Issuer and will rank pari passu, without preference, among themselves.
Mandatory Exchange on the Maturity Date:	Unless previously exchanged, redeemed or purchased and cancelled, each Bond will be mandatorily exchanged on the Maturity Date for a number of Repsol Shares (and/or other property constituting the Exchange Property) equal to the Maturity Exchange Ratio of the Exchange Property per Bond (subject to the Settlement Alternative Options below).

Settlement Alternative Options: Upon exchange, the Issuer will have the right to elect to deliver the relevant pro rata share of the Exchange Property or pay the Cash Alternative Amount in lieu of delivering the relevant pro rata share of the Exchange Property or deliver a combination thereof.

Voluntary Exchange at the Option of the Holder: The Bonds may, at the option of the Bondholder, be exchanged into the Exchange Property at any time during the Exchange Period (except as provided below). Bondholders exercising such option are entitled to receive, in respect of each Bond, a number of Repsol Shares (and/or other property comprising the Exchange Property) equal to the prevailing Minimum Exchange Ratio of the Exchange Property per Bond (subject to the Settlement Alternative Options above). Bondholders will not be entitled to receive any accrued Fixed Interest or Make Whole Amount. Bondholders may not exercise an option for a Voluntary Exchange following a Credit Event Exchange. Bondholders will be required to make certain certifications, including that they are outside the United States, in order to exercise their option for a Voluntary Exchange.

General Offers: If the Issuer in its absolute discretion (subject to certain parameters) accepts any public offer for the Repsol Shares (or if the Repsol Shares are subject to compulsory acquisition) then, with effect from the Final Date of such offer, the Exchange Property will consist, in whole or in part, of the consideration for the offer (or pursuant to such compulsory acquisition). Exchange Rights will be suspended from and including the 6th Trading Day prior to the Specified Date until the acceptance of the relevant offer is withdrawn or until the Final Date. If alternative consideration is available pursuant to the offer, the Issuer shall be entitled (subject to certain parameters) to select that consideration which is to be treated as the Offer Consideration.

Mandatory Exchange at the Option of the Issuer: At any time during the Exchange Period, the Issuer may give notice to Bondholders in accordance with the Conditions to exchange their outstanding Bonds into Repsol Shares (and/or other property comprising the Exchange Property) by reference to the then prevailing Maximum Exchange Ratio of the Exchange Property plus payment of the accrued Fixed Interest and the Make Whole Amount (subject to the Settlement Alternative Options above).

Credit Event Exchange: If the rating for the long term senior debt of the Issuer from any two of Moody's, S&P or Fitch or any of their respective successors falls below Ba2 (in the case of Moody's) or below BB (in the case of S&P) or below BB (in the case of Fitch) or is withdrawn and (in the case of a downgrade) does not within a 30 day period subsequently receive a rating of Ba2, BB or BB (as applicable) or higher by at least one of such Rating Agencies, or (in the case of a withdrawal) the rating is not reinstated to a rating of Ba2, BB or BB (as applicable) or higher by at least one of such Rating Agencies within a 30 day period after such withdrawal, such event will constitute a Credit Event.

Upon occurrence of a Credit Event, the Issuer shall notify the Bondholders in accordance with the Conditions, and the Issuer shall deliver to Bondholders Repsol Shares (and/or other property constituting the Exchange Property) by reference to the then prevailing

Minimum Exchange Ratio of the Exchange Property per Bond (subject to Settlement Alternative Options above). No accrued Fixed Interest or Make Whole Amount shall be paid. The Bonds will not be redeemed nor will the principal amount of the Bonds, or the Exchange Property, be reduced on a Credit Event Exchange.

Cross Default:	The Conditions contain a cross default provision as further described in Condition 16(c) (<i>Accelerated Exchange Events</i>).
Negative Pledge:	The Conditions contain a negative pledge provision as further described in Condition 3 (<i>Negative Pledge</i>).
Tax Gross-up:	Tax gross up subject to certain exceptions, including gross-up exception in the event that the Issuer does not receive in a timely manner a duly executed and completed certificate from its paying agent pursuant to Spanish Law 13/1985 and Royal Decree 1065/2007, as amended.
Governing Law:	English Law; except in relation to provisions relating to the status of the Bonds, the appointment of a Comisario to act as representative of the Holders and the constitution and functioning of a Syndicate of Holders which provisions will be governed by Spanish Law.
Use of Proceeds:	General corporate purposes.
Form:	The Bonds are represented by a Global Bond in registered form, without coupons, deposited with a common depository on behalf of Clearstream, Luxembourg and Euroclear. The Global Bonds will be exchangeable for definitive Bonds in registered form in limited circumstances only.
Listing:	This Prospectus has been approved by the CBI as competent authority under the Prospectus Directive. Application has been made for the Bonds to be listed on the Official List of the Irish Stock Exchange.
Clearing Codes:	ISIN: XS0994834587. Common Code: 099483458.
Selling Restrictions:	There are restrictions on offers and sales of the Bonds, <i>inter alia</i> , in the United States.
Principal Paying, Transfer and Exchange Agent:	Citibank, N.A. London Branch.
Comisario:	Structured Finance Management (Spain) S.L..
Calculation Agent:	Conv-Ex Advisors Limited.

RISK FACTORS

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

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

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE BONDS

Risks relating to Group operations

Some of the Group's business is cyclical and the Group's income may decrease when demand for certain products or services is in a downwards cycle

The level of income the Group derives from certain of its products and services depends on the strength of the economies in the regions where the Group operates and market trends prevailing in those regions. Customer loans and deposits, which collectively account for most of its earnings, are particularly sensitive to economic conditions. However, many of the economies of continental Europe, including Spain, are forecast to have flat or weakening economies in 2013. If the business environment in Spain does not improve or worsens, the results of operations of the Group could be materially adversely affected.

The Group's business could be affected if its capital is not managed effectively

Effective management of the Group's capital position is important to its ability to operate its business and to pursue its business strategy. However, in response to the recent financial crisis, a number of changes to the regulatory capital framework have been adopted or are being considered. For example, CRD IV (as described below) requires the Issuer to maintain certain capital adequacy ratios.

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

Debt and equity investors, analysts and other market professionals may also require higher capital buffers than those required under current or proposed future regulations due to, among other things, the continued general uncertainty involving the financial services industry and the uncertain global economic conditions. Any such market perception, or any concern regarding compliance with future capital adequacy requirements, could increase the Group's borrowing costs, limit its access to capital markets or result in a downgrade in its credit ratings, which could have a material adverse effect on its business, financial condition and results of operations.

Current economic conditions may make it more difficult for the Group to continue funding its business on favourable terms or at all

Historically, one of the Group's principal sources of funds has been savings and demand deposits. Moreover, since the Group relies heavily on short-term deposits for its funding, it cannot be sure that, in the event of a

sudden or unexpected withdrawal of deposits or shortage of funds in the banking systems or money markets in which it operates, it will be able to maintain its current levels of funding without incurring higher funding costs or having to liquidate certain of its assets. In addition, if public sources of liquidity, such as the European Central Bank (“ECB”) extraordinary measures adopted in response to the financial crisis since 2008, are removed from the market, the Issuer can give no assurance that it will be able to continue funding its business or, if so, maintain its current levels of funding without incurring higher funding costs or having to liquidate certain of its assets.

Continuing economic tensions in the European Union and Spain, including as a result of the ongoing European sovereign debt crisis, could have a material adverse effect on the Group's business, financial condition and results of operations

The continuing crisis in worldwide financial and credit markets has led to a global economic slowdown in recent years, with many economies around the world showing significant signs of weakness or slow growth. In Europe, there has been a significant reduction in risk premiums. Nevertheless, uncertainty regarding the budget deficits and solvency of several countries persists, together with the risk of contagion to other more stable countries. To a lesser extent than during the height of the financial crisis, there is also the risk of default on the sovereign debt of certain EU countries and the impact this would have on the Eurozone countries, including the potential risk that one or more countries may leave the Eurozone, either voluntarily or involuntarily, which has raised concerns about the ongoing viability of the euro currency and the European Monetary Union (the “EMU”). These concerns have been further exacerbated by the rise of Euro-scepticism in certain EU countries, including countries that decided not to enter the EMU such as the United Kingdom.

These and other concerns could lead to the re-introduction of individual currencies in one or more EU Member States. The exit of one or more EU Member States from the EMU could materially adversely affect the European and global economy, cause a redenomination of financial instruments or other contractual obligations from the euro to a different currency and substantially disrupt capital, interbank, banking and other markets, among other effects, any of which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. In addition, tensions among EU Member States, and growing Euro-scepticism in certain EU countries, could pose additional difficulties in the EU's ability to react to the ongoing economic crisis.

The Spanish economy contracted during 2012 and the recession continued in the first six months of 2013 with improvement expected in 2014. The recent significant reduction in risk premiums and improved access to funding have not entirely addressed concerns about Spain in the context of the sovereign debt crisis and health of the Spanish banking sector. The prospect of the continued contraction of the Spanish economy could lead Spanish leaders to consider requesting financial assistance from the European Central Bank. Any such financial assistance could impose austerity measures and other restrictions on the Spanish government, including enhanced requirements directed toward Spanish banking institutions, which could make it difficult for Spain to generate revenues and such events would raise additional concerns regarding its ability to service its sovereign debt. Any such restrictions, including additional capital requirements applicable to Spanish banking institutions, could also materially affect the Group's financial condition. Furthermore, any such austerity measures could adversely affect the Spanish economy and reduce the capacity of the Group's Spanish borrowers to repay loans made to them, increasing the Group's non-performing loans.

Economic conditions remain uncertain in Spain and the European Union and may deteriorate in the future, which could adversely affect the cost and availability of funding for Spanish and European banks, including the Group and the quality of the Group's loan portfolio, require the Group to take impairments on its exposures to the sovereign debt of one or more countries in the Eurozone or otherwise adversely affect the Group's business, financial condition and results of operations.

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

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

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

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

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

Prior to 2008, demand for housing and mortgage financing in Spain increased significantly driven by, among other things, economic growth, declining unemployment rates, demographic and social trends, the desirability of Spain as a holiday destination and historically low interest rates in the Eurozone. During late 2007, however, the housing market began to adjust in Spain as a result of excess supply and higher interest rates.

Since 2008, as economic growth came to a halt in Spain, housing oversupply has persisted, unemployment has continued to increase, housing demand has continued to decrease and house prices have declined, while mortgage delinquencies have increased. Further, recent government measures, such as the increase in the value added tax rate of real estate transactions may lead to further declines in demand for property. Spanish real estate prices continued to decline during 2012 in light of deteriorating economic conditions and it is expected that housing demand will remain weak and housing transactions will continue decreasing in 2013.

These trends, especially higher interest rates and unemployment rates, coupled with declining real estate prices, could have a material adverse impact on the Group's mortgage payment delinquency rates, which in turn could have a material adverse effect on its business, financial condition and results of operations.

The Group has lending exposure to risks in the property development and construction sector, with loans for property construction and/or development amounting to approximately €24,964,000,000 (11.3 per cent. of the Group's total loans and receivables) at 30th June, 2013. Specific coverage (NPLs and sub-standard) for this exposure amounted to approximately €6,857,000,000, 45% at 30th June, 2013, an NPL ratio on loans to real-estate developers at such date of 48.43 % excluding impact refinancing and 50.59% including impact refinancing.

Any defaults by borrowers in the property construction or development sector could have a material adverse effect on the Group's business, financial condition and results of operations.

Portions of the Group's loan portfolio are subject to risks relating to force majeure and any such event could materially adversely affect its operating results

The Group's financial and operating performance may be adversely affected by force majeure events, such as natural disasters, particularly in locations where a significant portion of its loan portfolio is composed of real estate loans. Natural disasters such as earthquakes and floods may cause widespread damage which could impair the asset quality of its loan portfolio and could have an adverse impact on the economy of the affected region.

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

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

The Group is exposed to risks faced by other financial institutions

The Group routinely transacts with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients. Defaults by, and even rumours or questions about the solvency of, certain financial institutions and the financial services industry generally have led to market-wide liquidity problems and could lead to losses or defaults by other institutions. These liquidity concerns have had, and may continue to have, an unsettling effect on inter-institutional financial transactions in general. Many of the routine transactions the Group enters into expose it to significant credit risk in the event of default by one of the Group's significant counterparties. Despite the risk control measures the Group has in place, a default by a significant financial counterparty, or liquidity problems in the financial services industry in general, could have a material adverse effect on the Group's business, financial condition and results of operations.

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

The performance of financial markets may cause changes in the value of the Group's investment and trading portfolios. In some of the Group's business, protracted adverse market movements, particularly asset price decline, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if the Group cannot close out deteriorating positions in a timely way. This may especially be the case for assets of the Group for which there are less liquid markets. Assets that are not traded on stock exchanges or other public trading markets, such as derivative contracts between banks, may have values that the Group calculates using models other than publicly quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to losses that the Group does not anticipate. The volatility of world equity markets due to recent economic uncertainty has had a particularly strong impact on the financial sector. Continued volatility may affect the value of the Group's investments in entities in this sector and, depending on their fair value and future recovery expectations could become a permanent impairment which would be subject to write-offs against the Group's results, which may have a material adverse effect on the Group's business, financial condition and results of operations.

Increased competition in the countries where the Group operates may adversely affect the Group's growth prospects and operations

The markets in which the Issuer operates are highly competitive. Financial sector reforms in the markets in which it operates have increased competition among both local and foreign financial institutions, and it believes that this trend will continue. In addition, the trend towards consolidation in the banking industry has created larger and stronger banks with which it must now compete, some of which have recently received public capital.

The Issuer also faces competition from non-bank competitors, such as department stores (for some credit products), automotive finance corporations, leasing companies, factoring companies, mutual funds, pension funds, insurance companies, and public debt (as a result of the high yields which are being currently offered as a consequence of the sovereign debt crisis).

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

Volatility in interest rates may negatively affect the Group's net interest income and increase the Group's NPL portfolio

The Group's results of operations are substantially dependent upon the level of its net interest income, which is the difference between interest income from interest-earning assets and interest expense on interest bearing liabilities. Interest rates are highly sensitive to many factors beyond its control, including deregulation of the financial sectors in the markets in which it operates, monetary policies pursued by the European Union and national governments, domestic and international economic and political conditions, and other factors.

Rising interest rates may also lead to an increase in the Issuer's bad and doubtful debts portfolio if borrowers cannot refinance in a higher interest rate environment. This would result in an increase in defaults on the Issuer's loans to customers if borrowers are unable to meet their increased interest expense obligations, a reduction in the demand for loans, and the Issuer's ability to generate loans.

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

The financial services industry is among the most highly regulated industries in the world. The Group's operations are subject to ongoing regulation and associated regulatory risks, including the effects of changes in laws, regulations, policies and interpretations, in Spain and the other markets in which it operates. This is particularly the case in the current market environment, which is witnessing increased levels of government and regulatory intervention in the banking sector which is expected to continue for the foreseeable future. The regulations which most significantly affect the Group include, amongst others regulations relating to capital requirements or provisions, as described below. In addition, the Group is subject to substantial regulation relating to other matters such as liquidity. The Issuer cannot predict if increased liquidity standards, if implemented, could require the Group to maintain a greater proportion of its assets in highly-liquid but lower-yielding financial instruments, which would negatively affect its net interest margin.

The Group is also subject to other regulations, such as those related to anti-money laundering, privacy protection and transparency and fairness in customer relations.

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

Capital adequacy requirements

Increasingly onerous capital requirements constitute one of the Group's main regulatory concerns.

As a Spanish financial institution, the Issuer is subject to the Bank of Spain Circular 3/2008 (“**Circular 3/2008**”) of 22nd May, as amended, on the calculation and control of minimum capital requirements, including amendments introduced by Bank of Spain Circular 4/2011 (“**Circular 4/2011**”), which implements

Capital Requirement Directive III (“**CRD III**”). In addition, Law 9/2012 of 14th November, on restructuring and resolution of credit entities (“**Law 9/2012**”) as supplemented and detailed by Bank of Spain Circular 7/2012 (“**Circular 7/2012**”) established a new minimum requirement in terms of principal capital (*capital principal*) which is almost identical to European Banking Authority’s (the “**EBA**”) core Tier 1 ratio on risk-weighted assets which is more restrictive than the one set out in Circular 3/2008, and that must be greater than 9 per cent. This requirement came into force in 2013 and according to paragraph 23 of the Memorandum of Understanding on Financial-Sector Policy (the “**MoU**”), has to be satisfied by all Spanish financial institutions until at least 31st December, 2014. Spanish financial institutions which do not comply with such requirements after the deadlines agreed with the Bank of Spain for its compliance may be subject to fines. Law 9/2012 states the consequences of not complying with this capital principal requirement; in particular this law includes early intervention, restructuring and resolution provisions for those institutions who fail to comply with the capital requirements.

In addition, following an evaluation of the capital levels of 71 financial institutions throughout Europe (including the Issuer) based on data available as of 30th September, 2011, the EBA issued a recommendation (EBA/REC/2011/1) pursuant to which, on an exceptional and temporary basis, financial institutions based in the EU should have reached a new minimum Core Tier 1 ratio (9 per cent.) by 30th June, 2012. The “*la Caixa*” Group reached on that date an EBA Core Tier 1 ratio of 11.1 per cent., which allowed the Group to satisfy the minimum 9 per cent. requirement, as well as to absorb the 358 million euros capital buffer corresponding to sovereign risk calculated according to the EBA methodology on the same date. On 22nd July, 2013, the EBA issued a new recommendation on the presentation of core Tier 1 capital during the transition to the CRD/CRR (as defined below) framework which revoked the 8th December, 2011 recommendation (EBA/REC/2011/1) as from such a date and which applies to 61 banks, including Group “*la Caixa*” and which recommended the competent authorities to ensure that those credit institutions maintain a nominal floor of capital denominated in the relevant reporting currency of core Tier 1 capital as defined on 8th December, 2011 EBA recommendation corresponding to a 9 per cent. core Tier 1 ratio on 30th June, 2012 plus a sovereign exposure capital buffer related to sovereign risk exposure as calculated in EBA/REC/2011/1. The “*la Caixa*” group complies fully with this recommendation. This recommendation is stated to be reviewed in due course and in any event by 31st December, 2014.

The Issuer will be subject to the new Basel III capital standards, which are in the process of being phased in until 1st January, 2019. Despite the Basel III framework setting minimum transnational levels of regulatory capital and a measured phase-in, many national authorities have started a race to the top for capital by gold-plating both requirements and the associated interpretation calendars. For example, the European transposition of these standards will be through CRD IV (including Directive 2013/36/EU of the European Parliament and of the Council of 26th June, 2013 (“**CRD IV**”) and the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26th June, 2013 (the “**CRR**”). The date of entry into force of the CRR and the deadline for implementation of the CRD IV is 1st January, 2014. However, the Spanish Government anticipated certain requirements of Basel III in 2011 through Royal Decree-Law 2/2011 (“**RD-L 2/2011**”) of 18th February, as amended, which was superseded by Law 9/2012, which imposed stricter capital requirements, as noted above.

In addition, there can be no assurance that the implementation of these new standards will not adversely affect the Issuer's ability to pay dividends, or require it to issue additional securities that qualify as regulatory capital, to liquidate assets, to curtail business or to take any other actions, any of which may have adverse effects on the Issuer's business, financial condition and results of operations.

Implementation of Basel III and the CRD IV

The CRD IV introduces significant changes to the regulatory regime applicable to banks including: increased minimum capital ratios; changes to the definition of capital and the calculation of risk weighted assets; and the introduction of new measures relating to leverage, liquidity and funding. The CRD IV permits a transitional period for certain of the enhanced capital requirements and certain other measures, such as the CRD IV leverage ratio, which are not expected to be finally implemented until 2018. The CRD IV requirements adopted in Spain may change, whether as a result of further changes to CRD IV agreed by EU

legislators, binding regulatory technical standards to be developed by the EBA or changes to the way in which the regulator interprets and applies these requirements to Spanish banks (including as regards individual model approvals granted under Capital Requirement Directive II and CRD III). Such changes, either individually and/or in aggregate, may lead to further unexpected enhanced requirements in relation to the Group's CRD IV capital, leverage, liquidity and funding ratios or alter the way such ratios are calculated.

In addition, different capital requirements might apply depending on the size of the credit institution and other systemic risk perception of the supervisory bodies.

In particular CRD IV sets out new rules as regards liquidity, stable funding and leverage. Liquidity requirements require credit institutions to hold certain liquid assets to ensure that they maintain levels of liquidity buffers which are adequate to face any possible imbalance between liquidity inflows and outflows under gravely stressed conditions over a period of thirty days. Stable funding requirements require credit institutions to comply with reporting requirements to allow an assessment of the availability of stable funding. Leverage requirements request credit institutions to calculate a ratio as its capital measure divided by that institution total exposure measure.

The final impact of the CRD IV is dependent on technical standards to be finalised by the EBA and on the final implementation of the rules. The actual impact of the CRD IV will depend on interpretative issues outstanding and related technical standards that have not yet been finalised. This would impact, for example, provisions relating to the treatment of deferred tax assets, the treatment of insurance holdings or restrictions on short hedges relating to non-significant financial holdings. The actual impact will also be dependent on required regulatory approvals and the extent to which further management action is taken prior to implementation.

Provision requirements

Royal Decree-Law 2/2012, of 3rd February, and Royal Decree-Law 18/2012, of 11th May, applies to credit institutions and increased coverage requirements to cover potential losses (which had to be met by 31st December, 2012) for performing and non-performing real estate assets and required an additional capital buffer. Subsequently, requisites of both Royal Decree-Laws were included in Law 8/2012 of 30th October (Law 8/2012).

In April 2013 the Bank of Spain clarified the criteria for classification of refinanced loans into the categories of normal, substandard and doubtful. Financial institutions had until September to implement these new criteria, which may have an impact on provisions. Financial institutions had until September, 2013 to implement these new criteria, in relation to which the Issuer has made all the necessary provisions required by Royal Decree Law 2/2012, in an amount of €2,436 million, and €1,200 million in relation to the provisions required by Royal Decree Law 18/2012.

There can be no assurance that additional provision requirements will not be adopted by the authorities of the jurisdictions in which the Group operates (including Spanish authorities) nor of the effect of such additional requirements on the business, financial condition or results of operations of the Issuer.

Contributions for assisting in the restructuring of the Spanish banking sector

Royal Decree-Law 6/2013 of 22nd March, on protection for holders of certain savings and investment products and other financial measures, includes a requirement for banks (including therefore the Issuer), to make an exceptional one-off contribution to the Deposit Guarantee Fund (*Fondo de Garantía de Depósitos*) in addition to the annual contribution to be made by member institutions, equal to €3.00 per €1,000 of the deposits held as of 31st December, 2012. The purpose of such contribution is for the Deposit Guarantee Fund to be able to purchase at market prices the unlisted shares resulting from the compulsory exchange of hybrid capital instruments and subordinated debt of certain Spanish institutions other than the Issuer that are involved in a restructuring process under Law 9/2012. There can be no assurance that additional funding

requirements will not be imposed by the Spanish authorities for assisting in the restructuring of the Spanish banking sector which may impose a further financial burden on the Issuer.

Steps taken towards achieving an EU fiscal and banking union

In June, 2012, a number of agreements were reached to reinforce the monetary union, including the definition of a broad roadmap towards a single banking and fiscal union. While support for a banking union in Europe is strong and significant advances will be made in terms of the development of a single-rule book through CRD IV, there is ongoing debate on the extent and pace of integration. It has been decided that the European Central Bank (the “**ECB**”) will play a key role in supervision; although a consensus on how to dovetail its central position with the role of national supervisors has not yet been agreed. Other issues are still open, such as the asset quality review and stress test to be conducted by the ECB before becoming the single European bank supervisor, representation and voting power of non-Eurozone countries, the accountability of the ECB to European institutions as part of the single supervision mechanism, the final status of the European Banking Authority, the development of a new bank resolution regime and the creation of a common deposit-guarantee scheme. European leaders have also supported the reinforcement of the fiscal union but continue negotiating on how to achieve it.

Regulations adopted towards achieving a banking and/or fiscal union in the EU and decisions adopted by the ECB in its future capacity as the Issuer’s main supervisory authority may have a material impact on the Issuer’s business, financial condition and results of operations.

Memorandum of Understanding on the Spanish Financial Sector

On 25th June, 2012, the Spanish government formally requested the European Union to provide financial aid to recapitalise certain Spanish financial institutions. The details and conditions of the related MoU were announced on 20th July, 2012. The MoU establishes a series of conditions to be met by all Spanish financial institutions, including those that have no capital deficits. Such conditions include compliance with the EBA’s Core Tier 1 ratio of 9 per cent., early intervention and resolution measures, including burden sharing measures from hybrid capital holders and subordinated debt holders in banks receiving public capital, and new financial reporting requirements on capital, liquidity and loan portfolio quality. The Spanish government implemented the agreements reached in the MoU through Royal-Decree Law 24/2012, of 31st August, which was later replaced by Law 9/2012. The MoU, which is due to expire by the end of 2013, can be renewed.

The Spanish government, implementing the agreements reached in the MoU, has introduced certain specific loss absorption measures in Spain that may be applied by the Issuer or the Fund for Orderly Bank Restructuring (*Fondo de Reestructuración Ordenada Bancaria*, the “**FROB**”). The Issuer has received assistance from the FROB on a limited number of occasions, most recently in its acquisition of Banco de Valencia. In February 2013, the Issuer acquired Banco de Valencia from the FROB. This acquisition is subject to a series of financial support measures, implemented through an asset protection scheme (*esquema de protección de activos*). Under the terms of this scheme the FROB will assume, over a 10-year period, 72.5% of losses incurred in Banco de Valencia’s small and medium sized entities, self-employed professionals and contingent risk portfolios, once any existing provisions covering these assets have been applied (please refer to “*Description of the Issuer – Acquisition of Banco de Valencia*”). In addition, in February 2011, prior to its merger with the Issuer, Banca Cívica received financial assistance from the FROB in which the FROB subscribed for €77 million preference shares in Banca Cívica. This amount was repaid by the Issuer in April 2013.

The Issuer cannot predict the impact that the conditions set forth in the MoU, its renewal or the implementing regulation may have on its business, financial condition or results of operations.

Operational risks are inherent in the Group’s business

The Group’s businesses depend on the ability to process a large number of transactions efficiently and accurately. Losses can result from inadequate personnel, inadequate or failed internal control processes and

systems, or from external events that interrupt normal business operations. The Group also faces the risk that the design of its controls and procedures prove to be inadequate or are circumvented. There can be no assurance that the Group will not suffer material losses from operational risk in the future.

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

Credit ratings affect the cost and other terms upon which the Group is able to obtain funding. Rating agencies regularly evaluate the Group and their ratings of its long-term debt are based on a number of factors, including the Group's financial strength as well as conditions affecting the financial services industry generally.

As at the date of this Prospectus, the rating agencies have awarded the Issuer the same rating as Spanish sovereign debt. Due to this methodology of the main rating agencies, if Spain's sovereign debt is downgraded, the Issuer's credit rating could also be downgraded by an equivalent amount.

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

In light of the difficulties in the financial services industry and the financial markets, there can be no assurance that the rating agencies will maintain their current ratings or outlooks. With regard to those rating agencies which have a negative outlook on the Group, there can be no assurances that such agencies will revise such outlooks upward. The Group's failure to maintain favourable ratings and outlooks could increase the cost of its funding and adversely affect the Group's interest margins and results of operations.

RISKS RELATING TO THE BONDS

Risks Relating to the Exercise of Exchange Rights

Bondholders should be aware that the Bonds, being exchangeable for the Exchange Property, bear certain risks. Depending on the performance of the Exchange Property, the value of the Exchange Property may be substantially lower than when the Bonds were initially purchased. In addition, the value of the Exchange Property to be delivered may vary substantially between the date on which Exchange Rights are exercised and the date on which such Exchange Property is delivered. Bondholders who exercise Exchange Rights before maturity of the Bonds will receive the minimum proportion of Exchange Property attributable to such Bonds. See Condition 7 (*Exchange Rights*) of the Bonds.

There is a Limited Period for, and Costs Associated with, the Exercise of Exchange Rights

Subject to the Conditions, a Bondholder will have the right to exchange Bonds for Repsol Shares. Exchange Rights may be exercised, subject as provided herein, at any time from and including 1 January 2014 to and including the 25th Barcelona business day prior to 22 November 2016, at the place where such Bond is delivered for exchange. If the Exchange Rights are not exercised by Bondholders during the Exchange Period and unless otherwise previously redeemed and exchanged or purchased and cancelled in accordance with the Conditions, the Bonds will be mandatorily redeemed on the Maturity Date.

Bondholders have limited anti-dilution protection

The Bonds are exchangeable for Exchange Property. The composition of the Exchange Property will be adjusted in the event that, inter alia, there is a consolidation, reclassification or subdivision, bonus issue, distribution, rights issue which affects the Repsol Shares, but only in the situations and only to the extent provided under the relevant italicised section of Condition 11(b) (*Adjustment Events*). There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Exchange Property. Events in respect of which no adjustment is made may adversely affect the value of the Exchange Property and, therefore, adversely affect the value of the Bonds.

The Bonds may not have an active trading market

There may be little or no secondary market for the Bonds. Even if a secondary market for the Bonds develops, it may not provide significant liquidity and it is expected that transaction costs in any secondary market may be high. As a result, the difference between bid and ask prices for the Bonds in any secondary market could be substantial.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Bonds are legal investments for it, (2) the Bonds can be used as collateral for various types of borrowing, and (3) other restrictions apply to its purchase or pledge of the Bonds.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

Bondholders have no shareholder rights

Prior to the exercise of the Exchange Rights in accordance with the Conditions, an investor in a Bond will not be a holder of the Repsol Shares. No Bondholder will have any voting rights, any right to receive dividends or other distributions or any other rights with respect to the Repsol Shares.

Interest rate risks

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

RISKS RELATED TO BONDS GENERALLY

Claims of Holders under the Bonds are effectively junior to those of certain other creditors and from 1st January, 2018 may also be subject to bail-in.

The Bonds are unsecured and unsubordinated obligations of the Issuer. Upon the insolvency of the Issuer, subject to statutory preferences and provided they do not qualify as subordinated claims pursuant to article 92 of the Insolvency law, the Bonds will rank equally with any of the Issuer's other unsecured and unsubordinated indebtedness. However, the Bonds will be effectively subordinated to all of the Issuer's secured indebtedness, to the extent of the value of the assets securing such indebtedness, and other preferential obligations under Spanish law.

On 6th June, 2012, the European Commission published a legislative proposal for a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms, known as the Recovery and Resolution Directive (the "**RRD**"). The draft RRD contemplates that resolution authorities will also have the power to write down the claims of unsecured creditors of a failing institution and to convert unsecured debt claims to equity (which may include the Bonds, subject to certain parameters as to which liabilities could be eligible for the bail-in tool). While it is currently proposed that the RRD Loss Absorption Requirement will be implemented on or before 1st

January, 2015, it is not contemplated that the bail-in tool (other than in relation to Additional Tier 1 and Tier 2 instruments) will be applied before 1st January, 2018.

Under the current draft of the RRD, the credit institutions will have to meet, at all times, a minimum requirement for own funds and eligible liabilities which could be subject to bail in. In addition, certain liabilities (such as covered deposits, secured liabilities including covered bonds, client moneys, client assets or deposits) will not be subject to the power of the resolution authorities to writedown or convert liabilities into equity under the bail in tool.

As noted above, the draft RRD is not in final form and changes may be made to it in the course of the legislative process. It is also not yet possible to assess the full impact of the draft RRD, including the extent to which the application of the bail-in tool will affect instruments such as the Bonds. However, the exercise of any such tool or any suggestions of its exercise could materially adversely affect the value of the Bonds.

Risks Relating to the Insolvency Law

The Insolvency Law, which came into force on 1st September, 2004 supersedes all pre-existing Spanish provisions which regulated the bankruptcy, insolvency (including suspension of payments) and any process affecting creditors' rights generally, including the ranking of its credits.

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

Bondholders will not be able to exercise their rights on an event of default in the event of the adoption of any resolution measure under Law 9/2012

The Issuer may be subject to a procedure of early intervention, restructuring or resolution under Law 9/2012 if the Issuer or its group of consolidated credit entities is in breach of (or there are sufficient objective elements pursuant to which it is reasonable to foresee that they may breach) applicable regulatory requirements relating to solvency, liquidity, internal structure or internal controls.

Pursuant to Law 9/2012 the adoption of any early intervention, restructuring or resolution procedure shall not itself constitute an event of default or entitle any counterparty of the Issuer to exercise any rights it may otherwise have in respect thereof. Any provision providing for such rights shall further be deemed not to apply, although this does not limit the ability of a counterparty to declare any event of default and exercise its rights accordingly where an event of default arises either before or after the exercise of any such procedure and does not necessarily relate to the exercise of any relevant measure or power which has been applied pursuant to Law 9/2012.

Accordingly, while the Bonds are governed by English law and the Issuer submits to the exclusive jurisdiction of the English courts, the above provisions of Law 9/2012 may limit the enforcement by a holder of any rights it may otherwise have on the occurrence of any Event of Default (as defined in Condition 9 (*Events of Default*)). In addition, pursuant to Directive 2001/24/EC on the reorganisation and winding up of credit institutions in EU Member States, Law 9/2012 and The Credit Institutions (Reorganisation and Winding up) Regulations 2004 of the United Kingdom, any resolution procedure (and the loss absorption measures in a restructuring scenario) is specified under Law 9/2012 to be a "reorganisation measure" for the purposes of Directive 2001/24/EC and, as such, will be effective in the United Kingdom in relation to any Bonds as if it were part of the general law of insolvency of the United Kingdom. Given the absence of any

grandfathering provisions under Law 9/2012, this is the case both for those Bonds already in issue as well as any Bonds issued in the future.

Any enforcement by a Bondholder of its rights under the Bonds upon the occurrence of an Event of Default following the adoption of any resolution procedure will, therefore, be subject to the relevant provisions of Law 9/2012 in relation to the exercise of the relevant measures and powers pursuant to such procedure, which may include, among others, the sale of the Issuer's business, the transfer of assets or liabilities of the Issuer to a bridge bank and/or the transfer of assets or liabilities of the Issuer to an asset management company. Any claims on the occurrence of an Event of Default will consequently be limited by the application of any measures pursuant to the provisions of Law 9/2012. There can be no assurance that the taking of any such action would not adversely affect the rights of Bondholders, the price or value of their investment in the Bonds and/or the ability of the Issuer to satisfy its obligations under the Bonds and the enforcement by a holder of any rights it may otherwise have on the occurrence of any Event of Default may be limited in these circumstances.

Risks relating to the Spanish withholding tax regime

Article 44 of Royal Decree 1065/2007 sets out the reporting obligations applicable to preference shares and debt instruments issued under Law 13/1985 (the “**Simplified Information Procedures**”). The procedures apply to interest deriving from preferred securities (*participaciones preferentes*) and debt instruments to which Law 13/1985 refers, including debt instruments issued at a discount for a period equal to or less than twelve months.

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

- (i) identification of the securities;
- (ii) income payment date (or refund if the Bonds are issued at a discount or segregated);
- (iii) total amount of income (or total amount to be refunded if the Bonds are issued at a discount or segregated); and
- (iv) total amount of the income corresponding to each clearing system located outside Spain.

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

In accordance with Article 44 of Royal Decree 1065/2007, the relevant Issuing and Principal Paying Agent should provide the Issuer with the statement on the business day immediately prior to each interest payment date. The statement must reflect the situation at the close of business of that same day. In the event that on such date, the entity(ies) obliged to provide the declaration fail to do so, the Issuer or the Issuing and Principal Paying Agent on its behalf will make a withholding at the general rate (currently 21 per cent.) on the total amount of the return on the relevant Bonds otherwise payable to such entity.

The Issuer considers that, according to Royal Decree 1065/2007, any payments under the Bonds will be made by the Issuer free of Spanish withholding tax, provided that the Simplified Information Procedures described above (which do not require identification of the Bondholders) are complied with by the Issuer and the Issuing and Principal Paying Agent. However, the interpretation of Royal Decree 1065/2007 and in particular the absence of a withholding tax obligation for the Issuer in respect of Spanish resident

individuals, and to disclose certain tax information to the Spanish Tax Authorities about those Bondholders who are Spanish Individual Income Tax or Corporate Income Tax taxpayers, or non-Spanish residents operating in Spain through a permanent establishment is currently subject to debate. The Spanish Tax Authorities may eventually issue a tax ruling to clarify the interpretation of the currently applicable procedures and it cannot be completely discarded that such ruling determines that the Issuer should apply a withholding on payments to individuals with tax residence in Spain and to obtain and disclose certain information to the tax authorities. If this is the case, identification of Bondholders 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 clarified by the Spanish Tax Authorities.

If, following clarification by the Spanish Tax Authorities, procedures for the collection of the Bondholders information are to apply, the Bondholders will be informed of such new procedures and their implications.

Similarly if following clarification by the Spanish Tax Authorities, Bondholders who are Spanish Individual Income Tax Payers become subject to withholding tax, the Issuer will apply the relevant withholding on payments to individuals with tax residence in Spain. The Issuer will not pay any additional amounts in respect of any such withholding tax.

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

RISK FACTORS RELATING TO REPSOL

Regulation and tax framework on Repsol's operations

Repsol is a multinational oil and gas company based in Madrid, Spain.

The oil industry is subject to extensive regulation and intervention by governments throughout the world in matters such as the award of exploration and production interests, the imposition of specific drilling and exploration obligations, restrictions on production, price controls, required divestments of assets, foreign currency controls, development and nationalisation, expropriation or the cancellation of contractual rights. Such legislation and regulations apply to virtually all aspects of Repsol's operations both inside and outside Spain. In addition, the legislation of certain countries envisages the imposition of sanctions on non-domestic companies that make certain investments in other countries.

Furthermore, the natural gas and electricity sectors tend to be extensively regulated in most countries. These regulations are typically subject to periodic revision by the competent authorities and changes to those regulations can result in a decrease (or a lower increase than expected) in the remuneration received for regulated activities.

Likewise, oil refining and activities in the petrochemical industry, in general, are subject to extensive government regulation and intervention in matters such as safety and environmental controls.

Such changes to laws or regulations or their interpretation, or the implementation of certain policies cannot be predicted. Any such changes could have an adverse impact on the business, financial position and results of operations of Repsol and the Repsol group.

Potential fluctuations in international prices and demand of natural gas, crude oil and reference products

Natural gas prices tend to vary between different regions as a result of significantly different supply, demand and regulatory circumstances. In addition, excess supply conditions that exist in some regions cannot be utilised in other regions due to a lack of infrastructure and difficulties in transporting natural gas.

World oil prices have fluctuated widely over the last ten years and are driven by international supply and demand factors. The world oil market and oil prices are swayed heavily by political developments throughout the world (especially in the Middle East); the evolution of stocks of oil and derivatives; the circumstantial effects of climate changes and meteorological phenomena, such as storms and hurricanes (particularly in the Gulf of Mexico); technological evolution and improvements in energy efficiency; spiking demand in countries with strong economic growth, such as China and India; major world conflicts, as well as the political instability and threat of terrorism that periodically affect certain producing areas and also the risk that supply of crude oil may become employed as a political weapon.

International product prices are influenced by the price of oil and the demand for products, therefore, the international prices of crude and products affect the refining margin.

Reductions in oil prices negatively affect Repsol's profitability, the value of its assets and its plans for capital investment. Any significant drop in capital investment could have an adverse effect on Repsol's ability to replace its crude oil reserves.

Cyclical nature of the petrochemical activity

The petrochemicals industry is subject to wide fluctuations in supply and demand, reflecting the cyclical nature of the chemicals market on a regional and global scale. These fluctuations affect the prices and profitability of petrochemicals companies, including Repsol.

Repsol is subject to extensive environmental and safety legislations and risks

The industry in which Repsol is active is subject to extensive environmental and safety legislations and regulations, which regulate, among other matters, environmental quality standards for products, air emissions and climate change, energy efficiency, water discharges, remediation of soil and groundwater and the generation, storage, transportation, treatment and final disposal of waste materials and safety.

In particular, and due to concerns over the risk of climate change, a number of countries have adopted, or are looking into adopting, new regulatory requirements to reduce greenhouse gas emissions, such as carbon taxes, increasing efficiency standards, or adopting emissions trading schemes. These requirements could make Repsol's products more expensive as well as shift hydrocarbon demand toward relatively lower/carbon sources, such as renewable energies. In addition, compliance with greenhouse gas regulations may also require Repsol to upgrade its facilities, monitor or sequester emissions or take other actions that may increase the cost of compliance.

Operating risks related to exploration and exploitation of oil and gas, and reliance on the cost-effective acquisition or discovery of, and, thereafter, development of, new oil and gas reserves

Oils and gas exploration and production activities are subject to particular risks. These activities are exposed to production, equipment and transportation risks, natural hazards and other uncertainties relating to the physical characteristics of oil and natural gas fields. The operations of Repsol may be curtailed, delayed or cancelled as a result of weather conditions, technical difficulties, delays in the delivery of equipment or compliance with administrative requirements. Offshore operations, in particular, are subject to maritime risks, including storms and other adverse meteorological conditions, or shipping collisions. Also, the transportation of oil products, by any means, always has inherent risks: during road, rail or sea transport, or by pipeline, oil and other hazardous substances could leak. This is a significant risk due to the potential impact a spill could have on the environment and on people, especially considering the high volume of products that can be carried at any one time. Should these risks materialise, Repsol may suffer major losses, interruptions to its operations and harm to its reputation.

Moreover, Repsol must replace depleted oil and gas reserves with new proven reserves in a cost-effective manner that enables subsequent production to be economically viable. Acquisition or discovery of new reserves is, however, subject to a number of risks. For example, drilling may involve negative results, not

only with respect to dry wells, but also with respect to wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs are taken into account. In addition, crude oil and natural gas production blocks are typically auctioned by governmental authorities and Repsol faces intense competition in bidding for such production blocks, in particular those blocks offering the most attractive potential reserves. Such competition may result in Repsol's failing to obtain desirable production blocks, or acquiring them at a higher price, which could render subsequent production economically unviable.

If Repsol fails to acquire or discover, and, thereafter, develop new oil and gas reserves in a cost-effective manner, or if any of the aforementioned risks were to materialise, its business, financial position and results of operations could be adversely affected.

Reserves

Oil and gas reserves of Repsol may be located in countries that are or could be economically or politically unstable.

Reserves in these areas as well as related production operations may be exposed to risks, including increases in taxes and royalties, the establishment of limits on production and export volumes, the compulsory renegotiation or cancellation of contracts, the nationalisation or denationalisation of assets, changes in local government regimes and policies, changes in business customs and practices, payment delays, currency exchange restrictions and losses and impairment of operations due to the actions of insurgent groups. In addition, political changes may lead to changes in the business environment. Economic downturns, political instability or civil disturbances may disrupt the supply chain or limit sales in the markets affected by such events.

If any of the aforementioned risks were to materialise, it could have an adverse impact on Repsol's business, financial position and results of operations.

Measures of reserves are not precise and are subject to revision. Any downward revision in estimated quantities of proved reserves could adversely impact the results of operations of Repsol.

The issuer has not verified the information relating to Repsol

Included in this Prospectus are certain publicly available information relating to Repsol. The Issuer was not involved in the preparation of such information and has not verified the accuracy of such information but has relied on the information published by Repsol International Finance B.V. in their base prospectus dated 17 October 2013 (the "**Repsol Base Prospectus**"). The Repsol Base Prospectus has been published on http://www.repsol.com/imagenes/es_es/REP_2013_EMTN_Base_Prospectus_tcm7-661992.pdf. The risk factors relating to Repsol have been accurately reproduced and, as far as the Issuer is able to ascertain from the information published in the Repsol Base Prospectus, no facts have been omitted which would render the reproduced information inaccurate or misleading. Repsol has not participated in the preparation of this Prospectus or in establishing the terms of the Bonds. Consequently, there can be no assurance that all events occurring prior to the date hereof (including events that would affect the accuracy or completeness of the information relating to Repsol) that would affect the trading price of the Repsol Shares (and therefore the price of the Bonds) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of, or failure to disclose, material future events concerning Repsol and/or the Repsol Shares could affect the trading price of the Repsol Shares deliverable upon exchange of the Bonds and therefore the trading price of the Bonds.

In addition, there can be no assurance that the Issuer has identified all the factors or determined which are the material factors that could affect the trading price of the Repsol Shares deliverable upon the exchange of the Bonds and therefore the trading price of the Bonds.

GENERAL

The procedure described in this Prospectus for the provision of information required by Spanish laws and regulations is a summary only and the Issuer assumes no responsibility therefore. In the event that the currently applicable procedures are modified, amended or supplemented by, among other things, any Spanish law, regulation, interpretation or ruling of the Spanish tax authorities, the Issuer will notify the holders of such information procedures and their implications, as the Issuer may be required to apply withholding tax on distributions in respect of the relevant securities if the holders do not comply with such information procedures.

The conditions of the Bonds contain provisions which may permit their modification without the consent of all investors.

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

The Bonds may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross up payments and this would result in holders receiving less interest than expected and could significantly adversely affect their return on the Bonds.

Withholding under the EU Savings Directive.

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Luxembourg has announced that it will no longer apply the withholding tax system as from 1st January, 2015 and will provide details of payments of interest (or similar income) as from this date. A number of non-EU countries and territories (including Switzerland) have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions of the Bonds) nor any other person would be obliged to pay additional amounts with respect to any Bond as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

U.S. Foreign Account Tax Compliance Withholding

Whilst the Bonds are in global form and held within the clearing systems, in all but the most remote circumstances it is not expected that the new reporting regime and potential withholding tax imposed by Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (“**FATCA**”) will affect the amount of any payment received by the clearing systems (see “*Taxation - U.S. Foreign Account Tax Compliance Act*”). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to

receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Bonds are discharged once it has paid the common depository or common safekeeper for the clearing systems (as bearer of the Bonds) and therefore the Issuer has no responsibility for any amount thereafter transmitted through hands of the clearing systems and custodians or intermediaries.

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

The conditions of the Bonds are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus and any such change could materially adversely impact the value of any Bonds affected by it.

Reliance on Euroclear and Clearstream, Luxembourg procedures

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

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

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

Risks related to the market generally

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

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

The Bonds may have no established trading market, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Bonds that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities.

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

The Issuer will pay principal and interest on the Bonds in euros. 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 euros. 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) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Bonds and (3) the Investor's Currency equivalent market value of the Bonds.

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

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

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

Credit ratings assigned to the Issuer may not reflect all the risks associated with an investment in those Bonds.

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the auditors' report and audited consolidated annual financial statements for the financial year ended 31st December, 2011 of the Issuer (available at https://www.caixabank.com/deployedfiles/caixabank/Estaticos/PDFs/Informacion_accionistas_inversores/Gobierno_corporativo/Junta_General_Accionistas/MEM_CONSOL_201112_GRUPCAIXABANK_INGLES_WEB.pdf);
- (b) the auditors' report and audited consolidated annual financial statements for the financial year ended 31st December, 2012 of the Issuer (available at https://www.caixabank.com/deployedfiles/caixabank/Estaticos/PDFs/Informacion_accionistas_inversores/Informacion_Economica_Financiera/Informe_Anuual_y_Cuentas/Consolidated_financial_statements_2012.pdf); and
- (c) the unaudited consolidated condensed interim financial statements for the six months ended 30th June, 2013 of the Issuer (available at https://www.caixabank.com/deployedfiles/caixabank/Estaticos/PDFs/Informacion_accionistas_inversores/Informacion_Economica_Financiera/memGrupCaixaBank201306_en_WEB.pdf).

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

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying, Transfer and Exchange Agent for the time being in London.

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

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Bonds are in registered form in the denomination of €100,000 each. The Bonds are represented by a Global Bond in registered form and the Global Bond has been deposited with a common depository for Euroclear and Clearstream, Luxembourg and has been registered with a common nominee for Euroclear and Clearstream, Luxembourg. Interests in the Global Bond will be exchangeable for definitive Bonds only in the limited circumstances described below.

Title to book-entry interests in the Bonds passes by book-entry registration of the transfer in the records of Euroclear or Clearstream, Luxembourg, as the case may be, in accordance with their respective procedures. Book-entry interests in the Bonds may be transferred within Euroclear and within Clearstream, Luxembourg and between Euroclear and Clearstream, Luxembourg in accordance with procedures established for these purposes by Euroclear and Clearstream, Luxembourg.

Exchange for Definitive Registered Bonds

The Global Bond is exchangeable in whole, but not in part for definitive registered Bonds if the Global Bond is held on behalf of Euroclear or Clearstream, Luxembourg or any alternative clearing system and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so by such holder giving notice to the Fiscal Agent of its intention to exchange the Global Bond on or after the Exchange Date. In exchange for the Global Bond, the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive registered Bonds.

“**Exchange Date**” means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar is located and in the cities in which Euroclear and Clearstream, Luxembourg or, if relevant, or any alternative clearing system are located.

Except as otherwise described in the Global Bond, the Global Bond is subject to the Conditions and the Fiscal Agency Agreement (as defined in the Conditions) and, until it is exchanged for definitive registered Bonds, its holder shall in all respects be entitled to the same benefits as if it were the holder of the definitive registered Bonds for which it may be exchanged and as if such definitive registered Bonds had been issued on the date of the Global Bond.

Notices

So long as the Global Bond is held by Euroclear and/or Clearstream, Luxembourg and/or any alternative clearing system, notices required to be given to Bondholders may be given by their being delivered to Euroclear or Clearstream, Luxembourg or, as the case may be, any alternative clearing system, rather than by publication as required by the Conditions, in which case such notices shall be deemed to have been given to Bondholders on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or, as the case may be, any alternative clearing system; except that so long as the Bonds are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, notices shall also be filed with the Companies Announcement Office of the Irish Stock Exchange for publication in the Announcements section of the website of the Irish Stock Exchange. Any such notice shall be deemed to have been given on the day the same has been delivered to the relevant clearing systems.

Meetings

The holder of the Global Bond shall be treated as one person for the purposes of any quorum requirement of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each €100,000 principal amount of Bonds for which the Global Bond may be exchanged. Any accountholder (or the representative of any such person) of a clearing system with an interest in the Bonds (“**accountholders**”) represented by the

Global Bond, on confirmation of entitlement and proof of identity, may attend and speak (but not vote) at any meeting of Bondholders.

Prescription

Claims in respect of any payment in respect of the Bonds will become void unless made within 10 years of the date on which such payment was due.

Purchase and Cancellation

Cancellation of any Bond represented by the Global Bond which is required by the Conditions to be cancelled will be effected by an appropriate entry in the register maintained in respect of the Bonds by or on behalf of the Paying, Transfer and Exchange Agent.

Voluntary Exchange

For so long as the Global Bond is held on behalf of any one or more of Euroclear, Clearstream, Luxembourg or any alternative clearing system, Exchange Rights (as defined in the Conditions) may be exercised as against the Issuer at any time during the Exchange Period, except as otherwise provided in the Conditions, by the presentation to or to the order of the Fiscal Agent of the Global Bond, together with one or more Exchange Notices duly completed by or on behalf of a holder of a book-entry interest, in accordance with the standard procedures for Euroclear and/or Clearstream, Luxembourg and/or any alternative clearing system (which may include notice being given on such accountholder's instructions by Euroclear and/or Clearstream, Luxembourg and/or any alternative clearing system or any common depositary for them to the Fiscal Agent by electronic means) and in a form acceptable to Euroclear and/or Clearstream, Luxembourg and/or any alternative clearing system.

Mandatory Exchange

Subject to the requirements of Euroclear, Clearstream Luxembourg or any alternative clearing system, where there is a Mandatory Exchange in respect of Bonds represented by the Global Bond, the Global Bond together with one or more Exchange Notices duly completed and signed by or on behalf of a Bondholder shall be presented to the Fiscal Agent or such other Agent as shall have been notified to the Bondholder for such purpose.

Exchange at the Option of the Issuer

Subject to the requirements of Euroclear, Clearstream, Luxembourg or any alternative clearing system, the options of the Issuer provided for in Condition 6(b)(iii) shall be exercised by the Issuer giving notice to the Bondholders in accordance with that Condition.

The following legend appears on the Global Bonds and will appear on any definitive Bonds which have an original maturity of more than one year and on all interest coupons relating to such Bonds:

"THE BONDS REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNDER THE SECURITIES ACT EXCEPT IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT."

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

TERMS AND CONDITIONS OF THE BONDS

The following is the text of the Conditions of the Bonds which (subject to modification and except for the wording in italics) is endorsed on any certificates in definitive form representing the Bonds (if issued):

For the avoidance of doubt, notwithstanding references herein to “Mandatory Exchange” and “Early Mandatory Exchange”, the Issuer is entitled, subject to the terms set out in these Conditions, to make a Cash Election in respect of its obligations to deliver Exchange Property.

1. General

(a) Description

The issue of the €94,300,000 4.50 per cent. Exchangeable Bonds due 2016 (the “**Bonds**”, which expression shall, unless otherwise indicated, include any further bonds issued pursuant to Condition 21 and consolidated and forming a single series with the Bonds) was (save in respect of any such further bonds to be issued pursuant to Condition 21) authorised by resolutions of the Executive Committee of the Board of Directors of CaixaBank, S.A. (the “**Issuer**”) of Av. Diagonal, 621, 08028 Barcelona, Spain, passed on 7 November 2013 on the basis of the authorisation granted by a resolution of a General Meeting of Shareholders passed on 25 April 2013 further delegated by the Board of Directors to the Executive Committee on the same date. A fiscal, transfer and exchange agency agreement dated 22 November 2013 (the “**Fiscal Agency Agreement**”) has been entered into in relation to the Bonds between the Issuer, Citibank N.A., London Branch as fiscal agent (the “**Fiscal Agent**”, which expression shall include any successor as fiscal agent under the Fiscal Agency Agreement), the paying, transfer and exchange agents for the time being (such persons, together with the Fiscal Agent, being referred to below as the “**Paying, Transfer and Exchange Agents**”, which expression shall include their successors as Paying, Transfer and Exchange Agents under the Fiscal Agency Agreement), Citigroup Global Markets Deutschland AG in its capacity as registrar (the “**Registrar**”, which expression shall include any successor as registrar under the Fiscal Agency Agreement) and the provisional commissioner in respect of the Bonds.

Copies of the Fiscal Agency Agreement and these terms and conditions (the “**Conditions**”) are available during normal business hours at the specified office of each of the Paying, Transfer and Exchange Agents and the Registrar. The Bondholders are deemed to have notice of all the provisions of the Fiscal Agency Agreement which are applicable to them. The Fiscal Agency Agreement includes the form of the Bonds. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Fiscal Agency Agreement.

The Issuer, as required by Spanish law, has executed an *escritura pública* (the “**Public Deed**”) before a Spanish notary public in relation to the issue of the Bonds and has registered the Public Deed with Barcelona’s Mercantile Registry. The Public Deed contains, among other information, these Conditions.

(b) Exchange

Upon a Mandatory Exchange or Voluntary Exchange as provided in these Conditions, holders (subject to the right of the Issuer to make a Cash Election) shall be entitled to receive their respective entitlements to the Exchange Property as provided in these Conditions. The Exchange

Property initially comprises 32,564,383.56 ordinary shares of Repsol, S.A. of €1 par value each (“Repsol Shares”).

2. Form, Denomination and Title

(a) Form and Denomination and Status

The Bonds are in registered form in the denomination of €100,000 each (the “**authorised denomination**”).

(b) Title

Title to the Bonds passes by transfer and registration as described in Condition 4. The holder of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, or theft or loss of it or that of the related certificate, as applicable, or anything written on it or the certificate representing it (other than a duly executed transfer thereof)) and no person will be liable for so treating the holder.

*The Bonds will be represented initially by a global bond in registered form (the “**Global Bond**”). The Global Bond will be registered in the name of a common nominee for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”). The Global Bond will be held by a depositary for Euroclear and Clearstream, Luxembourg. Interests of participants in Euroclear and Clearstream, Luxembourg in the Bonds will be represented by book entries in the records of Euroclear and Clearstream, Luxembourg.*

Individual Bonds in respect of book-entry interests in any Bonds will not be issued in exchange for an interest in the Global Bond, except in the very limited circumstances described in the Global Bond.

Title to book-entry interests in the Bonds passes by book-entry registration of the transfer in the records of Euroclear or Clearstream, Luxembourg, as the case may be, in accordance with their respective procedures. Book-entry interests in the Bonds may be transferred within Euroclear and within Clearstream, Luxembourg and between Euroclear and Clearstream, Luxembourg in accordance with procedures established for these purposes by Euroclear and Clearstream, Luxembourg.

(c) Status

The Bonds are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and will rank *pari passu* among themselves and equally with all other unsecured and unsubordinated obligations of the Issuer (except for any applicable legal and statutory exceptions). In the event of insolvency (*concurso*) of the Issuer, under Law 22/2003 of 9th July 2003 on insolvency (the “**Insolvency Law**”) claims relating to Bonds will be ordinary credits (*créditos ordinarios*) as defined in the Insolvency Law. Ordinary credits rank below credits against the insolvency estate (*créditos contra la masa*) and credits with a privilege (*créditos privilegiados*). Ordinary credits rank above subordinated credits and the rights of shareholders.

Pursuant to article 59 of the Insolvency Law, interest shall cease to accrue from the date of declaration of the insolvency of the Issuer. Interest on the Bonds accrued but unpaid as of the

commencement of any insolvency procedure of the Issuer shall constitute subordinated claims against the Issuer ranking in accordance with the provisions of article 92 of the Insolvency Law.

3. Negative Pledge

- (a) So long as any Bond remains outstanding, the Issuer will:
- (i) not grant any preference or priority or create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertakings, assets, property or revenues (including uncalled capital), present or future, to secure (A) payment of any Relevant Indebtedness or (B) payment under any Guarantee granted by the Issuer in respect of any Relevant Indebtedness;
 - (ii) procure that no Relevant Subsidiary of the Issuer will grant any preference or priority or create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertakings, assets, property or revenues (including uncalled capital), present or future, to secure (A) payment of any Relevant Indebtedness or (ii) payment under any Guarantee granted by the Relevant Subsidiary in respect of any Relevant Indebtedness;
 - (iii) not give any Guarantee (except a Permitted Guarantee) of Relevant Indebtedness of any Person (other than a Relevant Subsidiary of the Issuer); and
 - (iv) not permit any Person to give any Guarantee (except a Permitted Guarantee) of Relevant Indebtedness of the Issuer or any of its Relevant Subsidiaries,

without (in the case of paragraphs (a)(i) and (ii)) at the same time or prior thereto securing the Bonds equally and rateably therewith or providing such other security for the Bonds as may be approved by a resolution of the relevant Syndicate of Bondholders.

- (b) In these Conditions:

“Banking Business” means, in relation to any entity,

- (a) banking business as ordinarily carried on or permitted to be carried on at the relevant time by banking institutions in the country in which such entity is incorporated or carries on business; or
- (b) the seeking or obtaining from members of the public of moneys by way of deposit; or
- (c) any other part of the business of such entity which an expert (which expression shall for this purpose include any officer of the Issuer) nominated in good faith for such purpose by the Issuer or such entity shall certify to the Fiscal Agent to be part of, or permitted to be part of, such entity’s banking business;

“Guarantee” means any obligation of any Person to pay any Relevant Indebtedness of another Person including (without limitation):

- (a) any obligation to purchase such Relevant Indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Relevant Indebtedness;

- (c) any indemnity against the consequences of a default in the payment of such Relevant Indebtedness; and
- (d) any other agreement to be responsible for such Relevant Indebtedness;

“**Permitted Guarantee**” means any guarantee arising by operation of law or in the ordinary course of Banking Business;

“**Permitted Security Interest**” means:

- (a) a Security Interest arising by operation of law or in the ordinary course of Banking Business; or
- (b) a Security Interest created or arising in respect of the Issuer’s obligations to *Banco de España*, any other Central Bank of a member state of the European Union, the European Central Bank or any successor to such entities for the time being carrying on the function of a central bank in Spain or within the European Union;

For the avoidance of doubt, any issue of *cédulas hipotecarias, bonos hipotecarios, participaciones hipotecarias, certificados de transmisión de hipoteca, cédulas territoriales, cédulas de internacionalización or bonos de internacionalización* and any other asset backed financial instrument shall be deemed issued in the ordinary course of Banking Business.

“**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality; and

“**Relevant Indebtedness**” means any obligation (whether present or future, actual or contingent) in the form of or represented by any bonds, notes, debentures, loan stock, or other securities which are or are capable of being admitted to listing by any listing authority, quoted, listed or ordinarily dealt in or on any stock exchange, over the counter market or other securities market (for which purpose any such bonds, notes, debentures, loan stock or other securities shall be deemed not to be capable of being so admitted, quoted, listed or ordinarily dealt in if the terms of the issue thereof expressly so provide).

4. Registration and Transfer of Bonds

(a) Registration

The Issuer will cause a register (the “**Register**”) to be kept at the specified office of the Registrar on which will be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers, redemptions and exchanges of Bonds.

(b) Transfer

Bonds may, subject to the terms of the Fiscal Agency Agreement and to Conditions 4(c) and 4(d), be transferred in an authorised denomination (or integral multiples thereof) by lodging the certificate in respect of the relevant Bond(s) (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the specified office of the Registrar or any Paying, Transfer and Exchange Agent.

No transfer of a Bond will be valid unless and until entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

The Registrar will within seven business days, in the place of the specified office of the Registrar, of any duly made application for the transfer of a Bond, register the relevant transfer and deliver a new certificate in respect of that Bond to the transferee (and, in the case of a transfer of part only of a Bondholder's aggregate holding, deliver a certificate for the untransferred balance to the transferor) at the specified office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the certificate by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

Transfers of Bonds may only be made to persons who receive Regulation S Bonds.

(c) Formalities Free of Charge

Such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (iii) such reasonable regulations as the Issuer may from time to time agree with the Registrar (and as initially set out in the Fiscal Agency Agreement).

(d) Closed Periods

Neither the Issuer nor the Registrar will be required to register the transfer of any Bond (i) during the period of 7 days ending on and including the day immediately prior to the Maturity Date or any earlier date fixed for redemption of the Bonds pursuant to Condition 6(b); (ii) in respect of which an Exchange Notice has been delivered in accordance with Condition 7; or (iii) during the period of 7 days ending on (and including) any Record Date in respect of any payment of interest on the Bonds.

5. Interest

(a) General

The Bonds bear interest from (and including) 22 November 2013 (the "**Issue Date**") to (but excluding) the Maturity Date (as defined in Condition 6(a)) on a fixed rate basis as provided in Condition 5(b). Bondholders will also be entitled to receive additional interest payments in respect of the Bonds as provided in Condition 5(c).

(b) Fixed Rate Interest

(i) Each Bond bears interest on its principal amount at the rate of 4.50 per cent. per annum (the "**Fixed Interest Rate**"), payable annually in arrear on 22 November of each year (each a "**Fixed Interest Payment Date**") commencing on 22 November 2014. The amount of fixed rate interest payable in respect of each Bond on each Fixed Interest Payment Date is €4,500 (the "**Fixed Interest Amount**"). The period beginning on (and including) the Issue Date and ending on (but excluding) the first Fixed Interest Payment Date, and each successive period beginning on (and including) a Fixed Interest Payment Date and ending on (but excluding) the next successive Fixed Interest Payment Date, is called a "**Fixed Interest Period**".

- (ii) The amount of interest payable in respect of any period which is not a Fixed Interest Period shall be calculated on the basis of the number of days in the relevant period from (and including) the first day of such period to (but excluding) the last day of such period divided by the number of days in the Fixed Interest Period in which the relevant period falls.
- (iii) Each Bond will cease to bear interest upon its redemption on the Maturity Date or, if earlier, on the relevant Settlement Date (or, in the case of a Voluntary Exchange pursuant to Condition 7(a), from the Fixed Interest Payment Date immediately preceding the relevant Notification Date or, if none, the Issue Date). However, if delivery of any of the Exchange Property in respect of such Bond and/or payment of any amount due to the holder of such Bond on the relevant redemption of such Bond (including any Cash Alternative Amount) is improperly withheld or refused, such Bond shall continue to bear interest (both before and after judgment). In such case, interest will accrue on such Bond in accordance with this Condition until the earlier of (x) the day on which all such Exchange Property and/or the Cash Alternative Amount in respect of such Bond (as applicable) and all other sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder and (y) the day seven days after the Bondholders have been notified pursuant to Condition 20 of receipt of all such Exchange Property and/or all such Cash Alternative Amounts (as applicable) and all other sums due in respect of the Bonds up to that seventh day (except to the extent that there is failure in the subsequent delivery or payment to the relevant Bondholders under these Conditions).
- (iv) For the avoidance of doubt: (x) (other than in the case of a Voluntary Exchange pursuant to Condition 7(a)) if the Settlement Date in respect of any such redemption falls on a Fixed Interest Payment Date, the Fixed Interest Amount payable on such date shall be payable on each such Bond and (y) on redemption of a Bond on the Maturity Date, the Fixed Interest Amount payable on the Fixed Interest Payment Date which is the Maturity Date shall be payable on such Bond.

(c) Additional Interest Amounts

- (i) Subject to the provisions of sub-paragraph (vii) below, Bondholders shall be entitled to receive as additional interest their respective entitlements to (x) an amount equal to the Gross Amount of any Cash Equivalent Distribution within the meaning of paragraph (i) of the definition of Cash Equivalent Distribution which is received by the Issuer (or which would have been received by the Issuer if it were the holder of the relevant Exchange Securities forming part of the Exchange Property at that time) and (y) an amount equal to the Gross Amount of any Cash Equivalent Distribution within the meaning of paragraph (ii) of the definition of Cash Equivalent Distribution which is received by the Issuer in cash or which would have been received by the Issuer in cash had the Issuer elected to receive cash (or which would have been so received or in respect of which the Issuer could have so elected if it were the holder of the relevant Exchange Securities forming part of the Exchange Property at that time) (together, “**Additional Interest Amounts**”).
- (ii) Any amounts payable to Bondholders pursuant to sub-paragraph (i) shall be paid in relation to each Bond on the basis of a fraction of the relevant amount the numerator of which shall be one and the denominator of which shall be the total number of Bonds outstanding on the date of payment of the relevant Cash Equivalent Distribution.

- (iii) References to the “**date of payment**” of a Cash Equivalent Distribution shall be to the date of payment by the relevant issuer or obligor of the relevant Exchange Securities.
- (iv) If any Cash Equivalent Distribution is optionally payable in more than one currency, then the Issuer shall be entitled to elect in which currency the Cash Equivalent Distribution shall be treated as paid for the purposes of these Conditions.
- (v) All calculations pursuant to this Condition 5(c) shall be made by the Calculation Agent.
- (vi) Subject as provided above, Additional Interest Amounts will be payable in the currency in which the relevant Cash Equivalent Distribution, or the cash element thereof in the case of a Cash Equivalent Distribution within the meaning of paragraph (ii) of the definition of Cash Equivalent Distribution, is paid. Additional Interest Amounts will be paid within 5 Barcelona business days following the date of payment of the relevant Cash Equivalent Distribution. The date of payment of any Additional Interest Amounts shall be notified by the Issuer to the Bondholders in accordance with Condition 20 as soon as practicable and in any event by not later than 5 Barcelona business days following the date of payment of the relevant Cash Equivalent Distribution.
- (vii) Subject as provided in the next sentence, Additional Interest Amounts shall be payable on the Bonds in respect of all such Cash Equivalent Distributions where the relevant record date or other due date for establishment of entitlement is before the relevant Entitlement Date (as defined in Condition 10(b)) (and whether the date of payment of such Cash Equivalent Distribution is before, on or after such date), and for the purposes of paragraph (ii), references to the total number of Bonds outstanding on the date of payment of any Cash Equivalent Distribution shall be deemed to include all Bonds the subject of any Voluntary Exchange or Mandatory Exchange where the relevant date or other due date for establishment of entitlement is before the relevant Entitlement Date. If the right to a Cash Equivalent Distribution shall accrue directly to the relevant Bondholder by virtue of receipt of or an entitlement to receive the relevant Exchange Property following a redemption of the Bonds pursuant to Conditions 6 or 7, the Issuer shall not pay any Additional Interest Amount in respect of such Cash Equivalent Distribution.

Cash Equivalent Distributions shall not form part of the Exchange Property.

- (viii) For the purposes of these Conditions:

“**Gross Amount**” means, in respect of any Cash Equivalent Distribution, an amount equal to the amount in cash thereof as would be receivable by the Issuer before any deduction or withholding therefrom for or on account of any Spanish taxation (in the case of Repsol Shares) or, as the case may be, taxation imposed by the Relevant Jurisdiction or any taxing authority thereof or therein (in the case of any other Exchange Property) (and calculated on the assumptions, whether or not this is the case, that the Issuer is the legal and beneficial holder of the relevant Repsol Shares comprising the Exchange Property (and has held at least 5 per cent. of the total issued and outstanding Repsol Shares for a period of at least 12 months) or, as the case may be, of such other Exchange Property on the record date or dividend or distribution payment date concerned).

“**Relevant Jurisdiction**” means any jurisdiction in which the relevant payer of the Cash Equivalent Distribution is incorporated, resident or deemed to be resident for taxation purposes.

- (ix) Following an Early Mandatory Exchange following a Credit Event, any Additional Interest Amounts payable in respect of the relevant Bonds to a Bondholder will be the amount determined in accordance with this Condition 5(c), multiplied by (1 – the Minimum Exchange Ratio).

6. Redemption

The Bonds may not be redeemed otherwise than in accordance with this Condition 6 or Condition 7.

(a) Mandatory Exchange at Maturity

Unless otherwise previously exchanged, redeemed or purchased and cancelled in accordance with these Conditions, and subject as provided further in these Conditions, each outstanding Bond will be mandatorily redeemed on 22 November 2016 (the “**Maturity Date**”) by delivery by, or on behalf of, the Issuer on the relevant Settlement Date to, or to the account of, the relevant Bondholder of the Maturity Exchange Ratio of the Exchange Property per Bond, with the Exchange Property per Bond being determined as at the last day of the relevant Calculation Period (as defined in Condition 22), subject to the right of the Issuer to make a Cash Election pursuant to Condition 8 and subject to Condition 6(f).

(b) Early Mandatory Exchange

(i) Early Mandatory Exchange following an Accelerated Exchange Event

Subject to the right of the Issuer to make a Cash Election pursuant to Condition 8 and subject to Condition 6(f), if a notice is delivered to the Fiscal Agent pursuant to Condition 16 following an Accelerated Exchange Event, the Issuer shall redeem the relevant Bond or Bonds specified in such notice on the relevant Settlement Date by:

- (1) delivering, or procuring the delivery, to, or to the account of, the relevant Bondholder or Bondholders in respect of each Bond held by such Bondholder or Bondholders, as the case may be, the Maximum Exchange Ratio of the Exchange Property per Bond, with the Exchange Property per Bond being determined as at the Redemption Date; and
- (2) paying to such Bondholder or Bondholders, as the case may be, in respect of each such Bond an amount equal to the aggregate of (x) the Accrued Interest and (y) the Make-whole Amount.

(ii) Early Mandatory Exchange following a Credit Event

Subject to the right of the Issuer to make a Cash Election pursuant to Condition 8 if a Credit Event shall occur, the Issuer shall give notice thereof to the Bondholders not later than 5 Barcelona business days following such occurrence and the Issuer shall on the relevant Settlement Date deliver, or procure the delivery, to, or to the account of, each Bondholder in respect of each Bond held by it, the Minimum Exchange Ratio of the Exchange Property per Bond, with the Exchange Property per Bond being determined as at the relevant Redemption Date.

No Accrued Interest or the Make-whole Amount shall be payable in respect of any Bond pursuant to this Condition 6(b)(ii).

Notwithstanding the definition of Redemption Date, and for the avoidance of doubt, Bonds will not be redeemed, nor will the principal amount of the Bonds or the Exchange Property be reduced on an Early Mandatory Exchange following a Credit Event.

(iii) *Early Mandatory Exchange at option of Issuer*

The Issuer may, at its option, upon giving not less than 30 and not more than 60 days' notice to the Bondholders in accordance with Condition 20, specifying the Redemption Date, redeem all, but not some only, of the Bonds on the relevant Settlement Date, provided that the Redemption Date shall fall within the Exchange Period, by, subject to the right of the Issuer to make a Cash Election pursuant to Condition 8 and subject to Condition 6(f):

- (1) delivering, or procuring the delivery, to, or to the account of, each Bondholder in respect of each Bond held by it, the Maximum Exchange Ratio of the Exchange Property per Bond, with the Exchange Property per Bond being determined as at the Redemption Date; and
- (2) paying to such Bondholder in respect of each such Bond an amount equal to the aggregate of (x) the Accrued Interest and (y) the Make-whole Amount.

For the purposes of this Condition 6(b), "**Redemption Date**" means:

- (a) in the case of sub-paragraph (i), the date falling 15 Trading Days after the giving of an Accelerated Exchange Notice pursuant to Condition 16;
- (b) in the case of sub-paragraph (ii), the date falling 10 Trading Days after the giving of notice by the Issuer to Bondholders pursuant to Condition 6(b)(ii); and
- (c) in the case of sub-paragraph (iii), the date specified as such in the relevant notice given by the Issuer pursuant to sub-paragraph (iii),

which shall, in each case, be a date falling in the Exchange Period.

(c) **Purchase**

Subject to the requirements (if any) of any stock exchange on which the Bonds may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer or any Subsidiary of the Issuer may at any time purchase Bonds in the open market or otherwise at any price.

(d) **Cancellation**

Bonds purchased by the Issuer or any of its Subsidiaries may be held, re-issued (in the case of the Issuer) or sold or cancelled. All Bonds redeemed will be cancelled and may not be re-issued or resold.

(e) **Multiple Notices**

If more than one notice of exchange is given pursuant to this Condition 6, the first of such notices to be given shall prevail.

(f) **Provisions relating to Mandatory Exchange following an Early Mandatory Exchange following a Credit Event**

Upon a Mandatory Exchange occurring after an Early Mandatory Exchange following a Credit Event the relevant proportion of the Exchange Property per Bond to be delivered to the relevant Bondholders, in respect of each Bond held by such Bondholders (subject to the right of the Issuer to make a Cash Election pursuant to Condition 8) will be determined in accordance with the following:

A - B

where

- A** = the Maturity Exchange Ratio or Maximum Exchange Ratio of the Exchange Property per Bond determined as provided in Condition 6(a), 6(b)(i) or 6(b)(iii), as the case may be; and
- B** = the Minimum Exchange Ratio of the Exchange Property per Bond as at the date for determination of the relevant proportion of the Exchange Property per Bond for the purposes of A above.

On any Mandatory Exchange after an Early Mandatory Exchange following a Credit Event, accrued Fixed Interest and the Make-whole Amount (if any) will also be payable as provided in these Conditions.

7. Exchange Rights

(a) **Voluntary Exchange by Bondholders**

At any time during the Exchange Period, and except as otherwise provided herein, each Bondholder will have the right (the “**Exchange Right**”) to require Bonds held by it to be redeemed on the relevant Settlement Date by exchange, in respect of each such Bond, for the Minimum Exchange Ratio of the Exchange Property per Bond, with the Exchange Property per Bond being determined as at the relevant Notification Date (as defined in paragraph (b) below) (subject to the right of the Issuer to make a Cash Election pursuant to Condition 8).

No Accrued Interest or Make-whole Amount shall be payable in respect of any Bond in respect of which the Exchange Right shall have been exercised pursuant to this Condition 7(a).

A Bondholder may not exercise its Exchange Right at any time on or after a Credit Event has occurred and has been notified by the Issuer to the Bondholders. If an Exchange Notice is delivered and on or prior to redemption of the relevant Bonds a Credit Event has been notified by the Issuer to the Bondholders, the Exchange Notice shall be void and the Issuer shall not be required to redeem the Bonds pursuant to this Condition 7(a).

(b) **Procedure for exercising Exchange Rights and for Mandatory Exchange**

Subject to the provisions of this Condition 7(b), each Bondholder may exercise Exchange Rights pursuant to Condition 7(a) by delivering the certificate in respect of the relevant Bond or Bonds together with a duly executed exchange notice in, or substantially in, the form set forth in the Fiscal Agency Agreement (each an “**Exchange Notice**”) to the specified office of any Paying, Transfer and Exchange Agent.

As a precondition to delivery of Exchange Property and any payment pursuant to a Mandatory Exchange, a Bondholder shall be required to deliver the relevant Bond or Bonds together with a duly executed Exchange Notice to the specified office of any Paying, Transfer and Exchange Agent by not later than 5 Barcelona business days prior to the relevant Settlement Date.

The Exchange Notice will be considered given on the Trading Day immediately following the date on which the certificate in respect of the relevant Bond or Bonds and the Exchange Notice is delivered to the specified office of the relevant Paying, Transfer and Exchange Agent, provided that if any such notice is delivered after 14.00 hours on a business day in the city where the relevant Paying, Transfer and Exchange Agent's specified office is located, it shall be deemed to be delivered at such place on the next following business day. The date on which such Exchange Notice shall have so been given shall be the "**Notification Date**".

The Exchange Notice shall:

- (i) specify the name and address of the Bondholder;
- (ii) specify the number and aggregate principal amount of Bonds being exchanged;
- (iii) specify the Bondholder's account at Euroclear or Clearstream, Luxembourg to be debited with such Bonds, and contain an irrevocable authorisation to Euroclear or Clearstream, Luxembourg to effect such debit;
- (iv) contain a representation and warranty from the Bondholder that the Bonds to be exchanged are owned by it (or a person for whose account it holds the Bonds) free from all liens, charges, encumbrances and other third party rights;
- (v) specify in the case of Exchange Property comprising securities, the number and account name of the security account(s) at Iberclear, Euroclear, Clearstream, Luxembourg or such other clearing system through which such securities are cleared and which is to be credited with any such Exchange Property or, in the case of any securities comprised in the Exchange Property that are not cleared through a clearing system, the address to which any relevant securities are to be sent, uninsured and at the risk of the relevant Bondholder;
- (vi) specify a euro account with a bank in a city in which banks have access to the TARGET System to which any Exchange Property comprising cash in euros and/or any Cash Alternative Amount, and to which any Accrued Interest and Make-whole Amount and any other amount payable by the Issuer in euro, is to be paid by or on behalf of the Issuer;
- (vii) if any amounts are payable by the Issuer in a currency other than euro, specify an appropriate account;
- (viii) in the case only of a Voluntary Exchange, contain a representation and warranty from the Bondholder that, at the time of signing and delivery of the Exchange Notice, (A) it is not a "U.S. person" within the meaning of Regulation S ("**Regulation S**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), (B) it understands that the Repsol Shares and/or any other part of the Exchange Property to be transferred upon redemption of the Bonds have not been registered under the Securities Act and (C) it is located outside the United States (within the meaning of Regulation S), is acquiring the Repsol Shares and/or any other part of the Exchange Property to be transferred upon redemption of the Bonds in an "offshore transaction" (as defined in Regulation S) in

accordance with Rule 903 or 904 of Regulation S and understands that the Repsol Shares and/or any other part of the Exchange Property may not be delivered within the United States upon redemption of the Bonds and may not be resold in the United States except pursuant to an exemption from the registration requirements of the Securities Act; and

- (ix) contain an authorisation from the Bondholder authorising the production of such Exchange Notice in any applicable administrative or legal proceedings.

If, in the case of a Mandatory Exchange, the Exchange Notice and the certificate in respect of the relevant Bond or Bonds are not delivered to the specified office of a Paying, Transfer and Exchange Agent by not later than 5 Barcelona business days prior to the relevant Settlement Date, then:

- (1) if the Settlement Date is a Fixed Interest Payment Date, the Fixed Interest Amount will be paid in accordance with Condition 13(a) on such Fixed Interest Payment Date;
- (2) the relevant Exchange Property (calculated as if a properly executed Exchange Notice and the certificate in respect of the relevant Bonds had been delivered) and any cash amount (other than any Cash Alternative Amount, any such Fixed Interest Amount but, subject to (3) below, including any Accrued Interest and Make-whole Amount) due to the relevant Bondholders will be paid or delivered to a person appointed by the Issuer (“**Relevant Person**”) on the relevant Settlement Date, and all of such Exchange Property shall be sold by or on behalf of the Relevant Person as soon as practicable based on advice from an Independent Adviser appointed by the Issuer, and (subject to any necessary consents being obtained and to the deduction by or on behalf of the Relevant Person (without double counting) of any amount which it determines to be payable in respect of its liability to taxation and the payment of any capital duties, stamp duties, stamp duty reserve tax, issue duties or registration duties (if any), all Permitted Expenses and any other costs, fees and expenses incurred by the Issuer (including in respect of the appointment of the Independent Adviser and the Relevant Person) and/or incurred by the Relevant Person in connection with any such sale) the proceeds of such sale (converted where applicable into euros), together with any such cash amount shall be paid to the Bondholders in accordance with these Conditions and distributed rateably to the relevant Bondholders;
- (3) (where a Cash Election has been made) the relevant Cash Alternative Amount and any cash amount (other than any such Fixed Interest Amount referred to in (1), but including any Accrued Interest and Make-whole Amount) due to the relevant Bondholders will be paid by the Issuer to the Bondholders in accordance with the Conditions on the relevant Settlement Date and distributed rateably to the holders of the relevant Bonds.

Any such cash amount paid as aforesaid to a holder pursuant to this paragraph shall be treated for all purposes as discharging the Issuer’s obligations in respect of the relevant Bonds.

Exchange Rights may only be exercised in respect of an authorised denomination or integral multiples thereof. Where Exchange Rights are exercised in respect of some only of the Bonds represented by a single certificate, the old certificate shall be cancelled and a new certificate for the balance thereof shall be issued in lieu thereof without charge but upon payment by the holder of any taxes, duties and other governmental charges payable in connection therewith and the Registrar will within seven business days, in the place of the specified office of the Registrar,

following the relevant Settlement Date deliver such new certificate to the relevant Bondholder at the specified office of the Registrar or (at the risk and, if mailed at the request of the Bondholder otherwise than by ordinary mail, at the expense of the Bondholder) mail the new certificate by uninsured mail to such address as the Bondholder may request.

Once delivered to a Paying, Transfer and Exchange Agent, an Exchange Notice will be irrevocable. Any determination as to whether any purported Exchange Notice has been duly completed and properly delivered shall be made by the relevant Paying, Transfer and Exchange Agent and shall, save in the case of a manifest error, be conclusive and binding on the Issuer, the Paying, Transfer and Exchange Agents and the relevant Bondholder.

8. Cash Settlement Election

The Issuer may make an election (a “**Cash Election**”), by giving notice (a “**Cash Election Notice**”) not later than the Cash Election Exercise Date to satisfy all or part of its obligation to deliver Exchange Property in respect of the Bonds on a Mandatory Exchange or Voluntary Exchange by making payment, or procuring that payment is made, to the relevant Bondholder or Bondholders of the Cash Alternative Amount, together with any other amounts payable by the Issuer to such Bondholder or Bondholders pursuant to these Conditions in respect of, or relating to, the relevant exercise of Mandatory Exchange or Voluntary Exchange as the case may be.

A Cash Election Notice shall be given:

- (i) in the case of a Mandatory Exchange, to Bondholders in the manner provided in Condition 20;
- (ii) in the case of a Voluntary Exchange, to the relevant Bondholder or to the fax number or email address as provided in the relevant Exchange Notice.

A Cash Election may be made in respect of the whole or any part of the Exchange Property that would otherwise be deliverable in respect of the Bonds on a Mandatory Exchange or Voluntary Exchange. The relevant Cash Election Notice shall specify whether the Cash Election is in respect of the whole of such Exchange Property or any part thereof, and if in respect of part, shall specify the relevant proportion of the Exchange Property per Bond to be satisfied by such Cash Election.

A Cash Election shall be irrevocable.

The Issuer will pay to each relevant Bondholder its Cash Alternative Amount, together with any other amount as aforesaid, by not later than the Cash Alternative Payment Date by transfer to a euro account maintained with a bank in a city in which banks have access to the TARGET system in accordance with instructions contained in the relevant Exchange Notice delivered by such Bondholder.

For the purposes of these Conditions:

“**Cash Alternative Amount**” means, in respect of each Bondholder, a sum in euro equal to the average of the CMV (converted if necessary into euro at the Relevant Rate on the last day of the Cash Alternative Calculation Period) on each Trading Day in the Cash Alternative Calculation Period of the relevant proportion of the Exchange Property which, had a Cash Election not been made, would otherwise fall to be delivered to such Bondholder in respect of the relevant

Mandatory Exchange or Voluntary Exchange, as the case may be, calculated by the Calculation Agent.

“**Cash Alternative Calculation Period**” means the period of 20 consecutive Trading Days commencing on the third Trading Day after the Cash Election Exercise Date.

“**Cash Alternative Payment Date**” means the date falling 5 Barcelona business days after the last day of the Cash Alternative Calculation Period.

“**Cash Election Exercise Date**” means:

- (i) in the case of a Mandatory Exchange pursuant to Condition 6(a), the fifth Trading Day prior to the Maturity Date;
- (ii) in the case of a Mandatory Exchange pursuant to Condition 6(b), the fifth Trading Day prior to the relevant Redemption Date; and
- (iii) in the case of a Voluntary Exchange pursuant to Condition 7(a), the fifth Trading Day following the relevant Notification Date;

If and to the extent a Bondholder would otherwise have been entitled to receive any Additional Exchange Property pursuant to Condition 10(b)(2) had a Cash Election not been made in respect of the relevant Mandatory Exchange or Voluntary Exchange, the Issuer shall, in lieu of delivering such Additional Exchange Property, pay to the relevant Bondholder an amount (the “**Further Amount**”) equal to the value of such Additional Exchange Property, calculated in accordance with the definition of CMV as at the date on which the relevant change in the composition of the Exchange Property is or would be effective (the “**Change Date**”), and such Further Amount shall be paid by transfer to a euro account maintained with a bank in a city in which banks have access to the TARGET systems in accordance with the instructions given by the Bondholder in the relevant Exchange Notice by not later than the latest of (a) the date falling 10 Trading Days after the Change Date (or if that is not a TARGET Business Day, the next following TARGET Business Day) and (b) the relevant Cash Alternative Payment Date.

9. Settlement

(a) Notification of Exchange Property per Bond

The Calculation Agent shall notify the Issuer and the Fiscal Agent, no later than 16.00 hours (Barcelona time) on the third Trading Day immediately preceding the relevant Settlement Date (disregarding for this purpose, any Cash Election), of the relevant proportion of the Exchange Property per Bond to be delivered in respect of each Bond (subject to the Issuer’s right to make a Cash Election pursuant to Condition 8) in respect of the relevant Mandatory Exchange or Voluntary Exchange, as the case may be, as well as, where applicable, any other cash amount (including without limitation any Make-whole Amount and any Cash Alternative Amount) due to each Bondholder.

(b) Exchange Expenses

The Issuer will pay any stamp, registration, documentary, transfer or other similar taxes or duties (including penalties) arising on the transfer or delivery of any Exchange Property to or to the order of a Bondholder pursuant to the exercise of Exchange Rights or on a Mandatory Exchange which are payable or imposed in the Kingdom of Spain, the United Kingdom and the jurisdiction

in which the relevant Exchange Property is situated (and for this purpose any securities in registered form comprising Exchange Property shall be deemed to be situated in the jurisdiction in which the register (or in the case of more than one register, the principal register) on which title to and transfers of such securities are recorded or maintained is located) or imposed or payable by virtue of the place of incorporation, domicile or tax residence of the issuer of any Exchange Securities comprised in the relevant pro rata share of the Exchange Property, and all other costs, fees and expenses in connection with the transfer or delivery of Exchange Property on exercise of Exchange Rights, including the costs, fees and expenses of any custodian, depositary, agent or other entity facilitating the relevant transfer or delivery (together “**Exchange Expenses**”).

Subject to the above, a Bondholder exercising Exchange Rights must pay directly to the relevant authorities any other taxes and capital, stamp, issue, registration, documentary, transfer or other duties (including penalties) arising in any jurisdiction not mentioned above on exchange and/or on the transfer, delivery or other disposition of Exchange Property arising on exercise of Exchange Rights or on a Mandatory Exchange.

If the Issuer shall fail to pay any Exchange Expenses for which it is responsible as provided above, the relevant Holder shall be entitled to tender and pay the same and the Issuer, as a separate and independent stipulation, covenants to reimburse each such Bondholder in respect of the payment of such Exchange Expenses and any penalties payable in respect thereof.

(c) Delivery of Exchange Property

Save to the extent a Cash Election has been made, the Issuer shall cause the Exchange Property per Bond due in respect of all Bonds being redeemed to be transferred or delivered to the relevant Bondholders on or before the relevant Settlement Date (subject as provided in these Conditions) as follows:

- (1) in respect of Repsol Shares or other Exchange Securities deliverable through Iberclear by delivery through Iberclear to the account specified in the relevant Exchange Notice;
- (2) in respect of other Exchange Securities that are deliverable through a clearing system (other than Iberclear), by delivery through that clearing system to the account specified in the relevant Exchange Notice;
- (3) in respect of Exchange Securities not falling within (1) or (2) above, procure that forms of transfer and certificates (if certificates for such Exchange Securities are then generally being issued) together with all other documents of title and evidence of ownership and all other documents necessary to transfer or evidence the transfer of or entitlement to such Exchange Securities will be despatched by mail, and free of charge (but uninsured and at the risk of the person entitled thereto) to such address, subject to applicable securities laws, as the Bondholder may specify in the relevant Exchange Notice; and
- (4) procure that such documents of title and evidence of ownership of any other Exchange Property to be delivered in respect of the relevant Mandatory Exchange or Voluntary Exchange shall be despatched and that payment of any part of the Exchange Property comprising cash to be delivered in respect of such Exchange (converted if necessary into euros at the Relevant Rate on the last day of the relevant Calculation Period) shall be made, in each case in accordance with directions given by the relevant Bondholder in the relevant Exchange Notice.

Notwithstanding the above, if Iberclear or, as the case may be, the relevant clearing system through which delivery of Repsol Shares or other Exchange Property is to be made as provided above, has been closed for a continuous period of two or more days (excluding Saturdays and Sundays and save by reason of holidays, statutory or otherwise) in the period between the last day of the relevant Calculation Period (or, in the case of a Voluntary Exchange pursuant to Condition 7(a), the relevant Notification Date or in the case of a Mandatory Exchange pursuant to Condition 6(b), the relevant Redemption Date) and the relevant Settlement Date, the Issuer will deliver the Repsol Shares or as the case may be such other Exchange Property through Iberclear or the relevant clearing system as soon as reasonably practicable.

If the Exchange Property has changed in whole or in part as a result of acceptance of an Offer or as a result of the compulsory acquisition of any Exchange Securities, in each case as provided in Condition 11, then the Issuer will deliver the relevant Exchange Property due to Bondholders as soon as reasonably practicable.

10. Miscellaneous provisions applicable to Mandatory Exchange and Voluntary Exchange

(a) Settlement Disruption Event

If delivery of any Exchange Securities is required under the Conditions and a Settlement Disruption Event occurs on the relevant Settlement Date, and delivery of any Exchange Securities cannot be effected on such Settlement Date, then solely for purposes of this Condition 10(a), such Settlement Date will be postponed until the first succeeding calendar day on which delivery can take place through a national or international settlement system or in any other commercially reasonable manner. “**Settlement Disruption Event**” means an event beyond the control of the Issuer as a result of which any relevant central securities depository or clearing system cannot settle the book-entry transfer of such Exchange Securities on such date.

(b) Exchange Property Record Date

(1) A Bondholder shall, if and only to the extent that no Cash Election has been made, upon redemption of each Bond, be deemed as between it and the Issuer to be, on the Notification Date (in the case of a Voluntary Exchange pursuant to Condition 7(a)) or the last day of the relevant Calculation Period (in the case of a Mandatory Exchange pursuant to Condition 6(a)) or the relevant Redemption Date (in the case of a Mandatory Exchange pursuant to Condition 6(b)), as the case may be, such relevant date being the “**Entitlement Date**”) the holder of record of all Exchange Securities and/or the owner of any other property or assets included in the Exchange Property and comprised in the Exchange Property per Bond due to be delivered or transferred to such Bondholder, and in each case shall be entitled to receive all dividends, interest and other income payments and distributions and rights in respect thereof declared paid, made or granted by reference to a record date or other due date for the establishment of entitlement in respect thereof falling on or after such Entitlement Date.

(2) If:

(A) the relevant Entitlement Date in respect of any Bond shall be on or after the date of any public announcement affecting the composition of any part of the Exchange Property (other than Repsol Shares or other securities in registered form (“**Registered Securities**”)) in circumstances where the relevant entitlement is determined by

reference to a record date or other date for establishment by entitlement in respect thereof), but before the date on which such change is effective; or

- (B) the relevant Entitlement Date in respect of any Bond shall be after the record date or other due date for the establishment of the relevant entitlement in respect of any Adjustment Event in respect of any Registered Securities comprising Exchange Property but before the date on which the relevant adjustment of the Exchange Property becomes effective; or
- (C) the relevant Entitlement Date in respect of any Bond shall be on or before the record date or other due date for the establishment of the relevant entitlement in respect of any Adjustment Event in respect of any Registered Securities comprising Exchange Property in circumstances where the Registration Date in respect of such Registered Securities is after such record date or other due date for the establishment of the relevant entitlement and the relevant Bondholder would not otherwise receive the relevant entitlement but the Issuer has received or is entitled to receive such entitlement,

then (to the extent that a Cash Election has not been made and unless the Issuer is able to confer on or deliver to the relevant Bondholder such entitlement to or in respect of the Additional Exchange Property) the relevant Bondholder, on redemption and exchange of Bonds, shall be entitled to receive, in respect of the relevant Mandatory Exchange or Voluntary Exchange, such pro rata amount or, as the case may be, further pro rata amount, of the Exchange Property (“**Additional Exchange Property**”) as would have been receivable by it had the relevant Entitlement Date occurred immediately after the date on which such change in the composition of the Exchange Property or adjustment of the Exchange Property became effective or, as the case may be, had the relevant Registration Date in respect of such Registered Securities been immediately before such record date or other due date for establishment of entitlement, and the Issuer will deliver, or procure the delivery of, such Additional Exchange Property as soon as reasonably practicable after receipt thereof.

“**Registration Date**” in respect of any Registered Securities means the date on which the relevant Bondholder exercising Exchange Rights is registered as the holder of such Registered Securities.

- (3) If the record date or other due date for the establishment of the relevant entitlement for the payment of any dividend, interest or other income, payment or distribution or rights on or in respect of such Exchange Property falls on or after the relevant Entitlement Date but before the relevant Settlement Date (or any other date from which the relevant Bondholder or person designated in the relevant Exchange Notice is treated as the owner of, or entitled to all rights and entitlement to, such Exchange Property) with the effect that the relevant Bondholder or such person is not entitled to such Dividend, interest or other income, payment or distribution or rights, the Issuer will (unless it is able to confer on or deliver to the relevant Bondholder or such person an irrevocable entitlement to receive such Dividend, interest or other income, or distribution or rights):
 - (a) (in the case of a dividend in cash, unless such dividend in cash is to be taken into account for the purposes of Condition 5(c)) pay, or procure the payment to, the

relevant Bondholder in lieu thereof, an amount equal to the Gross Amount of any such Dividend in cash in respect of the Exchange Property to which the relevant Bondholder is entitled, converted (if not in euros) into euros at the Relevant Rate on the date of receipt thereof by the Issuer (the “**Equivalent Amount**”). The Issuer will pay the Equivalent Amount, or procure that it is paid, to the relevant Bondholder to the account designated in the relevant Exchange Notice as by whichever is the later of 10 TARGET Business Days after the date of receipt of the relevant Dividend in cash and the relevant Settlement Date to such account as is specified in the relevant Exchange Notice; and

- (b) (in the case of Non-Cash Dividends, or other income or distributions or rights otherwise than in cash) deliver, or procure the delivery of, the same to the relevant Bondholder as soon as practicable after the receipt by the Issuer thereof.

(c) Reduction in Exchange Property

Upon delivery of Exchange Property pursuant to these Conditions (and/or payment of the relevant Cash Alternative Amount) on a Mandatory Exchange (other than pursuant to Condition 6(b)(ii)) or a Voluntary Exchange or upon any purchase and cancellation of the Bonds, the Maximum Exchange Ratio of the Exchange Property per Bond in respect of the relevant Bonds shall cease to be part of the Exchange Property and the Exchange Property shall be reduced accordingly.

(d) No Charges

Neither the Issuer nor any Paying, Transfer and Exchange Agent will impose any charge on Bondholders on the exercise of Exchange Rights or in connection with a Mandatory Exchange or a Voluntary Exchange.

(e) Fractions Arising on Exchange

No fraction of an Exchange Security or any other property comprising the Exchange Property which is not divisible shall be delivered on redemption of the Bonds, and any such fraction will be rounded down to the nearest whole multiple of an Exchange Security or unit of any such other property. The Exchange Property and/or any Cash Alternative Amount to be delivered or paid to any Bondholder shall, for the purposes of determining whether any fractional Exchange Property arises, be calculated by the Calculation Agent on the basis of the aggregate number of Bonds held by such Bondholder and to be redeemed at any one time or, as the case may be, the aggregate number of Bonds in respect of which Exchange Rights shall have been exercised by such Bondholder pursuant to the relevant Exchange Notice.

(f) Effect of Suspension Periods

If the Exchange Rights are suspended in accordance with the provisions of Condition 12(b) during any relevant period, then any such period shall be extended by the number of days during which such Exchange Rights were so suspended.

11. Exchange Property Adjustments

The following provisions shall govern the composition of the Exchange Property as of any date of determination. If at any time the Exchange Property falls to be adjusted pursuant to Condition 11(b) or Condition 11(c), the Calculation Agent shall determine what adjustment (if any) shall be made.

(a) **Initial Exchange Property**

The Exchange Property will initially comprise 32,564,383.56 Repsol Shares. The Maximum Exchange Ratio of the Exchange Property per Bond as at the Issue Date is 5,479.45 Repsol Shares. The Exchange Property is subject to adjustment in accordance with Condition 11(b) and 11(c).

(b) **Adjustment Events**

The composition of the Exchange Property will be adjusted as follows under the following circumstances (an “**Adjustment Event**”):

(i) *Sub-division, Consolidation or Reclassification*

If any Exchange Securities comprising the Exchange Property shall be sub-divided or consolidated, re-classified or redenominated or in any other manner have their par value changed (“**Sub-division, Consolidation or Redenomination**”) then the securities resulting from such Sub-division, Consolidation or Redenomination so far as attributable to the Exchange Property, shall be included in the Exchange Property.

(ii) *Rights Issues*

If further Exchange Securities or other securities, or options, warrants or rights to subscribe or purchase further Exchange Securities (or any of them) or other securities, shall be offered by way of rights to holders of Exchange Securities (or any of them) or other securities comprising the Exchange Property (a “**Rights Issue**”), then the Issuer shall notify the Bondholders and the Calculation Agent in accordance with Condition 20 and (provided that it is possible to sell such rights under applicable law and/or the terms of the Rights Issue) by not later than the latest day for accepting or taking up any such rights, there shall be added to the Exchange Property such number of Exchange Securities or other securities or options, warrants or rights, the Issuer may elect either:

- (a) on an arm’s length basis in good faith, to procure the sale by an independent broker or investment bank appointed by the Issuer of sufficient rights to enable the whole of the balance of such rights to be taken up and procure the application of the proceeds of sale, after the deduction of Permitted Expenses, in the taking up of such rights; or
- (b) to add to the Exchange Property such number of Repsol Shares or other securities or options, warrants or rights as would have been subscribed or purchased if sufficient rights had been sold on an arm’s length basis in good faith to enable (after the deduction of Permitted Expenses) the whole of the balance of such rights to be taken up.

In the absence of an election, notified to the Calculation Agent, paragraph (b) shall apply.

If such rights may not be sold under applicable law and/or the terms of the Rights Issue, there will be no addition to the Exchange Property in the event of a Rights Issue.

Any Exchange Securities or other securities or options, warrants or rights taken up pursuant to this paragraph shall be added to and form part of the Exchange Property.

“**Permitted Expenses**” means such amount, as determined by the Calculation Agent as would be equivalent to the costs and expenses, including any stamp, transfer, registration or

similar duties, that would be incurred by the Issuer in making any such sale, subscription and purchase (whether or not any such sale, subscription or purchase is made), together with such amount as would be equivalent to that necessary to indemnify the Issuer in respect of any liability to taxation in relation to any such sale, subscription and purchase (whether or not any such sale, subscription or purchase is made).

(iii) *Bonus Issues, Non-Cash Dividends, Reorganisations and Payments*

If any of the following events occurs (each a “**Relevant Event**”):

- (a) Exchange Securities or other securities are issued credited as fully paid to holders of Exchange Securities comprised in the Exchange Property by way of capitalisation of profits or reserves or otherwise by virtue of being holders of Exchange Securities;
- (b) a Relevant Company purchases or redeems any Exchange Securities comprised in Exchange Property; or
- (c) any Non-Cash Dividend is paid or made in respect of any Repsol Share or Equity Share Capital comprised in the Exchange Property; or
- (d) pursuant to any scheme of arrangement, reorganisation, amalgamation, merger, demerger, reconstruction or any like or similar event of any company or companies (whether or not involving liquidation or dissolution), any further shares or other securities, any evidence of indebtedness or assets (including cash) are issued, distributed or otherwise made available generally to holders of Exchange Securities,

then, other than where the Relevant Event is determined to constitute a Cash Equivalent Distribution pursuant to the definition of “Dividend”, the further Exchange Securities, securities or other property or assets received in relation to the Relevant Event, so far as attributable to the Exchange Property or, as the case may be, the relevant Non-Cash Dividend in respect of the Repsol Shares or Equity Share Capital comprised in Exchange Property, shall be included as part of the Exchange Property (and, if applicable, applied in accordance with Condition 11(c)).

(c) **Purchase of Equity Securities etc.**

If at any time Equity Share Capital is comprised in the Exchange Property and any cash amount or securities or other property is comprised in or is to be added to and form part of the Exchange Property pursuant to these Conditions (other than (i) any additional Equity Share Capital of a class already comprised in the Exchange Property or (ii) as included in the Offer Consideration) before the Exchange Rights lapse, then, following consultation with the Calculation Agent, such cash amount shall be applied, and such securities or other property shall be sold by the Issuer on an arm’s length basis and the proceeds of such sale (net of any Permitted Expenses) shall be applied, by the Issuer as soon as reasonably practicable and to the extent possible in purchasing additional Equity Share Capital of the class then comprised in the Exchange Property (and where at the relevant time the Exchange Property comprises more than one class of Equity Share Capital, in purchasing, on a *pro rata* basis further Equity Share Capital of each such class). Any such additional Equity Share Capital shall be added to and form part of the Exchange Property.

(d) Notice

The Issuer shall give notice to the Bondholders in accordance with Condition 20 of any change in the composition of the Exchange Property as soon as reasonably practicable following such change, including details of the Exchange Property per Bond following such change.

(e) Determination

If any doubt shall arise as to whether an Adjustment Event has occurred, as to the time at which any such adjustment shall take effect, as to the adjustment to be made to the composition of the Exchange Property or as to the Exchange Property per Bond, a determination by the Calculation Agent in respect thereof shall (save in the case of manifest error) be final and binding on the Issuer, the Bondholders and the Paying, Transfer and Exchange Agents.

(f) Voting Rights in respect of the Exchange Property

The Issuer will be entitled to exercise or to refrain from exercising such voting rights attaching to any Exchange Security or any other Exchange Property that it may be entitled to, including to vote on, exercise its rights in respect of, or otherwise participate in (or in any such case refrain from doing so), any scheme of arrangement, reorganisation, amalgamation, merger, demerger or reconstruction of any company or companies (whether or not involving liquidation), at its sole and absolute discretion. The Bondholders shall have no voting or other rights attaching to any Exchange Security or any other Exchange Property prior to delivery on exchange in accordance with these Conditions.

In exercising any voting rights attaching to the Repsol Shares and other Exchange Securities that it may have or making any such election to which it may be entitled, the Issuer is not obliged to take account of the interests of the Bondholders and it is therefore possible that the Issuer may act in a manner which is contrary to the interests of the Bondholders.

(g) Cash Equivalent Distributions

Cash Equivalent Distributions shall not form part of the Exchange Property, but an amount equal to the Gross Amount thereof shall be paid to Bondholders by way of Additional Interest Amounts in accordance with Condition 5(c).

(h) Other Adjustments to the Exchange Property and Contemporaneous Events

If the Issuer determines that:

- (i) an adjustment should be made to the Exchange Property as a result of one or more events or circumstances not referred to in Condition 11(b)(i), 11(b)(ii) or 11(b)(iii), even if the relevant event is or circumstances are specifically excluded from the operation of Condition 11(b)(i), 11(b)(ii) or 11(b)(iii); or
- (ii) more than one event which gives rise or may give rise to an adjustment to the Exchange Property has occurred or will occur within such a short period of time that a modification to the operation of the adjustment provisions is required in order to give the intended result; or
- (iii) one event which gives rise or may give rise to more than one adjustment to the Exchange Property has occurred or will occur such that a modification to the operation of the adjustment provisions is required in order to give the intended result,

the Issuer, after consultation with an Independent Adviser, shall determine as soon as practicable what adjustment (if any) to the Exchange Property is fair and reasonable to take account thereof and the date on which such adjustment should take effect in accordance with such determination, provided that such adjustment shall result in an increase to the Exchange Property.

(i) Maintenance of Exchange Property

Exchange Rights are not exercisable in respect of any specific Repsol Shares or other property comprising Exchange Property from time to time and no Repsol Shares or other Exchange Property has been or will be charged or otherwise placed in custody or set aside to secure or satisfy the Issuer's obligations in respect of any Voluntary Exchange or Mandatory Exchange. Accordingly, at any time the Issuer may or may not be the owner of the whole or any part of Repsol Shares or other property comprising Exchange Property from time to time and the Issuer is not under any obligation to hold any Repsol Shares and/or other Exchange Property and may sell or otherwise dispose of the same at any time. The composition of the Exchange Property may also change as a result of the operation of the Conditions.

The arrangements described herein do not amount to any security interest in favour of Bondholders to secure the obligations of the Issuer under the Bonds or to secure performance of any Voluntary Exchange or Mandatory Exchange.

(A) *Ownership of Exchange Property:* At any particular time, the Issuer may or may not hold or be the beneficial owner of sufficient Exchange Property required to be delivered on any Voluntary Exchange or Mandatory Exchange or otherwise pursuant to these Conditions in respect of all outstanding Bonds. However, these Conditions shall be read and construed as though at all times the Issuer were the holder and beneficial owner of sufficient Exchange Property as is required to be delivered on any Voluntary Exchange or Mandatory Exchange or otherwise pursuant to these Conditions in respect of all outstanding Bonds. Accordingly, for the purposes of determining whether and to what extent any adjustment should be made to the Exchange Property at any time, for the purposes of these Conditions, the Issuer shall be deemed to be entitled to receive such further or other Repsol Shares, Exchange Securities, securities, property or assets including cash and/or consideration on the date the Issuer would have been entitled to receive the same, and be entitled to make any relevant elections in respect thereof or relating thereto, as it would have been entitled to receive and/or make had it at all relevant times been the holder and beneficial owner of sufficient Exchange Property to satisfy all Voluntary Exchanges and any Mandatory Exchange or otherwise required to be delivered pursuant to these Conditions in respect of all outstanding Bonds, and references in these Conditions to the Exchange Property being adjusted shall be construed accordingly. In particular (and without limitation):

(i) *Offers:* for the purposes of Condition 12, if the Issuer at the relevant time is not the holder of any Equity Shares it shall be entitled by notice to the Bondholders to elect to be treated as accepting (including as to any alternative consideration) or (unless the Equity Shares are subject to compulsory acquisition) rejecting such offer as if it owned the Equity Shares the subject of such Offer and subject to the provisions of Condition 12. If the Issuer does not give notice of such election on or prior to the Final Date, then it shall be treated for the purpose of these Conditions as if it had accepted the relevant Offer and, where there is alternative consideration, as if it had

accepted the consideration having the highest value at the Final Acceptance Date, and the provisions of these Conditions shall apply accordingly;

- (ii) *Time or date of receipt*: any reference in these Conditions to the time or date of receipt by the Issuer of any property or assets shall be construed as a reference to the time at, or date on, which the Issuer would otherwise have received or would have first been entitled to receive the same had it been the holder of sufficient Exchange Property for which the Bonds may at the relevant time be exchanged; and
- (iii) *Application of property and assets*: (other than where required to deliver Exchange Property to Bondholders on a Voluntary Exchange or Mandatory Exchange) the Issuer shall not be required to apply or refrain from applying any Repsol Shares, Exchange Securities, securities, property or assets including cash and/or consideration in any particular way, including by way of sale or other disposal, and any provisions of these Conditions that refer to the Issuer applying any property or assets in any amounts, or making any sale or disposal of any property or assets, shall be construed solely for the purposes of determining adjustments or additions to the Exchange Property for the purposes of these Conditions.

(B) *Purchase or Redemption of Exchange Securities*: Condition 11(b)(iii)(c) shall be disregarded unless thereafter the total outstanding Exchange Securities are less than the number required to be comprised in the Exchange Property, in which case to the extent of such shortfall, the Issuer shall be treated as if it were the holder and beneficial owner of such Exchange Securities and the provisions of Condition 11(b)(iii)(c) shall apply accordingly in respect of the number of Exchange Securities representing such shortfall.

12. General Offers

(a) Acceptance of Offers

In the event of an Offer for any Equity Shares comprised in the Exchange Property, the Issuer shall have absolute discretion to accept such Offer (and as to any alternative consideration) or reject such Offer, provided that (1) the Issuer will not accept such Offer (a) prior to the Specified Date (as defined below) in respect thereof and (b) unless the value of the consideration offered for such Equity Shares pursuant to the Offer (the “**Offer Consideration**”) is equal to or greater than the value of such Equity Shares (calculated in accordance with the definition of CMV), and (2), subject as provided in (1) above, where the terms of the Offer are such that the Issuer may decide whether to accept the Offer Consideration in the form of cash or securities, if the Issuer accepts the Offer, the Issuer shall accept the type of Offer Consideration which has the highest CMV (taking into account any liability to taxation) or if reasonably determined that the alternative considerations have substantially the same value, such type of Offer Consideration as it shall determine in its absolute discretion. For the avoidance of doubt, (i) the Issuer may announce its intention to accept any Offer prior to the Specified Date, and (ii) if there are two simultaneous Offers, the Issuer may accept either Offer (including the Offer which includes the lower Offer Consideration) or neither Offer. The value of such Equity Shares and the value of any Offer Consideration (each calculated in accordance with the definition of CMV) will be determined by the Issuer (in consultation with an Independent Adviser if the Issuer, in its discretion, deems appropriate) and any such determination (save in the case of manifest error) shall be final and conclusive.

If the Issuer accepts such Offer (or, if the Equity Shares are subject to compulsory acquisition), then, with effect from the Final Date (as defined below), the Exchange Property will consist, in whole or in part, of the Offer Consideration, or the consideration received pursuant to such compulsory acquisition.

Except for Offers made pursuant to compulsory acquisitions in accordance with applicable legislation, the Issuer will not accept any Offer in respect of such part of the Exchange Property which would be deliverable to those Bondholders who have exercised Exchange Rights in respect of Bonds prior to the suspension of the Exchange Rights as provided below.

For the purposes of these Conditions:

“**Final Acceptance Date**” means, in respect of any Offer, the final date for acceptance of such Offer which, if such Offer is extended prior to becoming unconditional, shall be the final date for acceptance of the extended Offer (but, if such Offer is or becomes unconditional, disregarding any additional or further period during which such Offer is open for acceptance);

“**Final Date**” means, in relation to any Offer, the date the Offer becomes or is declared unconditional in all respects.

“**Offer**” means an offer to the holders of any Equity Shares comprising Exchange Property, whether expressed as a legal offer, an invitation to treat or in any other way, in circumstances where such offer is available to all holders of the applicable Equity Shares (or all or substantially all such holders other than any holder to whom such offer may not be extended pursuant to applicable securities or other laws or who is, or is connected with, or is deemed to be acting in concert with, the person making such offer or to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any stock exchange in any territory, it is determined not to make such an offer).

“**Specified Date**” means, in relation to any Offer, five Trading Days prior to the Final Acceptance Date.

(b) Suspension of Exchange Rights

The Exchange Rights shall be suspended during the period (the “**Suspension Period**”) from and including (i) the sixth Trading Day prior to the Specified Date (assuming the date then scheduled to be the Specified Date will in fact be the Specified Date) until the acceptance of the relevant Offer is withdrawn or the relevant Offer lapses or becomes or is declared unconditional in all respects and (ii) the date any vote is cast in relation to any applicable scheme referred to in paragraph (a) above, which is approved by the required majority, until the same is approved or rejected by any relevant judicial or other authority or otherwise is or becomes or is declared to be effective or the like. Notice of any such period of suspension (including the commencement and termination thereof) will be given by the Issuer to a Paying, Transfer and Exchange Agent and to the Bondholders in accordance with Condition 20.

If Exchange Rights are exercised such that the relevant Notification Date would otherwise fall in the Suspension Period, such exercise shall be null and void.

(c) Self Tender

If a tender or other offer is made by or on behalf of the issuer of any Exchange Securities (or any person associated with such issuer) to purchase or otherwise acquire, redeem or exchange such Exchange Securities, the Issuer shall not tender or be entitled to be treated as having tendered any such Exchange Securities which are comprised in the Exchange Property or be treated as having accepted any such offer in respect thereof or vote in respect of any such Exchange Securities in relation to any such tender or other offer, nor shall the Issuer exercise or be treated as having exercised any option which it may have in connection therewith or otherwise to require the redemption or repayment of such Exchange Securities.

13. Payments

(a) Payment

Payment of any Fixed Interest Amount due on any Fixed Interest Payment Date (including the Maturity Date), any Additional Interest Amounts and any amounts payable by the Relevant Person to Bondholders pursuant to Condition 7(b) will be made to the persons shown in the Register at the close of business on the Record Date.

Such payment (other than in respect of Additional Interest Amounts) will be made in euros by transfer to a euro account maintained with a bank specified by the relevant Bondholder in a city in which banks have access to the TARGET System. Payments of Additional Interest Amounts will be made in the applicable currency in accordance with Condition 5(c) and will be made by transfer to an account maintained in such currency with a bank in the principal financial centre of that currency as specified by the relevant Bondholder.

Payments of any Make-Whole Amount or Accrued Interest payable to a Bondholder pursuant to Condition 6 or 7 shall, subject as provided in these Conditions be paid in euros on the relevant Settlement Date by transfer to an account with a bank in a city in which banks have access to the TARGET System.

Payment of all other amounts will be made as provided in these Conditions.

(b) Due Date Not a Business Day

If the due date for any payment in respect of any Bond (or any later date on which a Bond is presented for payment if presentation is so required) is not a TARGET Business Day, then the holder will not be entitled to the relevant payment until the next day which is a TARGET Business Day, and will not be entitled to any interest or other payment in respect of any such delay.

(c) Record Date

“**Record Date**” means the seventh business day, in the place of the specified office of the Registrar, before the due date for the relevant payment.

All payments in respect of Bonds represented by the Global Bond will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

(d) Payments subject to fiscal laws

All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment. No commissions and expenses shall be charged to the Bondholders in respect of such payment.

(e) Prescription

Claims in respect of any payment in respect of the Bonds will become void when made within 10 years after the date on which such payment was due.

14. Rounding

When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest such unit.

15. Taxes

All payments in respect of the Bonds by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed, levied, collected, withheld or assessed by or within the Kingdom of Spain, or any political subdivision thereof or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. If any such withholding or deduction is required by law, the Issuer shall pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable:

- (a) to, or to a third party on behalf of, a Bondholder who is liable for such Taxes in respect of such Bond by reason of the Bondholder or beneficial owner of the Bonds (or a fiduciary, settlor, beneficiary, member or shareholder thereof, or a possessor of power over the relevant Bondholder or beneficial owner, if the relevant Bondholder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) having some connection with Spain other than (i) the mere holding of such Bond, or (ii) the receipt of principal, interest, or other amounts in respect of such Bond; or
- (b) in relation to any Taxes that would not have been so imposed if the Bondholder or the beneficial owner of a Bond had made a declaration of non-tax residence or any other claim or filing for exemption to which it is entitled or had provided any information or documentation (including, but not limited to, a certificate of tax residence issued by the tax authorities of its country of tax residence) which would have allowed those Taxes not being so imposed; or
- (c) in relation to any estate, inheritance, gift, sales, transfer or similar taxes; or
- (d) presented for payment in the Kingdom of Spain; or
- (e) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (f) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Bond to another paying agent in a Member State of the European Union; or
- (g) in respect of any Taxes imposed on, or with respect to, any payment to a Bondholder in respect of which the Issuer (or an agent acting on behalf of the Issuer) has not received such information as may be necessary to allow payments on such Bond to be made free and clear of Spanish withholding tax or deduction on account of any taxes, including a duly executed and completed payment statement from the Paying, Transfer and Exchange Agent, as may be required in order to comply with the procedures that may be implemented to comply with Spanish Law 13/1985 of 25 May, Royal Decree 1065/2007 of 27 July, as amended by Royal Decree 1145/2011, of 29 July and any implementing legislation or regulation thereof; or
- (h) in respect of any Taxes imposed on, or on a third party on behalf of, a Bondholder which is a Spanish-resident legal entity subject to Spanish Corporate Income Tax if the taxing authorities of the Kingdom of Spain determine that the Bonds do not comply with exemption requirements specified in any applicable tax law, including the ruling of the General Directorate of Taxation (*Dirección General de Tributos*) dated 27 July 2004, or any legislation or regulation implementing or complying with, or introduced in order to conform to, such applicable law or such ruling, which law, ruling, legislation or regulation requires a withholding to be made; or
- (i) any Taxes that are imposed or withheld pursuant to Sections 1471 through 1474 of the Internal Revenue Code of 1986 (or any amended or successor version of such sections that is substantively comparable and not materially more onerous to comply with), any regulations promulgated thereunder, any official interpretations thereof or any agreements entered into in connection with the implementation thereof.

16. Accelerated Exchange Events

(a) Accelerated Exchange Events

The following will be accelerated exchange events (each an “**Accelerated Exchange Event**”) with respect to the Bonds:

- (a) **Payment/Delivery Default:** there is a failure to pay when due any Cash Alternative Amount in respect of, and/or to deliver when due Exchange Property on redemption of, the Bonds, and in any such case such failure continues for a period of 21 days or more, or there is a failure to pay any amount of interest or other amount in respect of the Bonds within 14 days of the due date for payment thereof (except as a result of a Settlement Disruption Event where the relevant Exchange Securities are subsequently delivered in accordance with these Conditions); or
- (b) **Breach of other Obligations:** the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Bonds and such default remains unremedied for 30 days or after written notice thereof, addressed to the Issuer by any Bondholder, has been delivered to the Issuer; or
- (c) **Cross-default of Issuer or Relevant Subsidiary:**

- (i) any Indebtedness for Borrowed Money of the Issuer or any of its Relevant Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period; or
- (ii) any such Indebtedness for Borrowed Money becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the Relevant Subsidiaries or (provided that no event of default, howsoever described, has occurred) any person entitled to such Indebtedness for Borrowed Money;

provided that the amount of Indebtedness for Borrowed Money referred to in sub-paragraph (i) and/or sub-paragraph (ii) above individually or in the aggregate exceeds EUR 50,000,000 (or its equivalent in any other currency or currencies);

- (d) **Unsatisfied Judgment:** one or more final judgment(s) or order(s) for the payment of any amount which individually or in the aggregate exceeds EUR 50,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer or any of its Relevant Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) **Security Enforced:** any Security Interest created or assumed by the Issuer or any of its Relevant Subsidiaries becomes enforceable and any steps are taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, manager or other similar person) provided that the Indebtedness for Borrowed Money to which such Security Interest relates either individually or in aggregate exceeds EUR 50,000,000 (or its equivalent in any other currency or currencies); or
- (f) **Winding Up:** any order is made by any competent court or any resolution passed for the winding up or dissolution of the Issuer (or any of its Relevant Subsidiaries) (except in any such case for the purpose of a Permitted Reorganisation); or
- (g) **Cessation of Business:** the Issuer (or any of its Relevant Subsidiaries) ceases or threatens to cease to carry on the whole or a substantial part of its business (except in any such case for the purpose of a Permitted Reorganisation) or the Issuer (or any of its Relevant Subsidiaries) stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class thereof) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (h) **Insolvency Proceedings:** (i)(A) in respect of the Issuer, an order is made by any competent court commencing insolvency proceedings (*procedimientos concursales*) against it or an order is made or a resolution is passed for the dissolution or winding up of the Issuer, and in respect of any of the Issuer's Relevant Subsidiaries, proceedings are initiated against any such Relevant Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (except in any such case for the purpose of a Permitted Reorganisation); or (B) an application made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer (or any of its Relevant Subsidiaries) or in relation to the whole or any substantial part of the undertaking or assets of any of them; or (C) an encumbrance takes possession of

the whole or any substantial part of the undertaking or assets of the Issuer (or any of its Relevant Subsidiaries); or (D) a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any substantial part of the undertaking or assets of the Issuer (or any of its Relevant Subsidiaries); and (ii) in any case is or are not discharged within 30 days; or

- (i) **Arrangements with Creditors:** the Issuer (or any of its Relevant Subsidiaries) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors); or
- (j) **Failure to Take Action etc.:** any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Bonds, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Bonds admissible in evidence in the courts of Spain or England is not taken, fulfilled or done; or
- (k) **Unlawfulness:** it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Bonds.

In these Conditions:

“**Group**” means the Issuer and its Subsidiaries.

“**Indebtedness for Borrowed Money**” means any money borrowed, liabilities in respect of any acceptance credit, note or bill discounting facility, liabilities under any bonds, notes, debentures, loan stocks, securities or other indebtedness by way of loan capital.

“**Permitted Reorganisation**” means:

- (a) with respect to the Issuer, a reconstruction, merger or amalgamation (i) which has been approved by the Syndicate of Bondholders; or (ii) where the entity resulting from any such reconstruction, merger or amalgamation is (A) a financial institution (*entidad de crédito*) under article 1 of Royal Legislative Decree (*Real Decreto Legislativo*) 1298/1986, as amended and restated and (B) has a rating for long-term senior debt assigned by Standard & Poor’s Rating Services, Moody’s Investor Services or Fitch Ratings Ltd equivalent to or higher than the rating for long-term senior debt of the Issuer immediately prior to such reconstruction, merger or amalgamation); and
- (b) with respect to a Relevant Subsidiary, a reconstruction, merger or amalgamation (i) which has been approved by the Syndicate of Bondholders; or (ii) is on a solvent basis.

“**Relevant Subsidiary**” means, at any particular time, any Subsidiary of the Issuer:

- (a) whose net assets represent not less than 10 per cent. of the net consolidated assets of the Group as calculated by reference to the then latest audited accounts (or consolidated accounts as the case may be) of such Subsidiary and the most recently published audited consolidated accounts of the Issuer; or
- (b) whose gross revenues represent not less than 10 per cent. of the gross consolidated revenues of the Group, all as calculated by reference to the then latest audited accounts (or consolidated

accounts as the case may be) of such Subsidiary and the then latest audited consolidated accounts of the Issuer.

For the purposes of this definition:

- (a) if there shall not at any time be any relevant audited consolidated accounts of the Issuer, references thereto herein shall be deemed to be references to a consolidation (which need not be audited) by the Issuer of the relevant audited accounts of the Issuer and its Subsidiaries;
- (b) if, in the case of a Subsidiary which itself has Subsidiaries, no consolidated accounts are prepared and audited, its consolidated net assets and consolidated gross revenues shall be determined on the basis of pro forma consolidated accounts (which need not be audited) of the relevant Subsidiary and its Subsidiaries prepared for this purpose by the Issuer;
- (c) if (i) any Subsidiary shall not in respect of any relevant financial period for whatever reason produce audited accounts or (ii) any Subsidiary shall not have produced at the relevant time for the calculations required pursuant to this definition audited accounts for the same period as the period to which the latest audited consolidated accounts of the Issuer relate, then there shall be substituted for the purposes of this definition the management accounts of such Subsidiary for such period;
- (d) where any Subsidiary is not wholly owned by the Issuer there shall be excluded from all calculations all amounts attributable to minority interests;
- (e) in calculating any amount all amounts owing by or to the Issuer and any Subsidiary to or by the Issuer and any Subsidiary shall be excluded; and
- (f) in the event that accounts of any companies being compared are prepared on the basis of different generally accepted accounting principles, there shall be made such adjustments to any relevant financial items as are necessary to achieve a true and fair comparison of such financial items.

“**Security Interest**” means any mortgage, charge, pledge, lien or other form of encumbrance or security interest arising.

“**Subsidiary**” means, in relation to an entity, any entity controlled by that first person entity where control is determined in accordance with section 3 of the Third Regulation of Circular 4/2004 of the Bank of Spain (*Norma Tercera apartado tercero de la Circular 4/2004 de Banco de España*), whether any such entity is a financial institution or not.

For the purposes of these Conditions, any reference to an obligation being guaranteed shall include a reference to an indemnity being given in respect of the obligation.

When related to a Relevant Subsidiary, an Accelerated Exchange Event shall only be considered as such when the creditworthiness of the Issuer is materially weaker immediately after the occurrence of such event. “*Materially weaker*” shall mean that two of the four Rating Agencies modify at least by three lower notches the rating previously applied to the Issuer. “*Rating Agencies*” shall, for the purpose of the preceding sentence, mean S&P, Moody’s, Fitch and DBRS Ratings Ltd.

(b) Notices

The Issuer shall promptly notify the Bondholders of the occurrence of an Accelerated Exchange Event. For so long as an Accelerated Exchange Event is continuing (i) any Bondholder may, by

notice to the Fiscal Agent at its specified office, require redemption of some or all of its Bonds pursuant to Condition 6(b)(i), and (ii) the Commissioner acting upon a resolution of the Syndicate of Bondholders may by notice to the Fiscal Agent at its specified office, require redemption as directed by the Syndicate of Bondholders of all the Bonds pursuant to Condition 6(b)(i).

A notice given pursuant to this Condition 16(b) is referred to as (an “**Accelerated Exchange Notice**”).

17. Agents

(a) Agents of the Issuer

The Paying, Transfer and Exchange Agents, when acting in that capacity, are acting solely as agents of the Issuer and do not assume any obligation towards or relationship of agency or trust for or with any Bondholder. The Calculation Agent shall act as an independent expert and not as agent for the Issuer or the Bondholders. All calculations and determinations by the Calculation Agent pursuant to these Conditions (including in determining whether an Adjustment Event has occurred and any adjustments to the composition of the Exchange Property, as to the Exchange Property per Bond and (subject to the right of the Issuer to make a Cash Election pursuant to Condition 8) the relevant proportion of the Exchange Property per Bond to be delivered on a Voluntary Exchange or a Mandatory Exchange and related matters) shall (save in the case of manifest error) be final and binding on the Issuer, the Bondholders and the other Agents. Whenever the Calculation Agent is required to act to make a calculation or determination, or to exercise a discretion, it shall do so in good faith and in a commercially reasonable manner.

(b) Paying, Transfer and Exchange Agents; Registrar

The Issuer reserves the right under the Fiscal Agency Agreement at any time to vary or terminate the appointment of any Paying, Transfer and Exchange Agent or the Registrar and appoint additional or other Fiscal Agents, provided that it will (i) maintain a Fiscal Agent, (ii) maintain a Paying, Transfer and Exchange Agent having a specified office in a major European city, (iii) maintain a Paying, Transfer and Exchange Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive and (iv) maintain a Registrar with a specified office outside the United Kingdom. Notice of any change in the Paying, Transfer and Exchange Agents or the Registrar or their specified offices will promptly be given by the Issuer to the Bondholders in accordance with Condition 20.

(c) Independent Adviser

At any time when a determination is required to be made by an Independent Adviser, the Issuer shall promptly appoint and maintain such an Independent Adviser.

18. Syndicate of Bondholders, Modification and Waiver

(a) Syndicate of Bondholders

Bondholders shall meet in accordance with certain regulations governing the Syndicate of Bondholders (the “**Regulations**”). The Regulations contain the rules governing the Syndicate of Bondholders and the rules governing its relationship with the Issuer and are attached to the Public

Deed (as defined in the introduction to these Conditions) and are included in the Fiscal Agency Agreement.

Structured Finance Management (Spain) Limited has been appointed as temporary Commissioner for the Bondholders. Bondholders shall, by virtue of purchasing and/or holding Bonds, be deemed to have agreed to: (i) the appointment of the temporary Commissioner; and (ii) become a member of the Syndicate of Bondholders. Upon the subscription of the Bonds, the temporary Commissioner will call a general meeting of the Syndicate of Bondholders to ratify or reject the acts of the temporary Commissioner, confirm its appointment or appoint a substitute Commissioner for it and to ratify the Regulations. Bondholders shall, by virtue of purchasing and/or holding Bonds, be deemed to have granted to the Fiscal Agent full power and authority to take any action and/or to execute and deliver any document or notices for the purposes of attending on behalf of the Bondholders the first meeting of the Syndicate of Bondholders called to confirm the appointment of the temporary Commissioner, approve its actions and ratify the Regulations contained in the Fiscal Agency Agreement and the Public Deed, and vote in favour of each of those resolutions.

Provisions for meetings of the Syndicate of Bondholders are contained in the Regulations and in the Fiscal Agency Agreement. Such provisions shall have effect as if incorporated herein.

The Issuer may, with the consent of the Commissioner, but without the consent of the holders of the Bonds amend these Conditions insofar as they may apply to the Bonds to correct a manifest error or which amendments are of a formal minor or technical nature or to comply with mandatory provisions of law.

In addition to the above, the Issuer and the Bondholders, the latter with the sanction of a resolution of the Syndicate of Bondholders, may agree any modification, whether material or not, to these Conditions and any waiver of any breach or proposed breach of these Conditions.

For the purposes of these Conditions:

- (i) “**Commissioner**” means the *comisario* as this term is defined under the Spanish Law on Capital Companies (*Ley de Sociedades de Capital*) of the Syndicate of Bondholders; and
- (ii) “**Syndicate of Bondholders**” means the *sindicato* as this term is described under the Spanish Law on Capital Companies (*Ley de Sociedades de Capital*).

In accordance with Spanish law, a general meeting of the Syndicate of Bondholders shall be quorate upon first being convened provided that Bondholders holding or representing two-thirds of the Bonds outstanding attend. If the necessary quorum is not achieved at the first meeting, a second general meeting may be reconvened to meet one month after the first general meeting and shall be quorate regardless of the number of Bondholders who attend. A resolution shall be passed by holders holding an absolute majority in principal amount of the Bonds held by Bondholders present or duly represented at any properly constituted meeting.

(b) Modification of Fiscal Agency Agreement

The Issuer shall only permit any modification, waiver or authorisation of any breach or proposed breach or any failure to comply with the Fiscal Agency Agreement if to do so could not reasonably be expected to be materially prejudicial to the interests of the Bondholders.

(c) Notification to the Bondholders

Any modification, waiver or authorisation in accordance with this Condition 18 shall be binding on the Bondholders and shall be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 20.

19. Replacement of Bonds

If any Bond certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Fiscal Agent or such other Paying, Transfer and Exchange Agent as may be notified to Bondholders upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Bond certificates must be surrendered before replacements will be issued.

20. Notices

All notices regarding the Bonds will be valid if published through the electronic communication system of Bloomberg. Any such notice will be deemed to have been given on the date of the first publication. So long as the Bonds are represented by one or more global bond and the rules of any stock exchange on which the Bonds may be listed or admitted to trading at the relevant time so permit, all notices to Bondholders may at the election of the Issuer be made through the relevant clearing system or clearing systems for on transmission to their respective accountholders, and any such notice shall be deemed to be given to Bondholders on the date such notice is given or delivered to the relevant clearing system or clearing systems.

21. Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds, notes or debentures either having the same terms and conditions in all respects as the Bonds or in all respects except for the first payment of interest on them and the first date on which conversion rights may be exercised and so that such further issue shall be consolidated and form a single series with the Bonds or upon such terms as to interest, conversion, redemption and otherwise as the Issuer may determine at the time of their issue.

22. Definitions

For the purposes of these Conditions:

“**Accrued Interest**” means, in respect of each Bond, the accrued interest on the principal amount of such Bond at the Fixed Interest Rate from (and including) the previous Fixed Interest Payment Date (or, if none, the Issue Date) to (but excluding) the relevant Settlement Date calculated in accordance with the provisions of Condition 5(b)(ii) and rounded, if applicable, in accordance with Condition 14.

“**Bondholder**” and “**holder**” means the person in whose name a Bond is registered in the Register (as defined in Condition 4(a)).

“**business day**” means, in relation to any place, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments generally in such place.

“**Calculation Agent**” means Conv-Ex Advisors Limited, or such other entity as may be appointed as such by the Issuer, at its expense, from time to time.

“**Calculation Period**” means with respect to a Mandatory Exchange pursuant to Condition 6(a), a period of 20 consecutive Trading Days ending on, and including, the fifth Trading Day immediately preceding the Maturity Date.

For this purpose, “**Trading Day**” shall, if applicable, be the Trading Day corresponding to the Predominant Exchange Security.

“**Cash Equivalent Distribution**” means (i) any Dividend which is to be paid solely in cash and (ii) any Dividend determined to be a Cash Equivalent Distribution pursuant to paragraph (a) of the definition of “Dividend”, in each case in respect of any securities for the time being comprised in the Exchange Property (including, without limitation, dividends in cash in respect of the Repsol Shares).

“**Closing Price**” means, with respect to a Trading Day on which an Exchange Security is listed on the Exchange, the closing price of such Exchange Security on the Exchange at the close of such Trading Day (as published by the Exchange), translated (if not in euros) into euros at the Relevant Rate in effect on the relevant Trading Day, provided that, if at any time on or after the commencement of the relevant Calculation Period and prior to the relevant Settlement Date, the publicly-traded Exchange Securities shall have been quoted ex-Dividend, ex-distribution or ex-any other entitlement to another security or asset and during some other part of such period shall have been quoted cum-Dividend, cum-distribution or cum-any other entitlement to another security or asset, then the closing prices on the Valuation Days during such period on which the publicly-traded Exchange Securities shall have been quoted cum-Dividend, cum-distribution or cum-any other entitlement to another security or asset shall, for the purpose of this definition, be deemed to be the amount thereof reduced by an amount equal to such Dividend, distribution or other entitlement per publicly-traded Exchange Security (but disregarding for this purpose any associated tax credit and any amount in respect of taxation required to be withheld or deducted in respect of any such Dividend, distribution or other entitlement).

“**CMV**” means, with respect to the Exchange Property per Bond, as applicable on any Valuation Day, the current market value thereof, being the aggregate amount calculated by the Calculation Agent of:

- (1) the VWAP of publicly-traded Exchange Securities included in the Exchange Property on such Valuation Day as determined by the Calculation Agent;
- (2) in the case of any publicly-traded Exchange Securities in respect of which the VWAP is not available, the Closing Prices of such Exchange Securities on such Valuation Day, all as determined by the Calculation Agent;
- (3) in the case of any other assets included in the Exchange Property on such Valuation Day and in the case of any publicly traded Exchange Securities for which a value cannot be determined pursuant to paragraph (1) or (2) above, their Fair Market Value as determined by an Independent Adviser; and
- (4) in respect of any Exchange Property Cash included in the Exchange Property on such Valuation Day, the amount of such cash on such Valuation Day,

in each case translated (if not in euros) into euros at the Relevant Rate in effect on the relevant Valuation Date, and provided that,

- (1) for the purposes of paragraph (1) and (2) above, if such VWAP and Closing Prices are not available on any Valuation Day (whether by reason of a suspension of trading in the relevant securities or otherwise) or there is a Market Disruption Event on any such

Valuation Day, then the value of the relevant Exchange Securities shall be determined in accordance with paragraph (3) above; and

- (m) for the purposes of paragraphs (1), (2) and (3) above, if, where applicable, the Valuation Date of any Non-Predominant Exchange Security does not fall on the same Valuation Date as the Predominant Exchange Security, then, for the purposes of determining CMV, the VWAP or, as the case may be, the Closing Price of any such Non-Predominant Exchange Security shall be calculated using the relevant VWAP or, as the case may be, the Closing Price applicable on the first Valuation Date for such Non-Predominant Exchange Security immediately preceding the Valuation Date for the Predominant Exchange Security.

A “**Credit Event**” shall occur if the rating for the long term senior debt of the Issuer from any two of Moody’s Investor Service Limited (“**Moody’s**”) or Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc. (“**S&P**”), or Fitch Ratings Limited (“**Fitch**”) or any of their respective successors (each a “**Rating Agency**”) falls below Ba2 (in the case of Moody’s) or below BB (in the case of S&P) or below BB (in the case of Fitch) or is withdrawn and (in the case of a downgrade) does not within a 30 day period subsequently receive a rating of Ba2 / BB / BB (or higher) by at least one of such Rating Agencies, or (in the case of a withdrawal) the rating is not reinstated to a rating of Ba2 / BB / BB (or higher) by at least one of such Rating Agencies within a 30 day period after such withdrawal.

“**Daily Exchange Ratio**” means, for each Valuation Day in the relevant Calculation Period, a ratio determined by the Calculation Agent as follows:

- (i) if the CMV on such Valuation Day is less than or equal to the Minimum Exchange Price, then the Daily Exchange Ratio for such Valuation Day will be the Maximum Exchange Ratio;
- (ii) if the CMV on such Valuation Day is less than the Maximum Exchange Price but greater than the Minimum Exchange Price, the Daily Exchange Ratio for such Valuation Day will be the following:

$$\frac{\text{Minimum Exchange Price}}{\text{CMV}}$$

if the CMV on such Valuation Day is greater than or equal to the Maximum Exchange Price, the Daily Exchange Ratio for such Valuation Day will be the following:

$$1 - \left[\frac{\text{€25,000}}{\text{CMV}} \right]$$

“**Dividend**” means any dividend or distribution, whether of cash, assets or other property, and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to shareholders upon or in connection with a reduction of capital (and for these purposes a distribution of assets includes, without limitation, an issue of shares or other securities credited as fully or partly paid up) provided that:

- (a) where a Dividend in cash is announced which is to be, or may at the election of a holder or holders of Exchange Securities be, satisfied by the issue or delivery of Exchange Securities, or where a capitalisation of profits or reserves or other distributions is announced which is to be, or may at the election of a holder or holders of Exchange Securities be, satisfied by the payment of

cash, then the Dividend or capitalisation in question shall be treated as a Cash Equivalent Distribution; and

- (b) any issue of Exchange Securities falling within Condition 11(b)(i) or 11(b)(iii)(a) shall be disregarded.

“Early Closure” means the closure on any Trading Day of the Exchange prior to its scheduled weekday closing time unless such earlier closing time is announced by such Exchange at least one hour prior to the actual closing time for the regular trading session on such Exchange on such Trading Day.

“Entitlement Date” has the meaning provided in Condition 10(b)(1).

“Equity Share Capital” means, in relation to any entity, its issued share capital (or equivalent) excluding any part of that capital (or equivalent) which, neither as respect dividends nor as respect capital, carries any right to participate beyond a specific amount in a distribution, and **“Equity Share”** shall be construed accordingly.

“Exchange” means the Spanish Stock Exchanges, save that, for the purposes of these Conditions, except where the context otherwise requires, references to the Exchange shall, if the Exchange Securities or the relevant Exchange Securities are not listed and admitted to trading on the Exchange at the relevant time, be construed as references to such other regulated stock exchange or to any other similarly regulated market on which Exchange Securities or the relevant Exchange Securities are primarily so listed or admitted to trading at such time, as selected by the Calculation Agent following the advice of an Independent Adviser if there are more than one (with preference to be given to the regulated stock exchange with the highest average trading volume of Exchange Securities or the relevant Exchange Securities).

“Exchange Disruption” means, in respect of any publicly-traded Exchange Security, any event (other than a Trading Disruption or an Early Closure) that disrupts or impairs (in the opinion of the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for, such Exchange Security on the relevant Exchange.

“Exchange Period” means, subject to Condition 12(b), the period from and including 1 January 2014 to and including the 25th Barcelona business day prior to the Maturity Date, provided that if such day is not a Barcelona business day, the immediately preceding Barcelona business day.

“Exchange Property” means, as at the Issue Date, 32,564,383.56 Repsol Shares, and subsequently such Exchange Securities, Exchange Property Cash and/or other property constituting for the time being the Exchange Property in accordance with these Conditions.

“Exchange Property Cash” means any cash for the time being comprised in the Exchange Property.

“Exchange Property per Bond” means, with respect to each Bond to be redeemed and exchanged, a portion of the Exchange Property represented by a fraction, the numerator of which shall be one and the denominator shall correspond to total number of Bonds (including the Bond which is the subject of such exchange) which are outstanding at such time (excluding for this purpose the number of Bonds in respect of which the Exchange Right has been exercised by any Bondholder where the relevant Exchange Property has not yet been delivered, as well as such undelivered Exchange Property).

“Exchange Securities” means, at any time, any securities of any Relevant Company which at such time are included in the Exchange Property and each an **“Exchange Security”**.

“**Fair Market Value**” means, with respect to any property as at or on any date, the fair market value of that property as determined by an Independent Adviser; provided that (i) the fair market value of a Dividend in cash paid or to be paid per Repsol Share or other Equity Share shall be the amount of such Dividend in cash per Repsol Share or other Equity Share (determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit); (ii) where shares, options, warrants or other securities or rights are publicly traded on a stock exchange or securities market of adequate liquidity (as determined by such Independent Adviser) the fair market value of such shares, options, warrants or other securities or rights shall equal the arithmetic mean of the daily VWAP of such shares, options, warrants or other securities or rights during the period of 5 Trading Days on the relevant stock exchange or securities market commencing on such date (or, if later, on the first such Trading Day such shares, options, warrants or other rights are publicly traded) or such shorter period as such shares, options, warrants or other securities or rights are publicly traded; (iii) where shares, options, warrants or other securities or rights are not publicly traded on a stock exchange or securities market of adequate liquidity (as aforesaid) the fair market value thereof shall be determined by such Independent Adviser on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including volatility, prevailing interest rates and the terms of such shares, options, warrants or other securities or rights and (iv) in each case converted into the currency in which the Repsol Shares (where such determination relates to the Repsol Shares) or such other Equity Shares (where such determination relates to such other Equity Shares) are traded on the Relevant Exchange (if expressed in a currency other than such currency) at the Relevant Rate on such date (or, in the case of (ii), at the average of the Relevant Rate on each Trading Day in the relevant period). For the avoidance of doubt, an Independent Advisor need not be appointed solely with respect to making any determination of the Fair Market Value of a Dividend in cash paid or to be paid per Repsol Share or other Equity Share in accordance with sub-paragraph (i) above.

“**Iberclear**” means the Spanish clearing and settlement system (*Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.*).

“**Independent Adviser**” means an independent institution with appropriate expertise, which may be the Calculation Agent, appointed by the Issuer in consultation with the Calculation Agent.

“**Make-whole Amount**” means, in respect of each Bond, an amount in euros, calculated by the Calculation Agent (rounded, if applicable, in accordance with Condition 14), and will be equal to the present value of the remaining interest due under the Bonds in proportion to the remaining time to maturity, calculated pursuant to the following formula:

$$M = A \times \frac{c}{t}$$

where:

- M = the Make-whole Amount
- A = €13,002.35 per Bond (*equivalent to €77,272,946.18 in respect of the aggregate principal amount of the Bonds outstanding on the Issue Date*)
- c = means the number of days from and including the relevant Settlement Date to, but excluding, the Maturity Date; and
- t = means the number of days from and including the Issue Date to but excluding

the Maturity Date.

“**Mandatory Exchange**” means a redemption of the Bonds pursuant to the provisions of Conditions 6(a) or (b).

“**Market Disruption Event**” means, in respect of any publicly-traded Exchange Security, the occurrence or existence of (i)(a) a Trading Disruption or (b) an Exchange Disruption, in each case on any relevant Trading Day and which the Calculation Agent determines is material, at any time during the one hour period that ends at the close of such Trading Day, or (ii) an Early Closure.

“**Maturity Exchange Ratio**” means the sum, calculated by the Calculation Agent, of the Daily Exchange Ratios for each Valuation Day in the relevant Calculation Period divided by the number of Valuation Days in such Calculation Period.

“**Maximum Exchange Ratio**” means 100 per cent.

“**Maximum Exchange Price**” means €125,000.

“**Minimum Exchange Ratio**” means 80 per cent.

“**Minimum Exchange Price**” means €100,000.

“**Non-Cash Dividend**” means any Dividend which is not a Cash Equivalent Distribution.

“**Non-Predominant Exchange Security**” means, where relevant, any Exchange Security other than the Predominant Exchange Security.

“**Notification Date**” has the meaning provided in Condition 7(b).

“**Predominant Exchange Security**” means, if at any time there is more than one type or series of Exchange Security in the Exchange Property, such type or series of Exchange Security which the Calculation Agent consider to represent the largest proportion or weighting by value in the Exchange Property.

“**Redemption Date**” has the meaning provided in Condition 6(b).

“**Relevant Company**” means Repsol, and any corporation or company derived from or resulting or surviving from the merger, consolidation, amalgamation, reconstruction or acquisition of Repsol with, into or by such other corporation or company, and any other entity, all or part of the share capital of which is, or all or some of the securities of which are, at the relevant time included in the Exchange Property.

“**Relevant Rate**” means on any day, and, in respect of the conversion of one currency into another currency, the rate of exchange between such currencies appearing on the relevant page on Bloomberg at or about 11.00 a.m. (London time) on that day, or, if that page is not available or that rate of exchange does not appear on that page on that day, the rate of exchange between such currencies appearing on such other screen or information service, or determined in such other manner, as the Calculation Agent shall determine.

“**Repsol**” means Repsol, S.A.

“**Settlement Date**” means:

- (i) in the case of a Mandatory Exchange pursuant to Condition 6(a), the fifth Trading Day following the end of the relevant Calculation Period;

- (ii) in the case of a Mandatory Exchange pursuant to Condition 6(b), the fifth Trading Day following the relevant Redemption Date; and
- (iii) in the case of a Voluntary Exchange pursuant to Condition 7(a), the fifth Trading Day after the relevant Notification Date.

“**Settlement Disruption Event**” has the meaning provided in Condition 10(a).

“**Spanish Stock Exchanges**” means the Madrid, Barcelona, Bilbao and Valencia stock exchanges and the automated quotation system thereof.

“**TARGET Business Day**” means a day on which the TARGET System is operating.

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

“**Trading Day**” means, in respect of the any publicly-traded Exchange Security forming part of the Exchange Property at the relevant time, any business day on which the relevant Exchange is open for trading other than a day on which trading ceases prior to its regular weekday closing time.

“**Trading Disruption**” means, in respect of any publicly-traded Exchange Security, any suspension of, or limitation imposed on, trading by the relevant Exchange or otherwise, and whether by reason of movements in price exceeding limits permitted by such Exchange or otherwise relating to such Exchange Security.

“**Valuation Day**” means (i) in respect of any publicly-traded Exchange Security, the relevant Trading Day and (ii) in respect of any non-publicly traded Exchange Security or other property or asset forming part of the Exchange Property at the relevant time, the business day falling on such Trading Day.

“**Voluntary Exchange**” means a redemption of the Bonds pursuant to the provisions of Conditions 7(a).

“**Voting Rights**” means the right generally to vote at a general meeting of shareholders of the relevant entity (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency) or to elect the majority of the members of the board of directors or other governing body of the relevant entity.

“**VWAP**” means, in respect of any publicly-traded Exchange Securities forming part of the Exchange Property on any Trading Day:

- (i) in the case of Repsol Shares, the volume weighted average price of a Repsol Share published by or derived from Bloomberg page REP SM Equity HP (setting: Weighted Average, or its successor Weighted Average Line, or any subsequent successor page) in respect of such Trading Day; and
- (ii) in the case of any other publicly-traded Exchange Securities or other securities, options, warrants or rights, the volume weighted average price published by or derived from the relevant Bloomberg page in respect of such Trading Day or, if not able to be so determined, the volume weighted average price as obtained or derived from the principal stock exchange or securities market on which such Exchange Securities or other securities, options, warrants or rights are then listed, admitted to trading or quoted or dealt in on that Trading Day,

or, in any such case, such other source as shall be determined to be appropriate by an Independent Adviser or the Calculation Agent (if there is no Independent Advisor) on such Trading Day, provided that if on any such Trading Day such price is not available or cannot otherwise be determined as

provided above, the VWAP of a Repsol Share or, as the case may be, any other Exchange Security in respect of such Trading Day shall be the VWAP, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined.

“€” and “euro” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

Reference to “**publicly-traded Exchange Securities**” means Exchange Securities which are traded on an Exchange.

23. Governing Law and Submission to Jurisdiction

- (a) The Fiscal Agency Agreement and the Bonds and any non-contractual obligations arising out of or in connection with them are, subject as provided below, governed by, and shall be construed in accordance with, English law. The status of the Bonds as described in Condition 2 and the provisions of Condition 18 relating to the appointment of the Commissioner and the Syndicate of Bondholders are governed by, and shall be construed in accordance with, Spanish law.
- (b) The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds (“**Proceedings**”) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Bondholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).
- (c) The Issuer has appointed CaixaBank London as its agent for service of process in respect of any Proceedings in England and undertakes that, in the event of such agent ceasing so to act or ceasing to be registered or to have a place of business in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings in England.
- (d) Nothing herein shall affect the right to serve process in any other manner permitted by law.

USE OF PROCEEDS

The net proceeds of the Bonds will be used for general corporate purposes.

DESCRIPTION OF THE ISSUER

History and development of the Issuer

CaixaBank, S.A. (“**CaixaBank**” or the “**Issuer**”) and its subsidiaries compose the CaixaBank Group (the “**CaixaBank Group**” or the “**Group**”). The Issuer has its registered office in the city of Barcelona, at Avenida Diagonal, 621, 08028 Barcelona (contact telephone number 0034 902 223 223 or 0034 93 404 6000), registration number 2100 in the register of the Bank of Spain (*Banco de España*). It is a Spanish company with legal status as a public limited company (*sociedad anónima*) and is governed by the Restated Spanish Companies Act (*Texto Refundido de la Ley de Sociedades de Capital*), approved by Royal Legislative Decree 1/2010, of 2nd July (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*). The Issuer is subject to special legislation for lending institutions in general, the supervision, control and regulation of the Bank of Spain (*Banco de España*) and, as a listed company, the regulatory oversight of the Spanish Securities Market Commission (the “**CNMV**”).

The Issuer was incorporated for an indefinite period under the corporate name Grupo de Servicios, S.A. by virtue of a public deed granted on 12th December, 1980. The Issuer changed its name to GDS-Grupo de Servicios, S.A. on 22nd December, 1983 and adapted its by-laws to the Spanish Companies Law (*Ley de Sociedades Anónimas*) in force at that time on 1st June, 1992.

On 1st June, 2000, GDS-Grupo de Servicios, S.A. merged with CaixaHolding, S.A.U. and adopted its corporate name, formalised by virtue of a public deed granted on 11th July, 2000. In July 2000, Caixa d'Estalvis i Pensions de Barcelona (“*la Caixa*”) (“**la Caixa**”) transferred the majority of its portfolio of companies in which it held a stake to the Issuer.

The Issuer subsequently changed its corporate name to Criteria CaixaCorp, S.A. (“**Criteria**”) on 2nd August, 2007 and in October, 2007, the Issuer completed the process to have its securities admitted to trading on the Barcelona, Madrid, Valencia and Bilbao stock exchanges (the “**Spanish stock exchanges**”) further to a public offering.

Reorganisation of the “la Caixa” Group in 2011

The enactment of Royal Decree-Law 11/2010, of 9th July, on the governing bodies and other matters relating to the legal framework of savings banks (*Real Decreto-ley 11/2010, de 9 de julio, de órganos de gobierno y otros aspectos del régimen jurídico de las Cajas de Ahorros*) (“**Royal Decree-Law 11/2010**”), and the approval of the consolidated text of the Catalan Savings Banks Law pursuant to Royal Decree-Law 5/2010, of 3rd August (*Decreto-ley 5/2010, de 3 de agosto, de modificación del texto refundido de la Ley de Cajas de Ahorros de Cataluña, aprobado por el Decreto Legislativo 1/2008, de 11 de marzo*) (“**Royal Decree-Law 5/2010**”), enabled Spanish savings banks (*cajas*) based in Catalonia to conduct their financial activities indirectly through a bank.

Under this legal framework, on 27th January, 2011, the boards of directors of “*la Caixa*”, Criteria and MicroBank de “*la Caixa*”, S.A. (“**MicroBank**”) entered into a framework agreement which set out the structure for the reorganisation of the “*la Caixa*” group. The structure was designed to enable “*la Caixa*” to indirectly carry out its financial activity while maintaining its social welfare activities. The restructuring plan was approved at the Ordinary General Assembly of “*la Caixa*” held on 28th April, 2011, and at the Annual General Meeting of Criteria held on 12th May, 2011.

Pursuant to the framework agreement, on 27th June, 2011, “*la Caixa*” assigned the assets and liabilities comprising its financial business to MicroBank and, by means of a swap, “*la Caixa*” transferred all post-segregation shares in MicroBank to Criteria. Further to the swap, Criteria became owner of 100% of the outstanding share capital of MicroBank. On 30th June, 2011, Criteria and MicroBank merged, MicroBank

ceased to exist, and the Issuer adopted its current corporate name, CaixaBank, S.A. Also on this date, the Issuer was entered on the Bank of Spain's Registry of Banks and Bankers (*Registro Especial de Bancos y Banqueros*) and, on 1st July, 2011, it was listed on the Spanish stock exchanges as a bank.

Further to the reorganisation, “la Caixa” carries on its business indirectly as a credit institution through the Issuer, in accordance with Royal Decree-Law 11/2010 and Royal Decree-Law 5/2010.

Merger with Banca Cívica

On 26th March, 2012, the boards of directors of “la Caixa”, CaixaBank, Caja de Ahorros y Monte de Piedad de Navarra (“**Caja Navarra**”), Caja General de Ahorros de Canarias (“**Caja Canarias**”), Caja de Ahorros Municipal de Burgos (“**Caja de Burgos**”), Monte de Piedad Caja de Ahorros San Fernando de Guadalajara, Huelva, Jerez y Sevilla (“**Cajasol**”, together with Caja Navarra, Caja Canarias and Caja de Burgos, the “**Cajas**”) and Banca Cívica, S.A. (“**Banca Cívica**”) entered into a merger agreement to establish the terms of the integration of Banca Cívica into CaixaBank.

At that date, Banca Cívica was the central company (*sociedad central*) of the Institutional Protection Scheme (*Sistema Institucional de Protección*, or “SIP”) comprising the Cajas, and the entity through which the Cajas carried on their financial activity indirectly under Royal Decree-Law 11/2010. Prior to the integration of Banca Cívica into CaixaBank, the Cajas owned 55.316% of the share capital and voting rights of Banca Cívica.

On 18th April, 2012, the boards of directors of the Issuer and Banca Cívica signed the merger plan, which was approved by their respective extraordinary general shareholders' meetings held on 26th June, 2012. The merger was also approved at the Ordinary General Assembly of “la Caixa” held on 22nd May, 2012.

Further to completion of all applicable conditions precedent on 26th July, 2012, the Issuer took control of Banca Cívica's assets and liabilities. On 3rd August, 2012, the public merger deed was registered at the Companies Register and the merger of Banca Cívica and CaixaBank was completed. From this date, Banca Cívica ceased to exist.

Pursuant to the merger, five CaixaBank shares were exchanged for eight Banca Cívica shares, the share capital of which at the date of approval of the merger consisted of 497,142,800 shares. CaixaBank completed the exchange of shares with a combination of 71,098,000 treasury shares and 233,000,000 newly issued shares, issued pursuant to a capital increase approved at the CaixaBank extraordinary general shareholders' meeting of 26th June, 2012, registered with the Companies Register on 3rd August, 2012. The exchange did not take into account the shares of Banca Cívica previously held by CaixaBank, or Banca Cívica's treasury shares which were cancelled.

Acquisition of Banco de Valencia

On 27th November, 2012, the Issuer signed a share purchase agreement to acquire, for €1 per share, the shares of Banco de Valencia, S.A. (“**Banco de Valencia**”) held by the Governing Committee of the FROB. Having obtained the required administrative approvals and authorisations, and under the terms and conditions agreed with the FROB and official approval and authorisation by Spanish and EU authorities, on 28th February, 2013, the Issuer confirmed the purchase of these shares (98.9% of the outstanding share capital of Banco de Valencia).

In accordance with the share purchase agreement, prior to the acquisition, Banco de Valencia's distressed assets were transferred to Sareb.

The acquisition is subject to a series of financial support measures structured through an asset protection scheme (*esquema de protección de activos*). Pursuant to this scheme, during a 10-year period the FROB will assume 72.5% of losses incurred in Banco de Valencia's small and medium sized entities (“**SMEs**”), self-

employed professionals, and contingent risk portfolios (guarantees), following the application of any existing provisions recognised for these assets.

On 4th April, 2013, the planned merger between CaixaBank and Banco de Valencia was approved by the boards of directors of each entity pursuant to which one CaixaBank share was to be exchanged for 479 shares of Banco de Valencia.

Further to the approval of the Ministry of Economy and Competition (*Ministerio de Economía y Competitividad*), on 19th July, 2013, CaixaBank registered its merger with Banco de Valencia at the Companies Register, making the merger fully effective as from that date.

Sale of Servihabitat

On 26th September, 2013, the Issuer approved the sale of 51% of Servihabitat Gestión Inmobiliaria, SLU (“**Servihabitat**”) to Texas Pacific Group (“**TPG**”). Servihabitat provides real estate services to third parties (overseeing acquisitions, property development, asset management and sales) and manages the real estate assets of the Issuer.

In order to complete the sale, the Issuer will first purchase 100% of the shares in Servihabitat from Servihabitat XXI SAU, a subsidiary of Criteria CaixaHolding, SAU (which is in turn a subsidiary of “la Caixa”) for €98 million. The Servihabitat business will then be transferred to a newly created company whose share capital will be divided between TPG (51%) and the Issuer (49%). The final value of the deal will depend on the volume of real estate assets owned by the Issuer that are managed by Servihabitat from 2014 to 2017, with a maximum value of €370 million and a minimum value of €250 million. The deal includes an agreement pursuant to which Servihabitat will exclusively manage the “la Caixa” group's real estate assets for the next ten years. It is estimated that the transaction will generate a consolidated pre-tax gain for the Issuer of €255 million. As at the date of the Prospectus, this transaction remains subject to approval by the EU Competition Authorities.

Business overview

The Group's business is divided between the core banking and insurance business, international banking investees and its industrial portfolio, each as described below.



Banking and insurance business

This is the Group's core business and includes the entire banking business (retail banking, corporate banking, cash and markets) and insurance business, primarily carried out in Spain through the branch network and other complementary channels.

This business segment encompasses the activity and the profits generated from the Group's customers (as at 30th June, 2013 the Group had 13.8 million customers, including individuals, companies and institutions).

Total turnover of the banking business at 30th June, 2013 was €26,552 million, an increase of 2.4% from the figure as at 31st December, 2012 (€12,017 million) due mainly to the inclusion of Banca Cívica and Banco de Valencia's business. The gross balance of customer loans amounted to €20,967 million, while total customer funds stood at €305,585 million as at 30th June, 2013 in comparison to figures of €23,449 million and €88,568 as at 31st December, 2012, respectively.

The Issuer's principal activity is the provision of retail financial services (including the deposit of customer funds and extension of credit and the provision of, amongst other banking services, payment mechanisms, securities transactions, currency exchange) managed to adapt to the needs of the customers.

The Issuer's business has grown on the foundation of a broad customer base which adds lending stability and facilitates business volume growth.

The banking business is divided into the following segments:

Individual Banking

Individual banking is directed towards households, older customers, retailers, self-employed persons and micro-enterprises invoicing less than €1 million. This is the group's most traditional business, and the foundations for the rest of the specialised value proposals.

At 31st December, 2012, the individual banking segment had approximately 12.1 million customers.

Personal Banking

This division is directed towards individual customers with a net worth of between €100,000 and €500,000, with services offered through the Issuer's office network designed to target such customer needs.

In 2012 the Issuer maintained a volume of funds and managed securities of almost €3,400 million, with one of the principal projects being the implementation of a multichannel relationship model, aimed at strengthening the relationship between the customer and the manager.

Private Banking

The private banking service is aimed at customers with assets being managed of a value in excess of €500,000. For customers with a net worth of more than €10 million, there is a specialised group, the "Altium" team, which works together with private banking managers to offer a global service. The private banking service assists customers in structuring their investment portfolio in accordance with their positioning in terms of risk.

Further to the integration of Banca Cívica, the division became the market leader in terms of share funds under management which amounted to 12.5 per cent. (*source*: DBK competitors 2012, published in April, 2013).

As at 31st December, 2012, the entity had 33 specific private banking centres distributed throughout Spain, which collaborated with the 6,342 CaixaBank branches.

SME Banking

SME banking provides services to business customers with a turnover of less than €9 million.

As at 31st December, 2012, this division was serviced by 682 managers in 466 specialist offices. In 2012 the customer operations in this division grew, with a market penetration at 31st December, 2012 of 45.1% (internally prepared data; *source*: Informa at 31st December, 2012).

Business Banking

The business banking division is aimed at companies with turnover of more than € million. This service is offered under the brand "Caixaempresa" and has specialised centres and business managers who liaise with more than 38,826 business customers.

As at 31st December, 2012, the business banking service had its own network of 84 business centres and 604 specialist professionals.

Corporate Banking

Corporate Banking is aimed at business groups with annual turnover of more than €200 million, located in Madrid and Catalonia, and has three centres focused on Madrid, Barcelona and the international market.

Corporate Banking is comprised of a specialised team of 100 persons including directors, relationship managers, business analysts and specialists in transactional banking products focused on specialised financing, international business and risk management by way of derivatives and options.

Institutional Banking

This business, created in January, 2011 with the objective of unifying management related to public authorities, has a team of 90 professionals, and manages around 5,000 customers. In addition to acting principally domestically, this team serves national and international customers operating in certain countries, engaging principally in project finance.

During 2012, the business was reorganised with the creation of its own centres in all territories where CaixaBank has a presence, as well as a new internal risk structure to manage all assets transactions in the public sector.

Insurance business

CaixaBank offers life insurance, pensions and general insurance. In 2012, organic growth in the insurance area was strengthened by the integration of the insurance business of Banca Cívica.

Through VidaCaixa, S.A. de Seguros y Reaseguros ("**VidaCaixa**") (life insurance); SegurCaixa Adeslas, S.A. de Seguros Generales y Reaseguros ("**SegurCaixa Adeslas**") (non-life insurance owned (as at 30th June, 2013) 49.92% by VidaCaixa and 50% by Mutua Madrileña, by virtue of a strategic alliance); and AgenCaixa, S.A., CaixaBank is able to offer various insurance and pension plans to its customers.

As at 30th June, 2013, the overall volume of assets under management was in excess of €43,000 million, with a market share in terms of technical provisions of 20.1% (*source*: ICEA 2013, Investigación Cooperativa entre Entidades Aseguradoras y Fondos de Pensiones ("**ICEA 2013**"). SegurCaixa Adeslas is the health insurance market leader in Spain in terms of premiums (*source*: ICEA 2013).

Recurring net profit for the insurance business in 2012 amounted to €339 million as at 31st December, 2012 in comparison to €279 in 2011. As at 31st December, 2012, VidaCaixa had on-balance sheet assets of €45,178 million, mathematical provisions of €29,071 million and annual premiums of €5,027 million, in comparison to €38,765 million, €23,791 million and €5,069 million, respectively, as at 31st December, 2011.

Business support: Group subsidiaries

CaixaBank's subsidiaries provide support to its principal banking operations. The principal subsidiaries providing such support (in which the Issuer has a 100 per cent. holding) are BuildingCenter (administration and marketing of real estate related to the business of CaixaBank); e-la Caixa (multichannel management); GDS-Cusa (non-performing loan management); PromoCaixa (management of loyalty programmes,

promotions and marketing); Silk Aplicaciones (management of the Group's technological architecture); Sumasa (construction and maintenance); and CaixaBank CaixaCard (management of the “la Caixa” cards business).

International banking investees

The Issuer provides services for customers on a global level through operating branches, representative offices, correspondent banks and strategic alliances, each as described below.

- *Operating branches:* The Group has one branch in each of Poland (Warsaw), Romania (Bucharest), and Morocco (Casablanca), which offer services to Spanish companies with interests in these countries, and to local entities with significant business interests in Spain.

On 24th April, 2013, the Board of Directors of CaixaBank adopted resolutions in relation to the Romanian branch to sell all or a part of the loan portfolio of such branch to Banca Comerciala Romana (BCR) and/or Erste Group Bank, for an amount to be agreed, with any loans not ultimately transferred to be managed by CaixaBank, to cease business of the branch and to cancel the registration of the branch in the Bucharest Commercial Registry and to withdraw from registration with the Romanian National Bank Registry, as well as any other Romanian public authority.

On 30th April, 2013, the intention to cease business of the branch during the 2013 financial year was notified to the Romanian National Bank.

- *Representative Offices:* There are representative offices in Italy (Milan), the UK (London), France (Paris) and Germany (Stuttgart and Frankfurt) that offer services to large Spanish companies, international companies that have affiliates in Spain and to local small and medium sized entities which have a significant business interest in Spain. Outside of the EU, there are also representative offices in China (Beijing and Shanghai), Turkey (Istanbul), Singapore, the UAE (Dubai), India (Delhi), Egypt (Cairo) and Chile (Santiago de Chile), the latter two inaugurated during 2012. The representation offices advise Spanish companies with projects abroad and provide them with information regarding bids and the actions required thereby.

In addition they act as liaisons with local financial institutions, guide customers in their activities in the country and are a point of reference for business actions that the CaixaBank branch network undertakes with customers having business in the countries covered by these offices.

- *Correspondent banks:* Agreements have been reached with correspondent banks in those countries in which CaixaBank does not have its own presence. Relationships have been established with more than 2,900 foreign banks in these countries, in order to support its customers in foreign business initiatives and investment projects they pursue in any country in the world.
- *Strategic alliances:* The Issuer maintains shares in five large banking groups located in Central and Eastern Europe, in China and in Mexico to offer shareholders and investors preferred access to new business opportunities in regions of high growth and balanced risk profile. Each of these alliances and recent investment activity in respect of such groups is described below:

*Banco BPI, SA (“**Banco BPI**”)*

Banco BPI commenced its activities in 1981, with its shares listed on the Lisbon and Portuguese stock exchanges since 1986. “la Caixa” purchased a 9% holding in Banco BPI in 1995, and its holding has increased since such date.

As at 30th June, 2013, the Group's ownership interest in Banco BPI was 46.22% and four members of the board of directors of Banco BPI (out of a total of 21) represented the Issuer. As at this date, Banco

BPI had total assets of around €44,000 million and a business network of more than 710 branches in Portugal, and more than 170 in Angola, through its stake in Banco Fomento Angola (BFA).

Grupo Financiero Inbursa, S.A.B. de C.V. (“GF Inbursa”)

The Mexican Grupo Financiero Inbursa started its operations in 1965 offering retail banking services, asset management and insurance services. On 8th October, 2008, the Issuer purchased a 20% holding in GF Inbursa (its holding as at 31st December, 2012).

As at 30th June, 2013, two members of the board of directors of GF Inbursa (out of a total of 16) represented the Issuer, and as at this date, GF Inbursa had total assets of around €20,000, a network of more than 300 branches, 6,700 employees and around 14,000 financial advisors.

As at 30th June, 2013, the Group's ownership interest in GF Inbursa was 9.9%, subsequently reduced to 9.01% on 2nd July, 2013.

Erste Group Bank AG (“Erste Group Bank”)

Erste Group Bank was established in 1819 in Austria, listing its shares in 1997. In addition to Austria, it is present in the Czech Republic, Romania, Slovakia, Hungary, Croatia, Serbia and Ukraine, serving 17 million customers through 3,000 branches. The Issuer purchased a 4.90% holding in Erste Group Bank for €28 million in 2008.

In 2012, the Issuer acquired additional shares in Erste Group Bank for the amount of €14,715 thousand, raising its ownership interest by 0.25%. This acquisition also offset the previous dilution of the Issuer's holding following various rights issues made without preferential subscription rights for shareholders carried out by Erste Group Bank.

As at 30th June, 2013, the Group's ownership interest in Erste Group Bank was 9.93% and as at such date it had total assets of approximately €10,000 million.

The Bank of East Asia, LTD. (“Bank of East Asia”)

Bank of East Asia was established in 1918 and has listed its shares on the Hong Kong stock exchange since 1930 with a presence in China since 1920. Bank of East Asia offers its Hong Kong and China customers commercial and personal banking services, as well as business and investment banking. It also serves the overseas Chinese community, operating in other countries in Southeast Asia, North America and the United Kingdom.

The Issuer purchased a holding of 8.89% in Bank of East Asia in 2007, and as at 30th June, 2013, the Group's ownership interest was 16.47% further to a scrip dividend for the amount of €17.4 million and €5.2 million in March and September, 2012, respectively, a private placement made by Bank of East Asia with Sumitomo Mitsui Banking Corporation in December 2012 and a scrip dividend, in which CaixaBank elected to receive shares worth €22.6 million, in April, 2013. As at 30th June, 2013, Bank of East Asia had more than €8,000 million of assets, 225 branches and more than 12,400 employees.

Boursorama

Boursorama, whose business is focused on online banking in Europe, was established in 1995 as a French finance group belonging to the Société Générale group, which remains its principal shareholder with a 56% holding. The Issuer became a shareholder of Boursorama on 16th May, 2006 pursuant to the sale of CaixaBank France to Boursorama for a shareholding of 19.9% in Boursorama and a cash payment of €109 million. As at 30th June, 2013, the Group's holding in Boursorama was 20.7%. As at this date, Boursorama had total assets of more than €5,200 million and presence in four European

countries (France, the United Kingdom, Germany through On Vista Bank and Spain through SelfBank (in a joint venture with CaixaBank)).

Industrial portfolio

CaixaBank holds stakes in Repsol, S.A. (“**Repsol**”) and Telefónica, S.A. (“**Telefónica**”), two of Spain's leading corporations in terms of market capitalization and profits. Both companies have strong market positions in their respective sectors, with extensive international operations and a strong growth and value-generation capacity, as well as a shareholder remuneration policy that forms the backbone of their strategy. CaixaBank's stakes in Repsol and Telefónica enable it to diversify its revenue streams. As at 30th June, 2013, CaixaBank held shares of 12.2% in Repsol and 5.6% in Telefónica.

Business segments

For segment reporting purposes, CaixaBank's results are classified into two main businesses:

- (i) The core business, banking and insurance, which includes all banking revenues (retail banking, corporate banking, cash management and market transactions) and all insurance-related revenues, as well as liquidity management and Assets and Liabilities Committee (ALCO), and income from the financing of the equity investment business net of capital allocation.

As at 30th June, 2013, profit from the banking and insurance business amounted to €31 million.

- (ii) The equity investment business, which encompasses dividend income and the CaixaBank Group's share of profits from its international banking and service investees, net of financing costs.

As at 30th June, 2013, attributable profit from equity investments, net of financing costs, amounted to €277 million.

Consolidated income statement of the Group by business segment^(*):

Unaudited (Millions of euro)	Banking and insurance ^(*)		Investments		TOTAL CAIXABANK GROUP	
	January-June		January-June		January-June	
	2013	2012	2013	2012	2013	2012
Net interest income	2,233	1,958	(274)	(172)	1,959	1,786
Dividends and profits due to application of the equity method	33	36	407	480	440	516
Net fee and commission income	890	839	-	-	890	839
Gains/(loss) on financial assets and liabilities and other operating income and expense.....	340	273	-	-	340	273
Gross income	3,496	3,106	133	308	3,629	3,414
Administrative expenses	(2,630)	(1,410)	(1)	(2)	(2,631)	(1,412)
Amortization/depreciation.....	(209)	(154)	-	-	(209)	(154)
Pre-impairment income	657	1,542	132	306	789	1,848
Impairment on financial and other assets	(2,876)	(1,900)	-	-	(2,876)	(1,900)
Profit/(loss) from operations	(2,219)	(358)	132	306	(2,087)	(52)
Gains/(losses) on disposal of assets and other	2,106	54	55	-	2,161	54
Profit before tax	(113)	(304)	187	306	74	2
Income tax	239	117	90	47	329	164
Profit for the period	126	(187)	277	353	403	166
Profit attributable to non-controlling interests.....	(5)	-	-	-	(5)	-
Profit attributable to the Group	131	(187)	277	353	408	166
Equity (**)	19,142	15,252	3,972	6,537	23,115	21,789

^(*) Net profit for the insurance business in the first half of 2013 amounted to €241 million. Key indicators for the insurance group at 30th June, 2013 include on-balance sheet assets of €9,734 million, mathematical provisions of €2,005 million and premiums earned in the period of €2,656 million.

^(**) Average equity in the period allocated to the businesses.

The following table shows amounts invested as at 30th June, 2013 and 31st December, 2012. The investments are accounted for using the equity method on the basis of the best available estimate of underlying carrying amount at the date of preparation of the consolidated financial statements. For listed companies, the latest public figures are shown:

Unaudited		
(Thousands of euro)	30 June 2013	30 June 2012
Listed banking investments	5,072,425	5,745,456
Underlying carrying amount	3,714,323	4,050,785
Goodwill.....	1,358,102	1,694,671
Other listed companies.....	3,425,559	3,472,246
Underlying carrying amount	3,425,559	3,472,246
Goodwill.....	—	—
Unlisted.....	1,408,028	1,456,485
Underlying carrying amount	1,081,723	958,367
Goodwill.....	326,305	498,118
Subtotal.....	9,906,012	10,674,187
Less:.....		
Impairment allowance	(738,109)	(736,016)
Total.....	9,167,903	9,938,171

The following table presents the main listed companies as at 30th June, 2013 and 31st December, 2012 classified as associates or available-for-sale financial assets, detailing the percentage of ownership and market value:

Company		30 June 2013		31 December 2012	
		Unaudited		Unaudited	
		% holding	Market value	% holding	Market value
Telefónica, SA	(AFS)	5.59%	2,506,519	5.55%	2,574,853
Grupo Financiero Inbursa	(ASSOC)	9.90%	1,108,497	20.00%	3,042,441
Repsol, SA	(ASSOC)	12.20%	2,537,018	12.46%	2,400,072
The Bank of East Asia, LTD.....	(ASSOC)	16.47%	1,026,009	16.38%	1,057,572
Erste Group Bank AG.....	(ASSOC)	9.93%	803,711	9.93%	941,680
Banco BPL, SA.....	(ASSOC)	46.22%	583,356	46.22%	605,842
Boursorama, SA.....	(ASSOC)	20.70%	119,263	20.70%	90,858
Bolsas y Mercados Españoles SHMSF, SA	(AFS)	5.01%	78,819	5.01%	77,290
Market value			8,763,192		10,790,608

(ASSOC)= Associates; (AFS) = Available-for-sale

The following are the main changes in the first six months of 2013 with respect to investments in associates and jointly controlled companies, and available-for-sale equity instruments:

Sale of Grupo Financiero Inbursa shares

On 6th June, 2013, CaixaBank sold 3.7% of GF Inbursa (250 million shares) to Inmobiliaria Carso, S.A., for €387 million (26 pesos per share).

Subsequently, on 26th June, 2013, CaixaBank completed its placement of shares representing 6.4% of GF Inbursa, at a price of 26 pesos per share (€54 million).

These transactions produced a net capital gain for CaixaBank of €63 million.

At 2nd July, 2013, following the aforementioned sales and the exercise of the overallotment option (0.89%) by the underwriters, CaixaBank's stake in GFI stood at 9.01%.

CaixaBank reaffirmed its commitment to GF Inbursa and to its main shareholders, by means of entering into a new agreement governing GF Inbursa shareholder relations.

Investment in Sociedad de gestión de Activos Procedentes de la Reestructuración Bancaria, SA (“Sareb”)

In December, 2012, the Issuer entered into an agreement to invest in Sareb jointly with the Fund for Orderly Bank Restructuring (the “**FROB**”), Banco Santander, S.A., Banco de Sabadell, S.A., Banco Popular Español S.A. and Kutxabank, S.A. Pursuant to this agreement, the Issuer committed to invest up to €606 million, of which 25% would be via subscription of equity (representing a shareholding of approximately 11.7% in Sareb) and the remaining 75% via the acquisition of subordinated debt.

By 31st December, 2012 the Issuer had subscribed shares issued pursuant to a capital increase in Sareb of €18 million, and subscribed €54 million of subordinated debt.

On 13th February, 2013 Sareb carried out a second capital increase pursuant to which CaixaBank paid €31.3 million, raising its investment to €49.3 million as at 30th June, 2013.

At 30th June, 2013, CaixaBank's stake in SAREB was 12.4%.

In addition, VidaCaixa SA had an investment in Sareb subordinated debt amounting to €31.9 million at 30th June, 2013.

Telefónica

In the six months ended 30th June, 2013, CaixaBank increased its stake in Telefónica, SA by directly investing €6 million, representing a 0.13% stake. It also sold shares representing a 0.09% stake, generating a pre-tax gain of € million.

As at 30th June, 2013, CaixaBank's stake in Telefónica, SA stood at 5.59%, with a market value of €2,507 million.

Geographical distribution

The income of the Group for the six months ended 30th June, 2013 and 30th June, 2012 by geographical area is as follows:

Unaudited (Thousands of euro)	January-June			
	Ordinary income from customers		Total ordinary income	
	2013	2012	2013	2012
Banking and insurance	6,756,012	5,684,114	6,756,012	5,684,114
Spain	6,747,590	5,673,298	6,747,590	5,673,298
Other countries	8,422	10,816	8,422	10,816
Investments	406,861	479,983	406,861	479,983
Spain	198,658	337,032	198,658	337,032
Other countries	208,203	142,951	208,203	142,951
Total.....	7,162,873	6,164,097	7,162,873	6,164,097

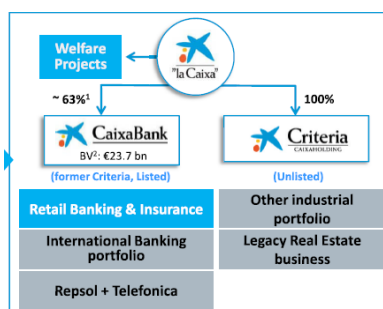
As at 30th June, 2013, the Group had 6,132 branches in Spain; one branch in each of Poland (Warsaw), Romania (Bucharest), and Morocco (Casablanca); and representative offices in Germany, Chile, China, UAE, Egypt, France, India, Italy, UK, Singapore and Turkey.

Organisational Structure

As of 31st December, 2012, the Group was made up of 96 fully consolidated subsidiaries (entities with which the Issuer constitutes a decision-making unit, due to direct or indirect ownership of 50% or more of the voting power or, if this percentage is lower, because it has agreements with other shareholders of these companies that give the Issuer the majority of the voting power); 36 joint ventures; and 114 associates

(companies over which the Issuer exercises significant influence, but which are not subsidiaries or jointly controlled entities).

The following chart sets out the structure of the “la Caixa” group as at 30th June, 2013:



(1) Including conversion of mandatory convertible bonds 1/2011 and 1/2012
 (2) As of end of June 2013

The companies which form part of the Group are principally domiciled in Spain.

The following chart sets out the main subsidiaries of CaixaBank as at 30th June, 2013:

CaixaBank					
LISTED SERVICES	Teléfono	4.4%	46.2%	Banco BPM	INTERNATIONAL BANKING
	RepsolYPF	17.2%	70.7%	Boursorama	
	BME	5.0%	0.0%	OP Inbursa	
SPECIALIZED FINANCIAL SERVICES	Banco de Valencia	98.0%	0.0%	BEA	INSURANCES
	Finconsom	71.8%	0.0%	Erste Group Bank	
	Credifin	71.8%	100%	VilaCaixa	REAL STATE AND OTHER SERVICES
	InverCaixa	100%	100%	Agencia	
	GestiCaixa	100%	49.1%	SegurCaixa A1-1a	
	Nuevo Micro Bank	100%	100%	Building center	
	Self Trade Bank	49.1%	32.4%	SARES	
	CaixaCard	100%	100%	SILK Aplicaciones	
	CaixaCapital Risk	100%	100%	e-la Caixa	
	CaixaRenting	100%	100%	GDS Cusa	
Comercia Global Payments	49.0%	100%	Caixa Emprendedor XXI		
CaixaBank Electronic Money (EMU)	100%	100%			

Capital structure

As at the date of this Prospectus, the Issuer's share capital is €4,821,091,838 divided into 4,821,091,838 fully subscribed and paid ordinary shares with a par value of €1 each. All shares are of the same class with the same rights attached.

The Issuer's shares are admitted to trading on the Spanish stock exchanges and on the continuous market, and have been included in the IBEX 35 since 4th February, 2008. The Issuer is subject to the oversight of the Spanish Securities Market Regulator (*Comisión Nacional del Mercado de Valores*).

Major Shareholders

As at 30th June, 2013, 70.35% of the Issuer's share capital was held by “la Caixa”. As at this date, the Issuer held 2,499,985 treasury shares representing 0.053% of its share capital.

In accordance with recommendation 2 of the Unified Good Governance Code published by the CNMV (*Código unificado de buen gobierno de las sociedades cotizadas*), the Issuer and “la Caixa”, as principal

shareholder of the Issuer, have entered into an internal protocol agreement which governs their relationship, including the future business and service relationships between the two groups, and strengthens transparency and good governance of the Issuer.

Aside from the holding of “la Caixa”, the Issuer is not aware of any other shareholder holding significant interests (of more than 3% of the share capital or interests that would permit a significant influence on the Issuer) as at 30th June, 2013.

Management of the Issuer

Board of Directors

The table below sets out the names of the members of the Board of Directors of the Issuer as at 31st December, 2012, the respective dates of their appointment, their positions within the Issuer and the nature of their membership:

First appointed	Name	Title	Nature
7th July, 2000 ⁽¹⁾ ⁽³⁾ ⁽⁵⁾	Isidro Fainé Casas	Chairman	Proprietary *
21st June, 2007 ⁽²⁾	Juan María Nin Génova	Deputy Chairman and CEO	Executive *
20th September, 2012	Juan Franco Pueyo	Director – Caja Navarra	Proprietary **
20th September, 2012	Guillermo Sierra Molina	Director - Cajasol	Proprietary **
26th June, 2012	Eva Aurín Pardo	Director	Proprietary *
26th June, 2012	María Teresa Bassons Boncompte	Director	Proprietary *
6th September, 2007	Isabel Estapé Tous	Director	Independent
6th June, 2003 ⁽⁴⁾	Salvador Gabarró Serra	Director	Proprietary *
6th September, 2007	Susana Gallardo Torrededia	Director	Independent
2nd May, 2005 ⁽⁵⁾	Javier Godó Muntañola	Director	Proprietary *
26th June, 2012	Javier Ibarz Alegría	Director	Proprietary *
6th September, 2007	David K.P. Li	Director	Other External
12th May, 2011	Juan-José López Burniol	Director	Proprietary *
7th May, 2009 ⁽⁵⁾	María Dolors Llobet María	Director	Proprietary *
6th September, 2007	Alain Minc	Director	Independent
3rd November, 2011	John S. Reed	Director	Independent
30th July, 2009 ⁽⁵⁾	Leopoldo Rodés Castañé	Director	Proprietary *
6th September, 2007	Juan Rosell Lastortras	Director	Other External
5th June, 2008	Xavier Vives Torrents	Director	Independent
26th May, 2009 ⁽⁶⁾	Alejandro García-Bragado Dalmau	General Secretary to the Board of Directors	Non-director secretary
27th June, 2011	Oscar Calderón de Oya	First Deputy Secretary	First Deputy Secretary (non-director)
27th June, 2010	Adolfo Feijóo Rey	Second Vice-Secretary	Second Deputy Secretary (non-director)

* Representing: “la Caixa”

** presenting: Caja de Ahorros y Monte de Piedad de Navarra, Monte de Piedad y Caja de Ahorros San Fernando de Guadalajara, Huelva, Jerez y Sevilla, Caja General de Ahorros de Canarias and Caja de Ahorros Municipal de Burgos

⁽¹⁾ Appointed Deputy Chairman in 2008 and appointed Chairman in 2009

⁽²⁾ Appointed Deputy Chairman in 2009. Appointed CEO in 2011. Re-elected Director and Deputy Chairman and C.E.O. on 19th April, 2012

⁽³⁾ Re-elected in 2005

⁽⁴⁾ Re-elected on 5th June, 2008

⁽⁵⁾ Re-elected on 19th May, 2010

⁽⁶⁾ General Secretary since 27th June, 2011

The table below sets forth the names of the members of the Board of Directors of the Issuer and their principal activities outside the Issuer as at the date of this Prospectus:

Name	Company	Position
Isidro Fainé Casas	“la Caixa”, S.A. “la Caixa” Foundation Criteria CaixaHolding, S.A. Association of Spanish Savings Banks (CECA, Confederación Española de Cajas de Ahorro) Spanish Confederation of Directors and Executives (CEDE) Club of Rome	Chairman Chairman Chairman Chairman Chairman Chairman of the Spanish

Name	Company	Position
	<p>Círculo Financiero, S.A. IPEMED (Institut de Prospective Économique du Monde Méditerranéen) European Savings Bank Group (ESBG) Telefónica, S.A. Abertis Infraestructuras, S.A. Repsol, S.A. Sociedad General de Aguas de Barcelona, S.A. Banco BPI, S.A. (Portugal) The Bank of East Asia Limited</p> <p>Deposit Guarantee Fund for Savings Banks World Savings Bank Institute (WSBI) Business Council for Competition (CEC)</p>	<p>Chapter Chairman Deputy Chairman</p> <p>Deputy Chairman Deputy Chairman Deputy Chairman Deputy Chairman Deputy Chairman Board Member Board Member</p> <p>Member Deputy Chairman Board Member</p>
	International Advisory Board of China Europe International Business School (CEIBS)	Board Member
Juan María Nin Génova	<p>Criteria CaixaHolding, S.A. “la Caixa” Foundation Gas Natural S.D.G., S.A. Grupo Financiero INBURSA SABCV. Banco BPI, S.A. Erste Bank (Erste Group Bank A.G.) Repsol, S.A. VidaCaixa Grupo, S.A. Spain-United States Council Foundation Spain-China Council Foundation Spain-India Council Foundation Spain Confederation of Directors and Executives (CEDE) “la Caixa”, S.A. Board of Governors of the University of Deusto ESADE Federico Garcia Lorca Foundation</p>	<p>Deputy Chairman Deputy Chairman Board Member Board Member Board Member Board Member Board Member Board Member Board Member Board Member Deputy Chairman Board Member President and CEO Board Member Board of Trustees Board Member</p>
Juan Franco Pueyo	<p>International Development for the Government of Navarre Transfers Commission (Government of Navarre) Coordinating Committee on European Union Affairs Pyrenees Work Coordination Committee CTP Executive Committee CTP Autopistas de Navarra, S.A. (AUDENASA) ANAIN (Agencia Navarra de Innovación y Tecnología, S.A.) Centro Navarro de Autoaprendizaje de Idiomas, S.A. Start Up Capital Navarra, S.A. Navarre Immigration Council Director-General for Budget of the Navarre government Caja Navarra, Banca Cívica, S.A.</p> <p>Jorge Oteiza Museum Corporación Pública Empresarial de Navarra</p>	<p>Director-General Board Member Representative of Navarre Representative of Navarre Representative of Navarre Board Member Board Member</p> <p>Board Member Deputy Chairman Board Member Director-General Chairman (Management Committee) Board of Trustees Board Member</p>
Guillermo Sierra Molina	<p>Cajasol, Banca Cívica, S.A.</p> <p>General Assembly of “la Caixa”, S.A. School of Economics of Seville Instituto de Estudios Cajasol</p>	<p>Chairman (Control Committee) Member Dean Overseer of Masters in Finance, Financial Administration and Business Administration</p>
Eva Aurín Pardo	<p>ETIC Sistemes informàtics S.L. (Barcelona). General Assembly of “la Caixa”, S.A.</p>	<p>Project Director Member</p>
Maria Teresa Bassons Boncompte	<p>Barcelona Chamber of Commerce</p> <p>General Assembly of “la Caixa”, S.A.</p> <p>“la Caixa”, S.A. “la Caixa” Foundation. Barcelona Board of Pharmacy governing body (<i>Junta de Gobierno del Col·legi Oficial de Farmacèutics de Barcelona</i>) Oncolliga scientific Committee.</p>	<p>Member and representative</p> <p>Representing the Barcelona Chamber of Commerce Board Member Board of Trustees Member (ex Vice President)</p> <p>Member</p>
Isabel Estapé Tous	<p>Real Academia de Ciencias Económicas y Financieras Spanish Association of Directors (AED) Spanish Confederation of Directors and Executives (CEDE)</p>	<p>Member Member Member</p>

Name	Company	Position
	International Women's Forum	Member
Salvador Gabarró Serra	Gas Natural SDG, S.A.	Chairman – Executive Director
Susana Gallardo Torrededia	Landon Investments S.C.R. de Régimen Simplificados, S.A.	Board Member
Javier Godó Muntañola	Family Firm Institute, Inc Pronovias, S.L. Global Advisory Board of Babson College, Boston, MA Bienvenido Foundation Casa de Teva Foundation Aurea Foundation Hospitalitat Mare de Déu de Lourdes Foundation "La Vanguardia" "la Caixa", S.A. VidaCaixa Grupo "la Caixa" Foundation Grupo Godó de Comunicación, S.A. Catalunya Comunicació, S.A. Unión Radio Soc. Servicios Radiofónicos Union Radio S.L. "Sociedad Española de Radiodifusión" (SER), S.L. Conde de Barcelona Foundation Sociedad Económica Barcelonesa de Amigos del País (SEBAP) Telefónica de España, S.A. Museum of Modern Art (MoMA), New York Museum of Contemporary Art of Barcelona (MACBA)	Member of Advisory Committee Vice Chair Board Member Chairman Board of Trustees Board of Trustees Board of Trustees Editor Second Vice-Chairman Board Member Board Member Chairman Chairman Vice-Chairman Vice-Chairman Vice-Chairman Vice-Chairman Vice-Chairman Advisory Board Member Board Member Vice-Chairman
Javier Ibarz Alegría	Ayuntamiento de Reus General Assembly of "la Caixa", S.A. Llaza, S.A. Eigma, S.L.	Councillor Member Board Member General Director and Founding Partner
David K.P. Li	The Bank of East Asia, Ltd. Hong Kong Special Administrative Region Banking Advisory Committee Chinese Banks' Association, Ltd. The Chartered Institute of Bankers Institute of Chartered Accountants in England and Wales Australian Society of Certified Practising Accountants	Chairman and Chief Executive Member of the Legislative Council Member Chairman Fellow Fellow Fellow
Juan-José López Burniol	"la Caixa", S.A. Icaria, Iniciatives Socials, S.A.L.	Board Member Board Member
María Dolors Llobet María	"la Caixa", S.A. Comisiones Obreras (CC.OO) General Assembly of "la Caixa", S.A. Nuevo Micro Bank, S.A.U. Saba Infraestructuras, S.A. Corporació Catalana de Mitjans Audiovisuels: CCMA, Generalitat de Catalunya	Union representative, Executive Committee Member Member Spokesperson, Member of the Confederal Council of Spain and the national Council Member Director Director Member
Alain Minc	Prisa, S.A Direct Energie, S.A.	Board Member Board Member
John S. Reed	Corporation of Massachusetts Institute of Technology MDRC Isabella Stewart Gardner Museum NBER	Chairman of the Corporation Board of Trustees Board of Trustees Board of Trustees
Leopoldo Rodés Castañé	Havas Media, S.L. "la Caixa", S.A. Abertis Infraestructuras, S.A. Prisa TV, S.A.U. Havas S.A Grupo Financiero Inbursa, S.A.B.C.V Royal Automobile Club of Catalonia Christie's International Europe, S.A. Institut de l'Empresa Familiar	Chairman Member of Executive Committee Board Member Board Member Board Member Board Member Vice-Chairman Board Member Founder & Chairman

Name	Company	Position
	Asepeyo Mutua de Accidentes, S.L. Chairman's Council Arte y Mecenazgo Foundation Ramon Llull University MACBA Foundation International Council of MoMA National Committee of the Whitney Museum of American Art	Chairman Member Vice Chairman Chairman of the Board of Trustees Chairman Member Member
Juan Rosell Lastortras	OMB, Sistemas Integrados para la Higiene Urbana, S.A. Congost Plastic, S.A. Port Aventura Entertainment, S.A. Gas Natural, SDG, S.A. Miura Private Equity S.G.E.C.R, S.A. Confederación Española de Organizaciones Empresariales (CEOE) Business Europe Fundación ANIMA Mont Pelerin Society	Chairman Chairman Board Member Board Member Chairman of Investment Committee Chairman Deputy Chairman Chairman Member
Xavier Vives Torrents	CAREC (Advisory Committee for Economic Recovery and Growth), Gobierno de Cataluña Special Advisor to the Vice-President of the European Commission and Competition Commissioner, Joaquín Almunia	Member Special Advisor
	Aula Escuela Europea, S.A.	Board Member
	European Academy of Sciences and Arts	Member
	Academia Europaea	Member
	CESifo	Research Fellow
	Centre for Economic Policy Research	Research Fellow
	European Economic Association	Fellow
	Econometric Society	Fellow
Alejandro García-Bragado Dalmau	"la Caixa" Foundation	Patron and Secretary of the Board of Trustees
Óscar Calderón de Oya	Board of Directors of Caja de Ahorros y Pensiones de Barcelona ("la Caixa"), S.A. Board of Trustees of the Caja de Ahorros y Pensiones de Barcelona ("la Caixa") Foundation	Deputy Secretary Patron and Deputy Secretary
Adolfo Feijóo Rey	Inversiones Autopistas, S.L. Global Abogados Criteria CaixaHolding, S.A. VidaCaixa Grupo, S.A. MicroBank Banco Social de "la Caixa", S.A. CaixaRenting, S.A.U. FinConsum E.F.C, S.A.U. Mediterránea Beach & Golf Community, S.A. Tenedora de Vehículos, S.A. Hotel Caribe Resort	Board Member Partner Non-director Deputy Secretary Secretary Non-director Secretary Non-director Secretary Non-director Secretary Non-director Secretary Non-director Secretary Non-director Secretary Legal Advisor to Board

As at the date of this Prospectus, there were no conflicts of interest, or potential conflicts of interest, between any duties toward the Issuer of any of the members of the Board of Directors of the Issuer and their respective private interests and/or any other duties.

The business address of each member of the Board of Directors is Av. Diagonal, 621 08028 Barcelona, Spain.

Executive Committee

The Executive Committee is governed by applicable legislation, the Issuer's by-laws and the Regulations of the Board of Directors. The Executive Committee has been delegated all of the responsibilities and powers available to it both legally and under the Issuer's by-laws.

As at the date of this Prospectus, the Executive Committee was composed of the following members:

First Appointed	Name	Position
7th May, 2009 ⁽¹⁾	Isidro Fainé Casas	Chairman
7th May, 2009	Juan María Nin Génova	Member
7th May, 2009	Isabel Estapé Tous	Member
12th May, 2011	Susana Gallardo Torrededía	Member
26th June, 2012	Javier Ibarz Alegría	Member
12th May, 2011	Juan José López Burniol	Member
26th May, 2009 ⁽¹⁾	M ^a Dolors Llobet Maria	Member
26th May, 2009	Alejandro García-Bragado Dalmau	Non-director Secretary
27th June, 2011	Óscar Calderón de Oya	First Deputy Secretary (non-director)
27th June, 2011	Adolfo Feijóo Rey	Second Deputy Secretary (non-director)

⁽¹⁾ Re-elected on 19th May, 2010

Audit and Control Committee

The Audit and Control Committee ordinarily meets on a quarterly basis, to review the regular financial information to be submitted to the stock market authorities as well as the information which the Board of Directors must approve and include within its annual public documentation. The committee is also responsible for evaluating the auditing system, the verification of the independence of the external auditor, and the review of internal control systems.

As at the date of this Prospectus, the Audit and Control Committee was composed of the following members:

First Appointed	Name	Position
12th May, 2011	Francesc Xavier Vives Torrents	Chairman
12th May, 2011	Salvador Gabarró Serra	Member
20th September, 2007	Alain Minc	Member
27th June, 2011	Alejandro García-Bragado Dalmau	Non-director Secretary
27th June, 2011	Óscar Calderón de Oya	First Deputy Secretary (non-director)
27th June, 2011	Adolfo Feijóo Rey	Second Deputy Secretary (non-director)

Appointments and Remunerations Committee

The Appointments and Remunerations Committee meets when convened by its Chairman, who must do so whenever the Board of Directors or its Chairman requests the issuance of a report, or the adoption of any relevant proposals.

Its duties include notifying the Board of Directors of proposals for the appointment of independent directors and reporting on the appointments of the other types of directors; proposing to the Board of Directors the compensation policies of Directors and senior executives; considering the remuneration policies; reporting on appointments and departures of senior executives; and reporting to the Board of Directors on matters of general diversity.

As at the date of this Prospectus, the Appointments and Remunerations Committee was composed of the following members:

First Appointed	Name	Position
12th May, 2011 ⁽¹⁾	Isabel Estape Tous	Chairman
26th July, 2012	Susana Gallardo Torrededía	Member
12th May, 2011	Javier Godó Muntanyola	Member
30th July, 2009	Alejandro García-Bragado Dalmau	Non-director Secretary
27th June, 2011	Óscar Calderón de Oya	First Deputy Secretary (non-director)
27th June, 2011	Adolfo Feijóo Rey	Second Deputy Secretary (non-director)

⁽¹⁾ Appointed Chairman on 21st September, 2012

Litigation

As at 30th June, 2012, certain lawsuits and proceedings were ongoing against the Issuer arising from the ordinary course of its operations. Management of the Issuer considers that the outcome of such lawsuits and

proceedings will not have a material effect on the financial position of the Issuer in the years in which they are settled.

Provisions covering the obligations that may arise from such ongoing legal proceedings have been made for €7,793 thousand.

Credit ratings

As at the date of this Prospectus, the Issuer has been assigned long-term debt ratings of BBB- by S&P, Baa3 by Moody's, BBB by Fitch and A (low) by DBRS, each of which has a negative outlook.

The Bonds are not rated.

DESCRIPTION OF REPSOL AND THE REPSOL SHARES

The Initial Exchange Property will comprise 32.6 million Repsol Shares, representing approximately 2.5 per cent. of the issued share capital of Repsol. The Repsol Shares constitute ordinary shares in the capital of Repsol S.A. (ISIN ES0173516115 / Bloomberg REP SM / Reuters REP.MC).

Financial and business information relating to Repsol, the Repsol group and the Repsol Shares, including details as to the past and further performance of the Repsol Shares and their volatility, is available from the following sources:

- the *Documento de Registro* relating to Repsol, dated 14 May 2013, available at the website of the Spanish Securities Market Commission (the “CNMV”) (<http://www.cnmv.es/Portal/verDoc.axd?t={5ca36bf2-1dab-44cf-bed4-a4aa49eb3b89}>);
- the auditors' report and audited consolidated annual financial statements of Repsol for the financial year ended 31st December, 2012);
- the Repsol website (http://www.repsol.com/es_en/);
- the website of the Spanish Stock Exchange (Madrid) (<http://www.bolsamadrid.es/ing/asp/Empresas/FichaValor.aspx?ISIN=ES0173516115&ClvEmis=73516>); and
- the website of the Buenos Aires Stock Exchange (<http://www.bcba.sba.com.ar/home/index.php>).

The Issuer has made no verification, investigation or inquiry in connection with the offer of the Bonds with respect to such public sources or the information concerning Repsol and/or the Repsol group contained herein. No responsibility in respect of the information in this section is accepted by the Issuer. The Issuer makes no representation that such publicly available documents are accurate or complete, and the Issuer disclaims any liability with respect to the accuracy or completeness of any such information. Repsol has not participated in the preparation of this Prospectus nor in establishing the terms of the Bonds. Consequently, there can be no assurance that all events occurring prior to the date hereof (including events that would affect the accuracy or completeness of the publicly available documents) that would affect the trading price of the Repsol Shares (and therefore the price of the Bonds) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning Repsol, the Repsol group and/or the Repsol Shares could affect the trading price of the Repsol Shares deliverable upon exchange of Bonds and therefore the trading price of the Bonds.

TAXATION

Spain

The following summary refers solely to certain Spanish tax consequences of the acquisition, ownership and disposition of the Bonds. It does not purport to be a complete analysis of all tax consequences relating to the Bonds and does not purport to deal with the tax consequences applicable to all categories of investors, some of which might be subject to special rules. Prospective investors should consult their own tax advisors as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Spain of acquiring, holding and disposing of Bonds and receiving any payments under the Bonds. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date. References in this section to Bondholders include the beneficial owners of the Bonds.

Introduction

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

- (a) of general application, Additional Provision Two of Law 13/1985, of 25th May on investment ratios, own funds and information obligations of financial intermediaries, as amended ("**Law 13/1985**"), as well as Royal Decree 1065/2007 of 27th July, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes, as amended by Royal Decree 1145/2011, of 29th July ("**Royal Decree 1065/2007**");
- (b) for individuals resident for tax purposes in Spain which are subject to the Individual Income Tax ("**IIT**"), Law 35/2006 of 28th November, on the IIT and on the Partial Amendment of the Corporate Income Tax Law, the Non-Residents Income Tax Law and the Net Wealth Tax Law, as amended, and Royal Decree 439/2007 of 30th March promulgating the IIT Regulations, along with Law 19/1991, of 6th June on Wealth Tax, as amended, and Law 29/1987, of 18th December on the Inheritance and Gift Tax;
- (c) for legal entities resident for tax purposes in Spain which are subject to the Corporate Income Tax ("**CIT**"), Royal Legislative Decree 4/2004, of 5th March promulgating the Consolidated Text of the CIT Law, as amended, and Royal Decree 1777/2004, of 30th July promulgating the CIT Regulations; and
- (d) for individuals and entities who are not resident for tax purposes in Spain which are subject to the Non-Resident Income Tax ("**NRIT**"), Royal Legislative Decree 5/2004, of 5th March promulgating the Consolidated Text of the NRIT Law, as amended, and Royal Decree 1776/2004 of 30th July promulgating the NRIT Regulations, along with Law 19/1991, of 6th June on Wealth Tax as amended and Law 29/1987, of 18th December on the Inheritance and Gift Tax.

Whatever the nature and residence of the Bondholder, the acquisition and transfer of Bonds will be exempt from indirect taxes in Spain, i.e., exempt from Transfer Tax and Stamp Duty, in accordance with the Consolidated Text of such tax promulgated by Royal Legislative Decree 1/1993, of 24th September and exempt from Value Added Tax, in accordance with Law 37/1992, of 28th December regulating such tax.

1. Individuals with Tax Residency in Spain

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

Both interest payments periodically received and income derived from the transfer, redemption or repayments of the Bonds constitute a return on investment obtained from the transfer of a person's own capital to third parties in accordance with the provisions of Section 25 of the IIT Law, and therefore must be included in the investor's IIT savings taxable base pursuant to the provisions of the aforementioned law and generally taxed at a flat rate of 19% on the first EUR 6,000 and 21% for any amount in excess of EUR 6,000.

Exceptionally during the tax period 2013, each investor's savings income tax base will be taxed at the following rates: (i) 21% up to EUR 6,000; (ii) 25% from EUR 6,001 up to EUR 24,000; and (iii) 27% on any amount exceeding EUR 24,000. Please note that it has been unofficially announced that the increased tax rates may also apply during 2014 and therefore the reduction of tax rates may be postponed to 2015.

Article 44 of the Royal Decree 1065/2007, as amended by Royal Decree 1145/2011, has established new information procedures for debt instruments issued under the Law 13/1985 (which do not require identification of the Bondholders) and has provided that the interest will be paid by the Issuer to the Issuing and Principal Paying Agent for the gross amount, provided that such information procedures are complied with, so that any payment under the Bonds will not be subject to withholding tax to the extent that the new simplified information procedures (which do not require identification of the Bondholders) are complied with by the Issuing and Principal Paying Agent as it is described in section "*Simplified information procedures*".

However, in the case of Bonds held by Spanish resident individuals and deposited with a Spanish resident entity acting as depositary or custodian, payments of interest under the Bonds may be subject to withholding tax at the general rate of 19% which will be made by the depositary or custodian. Exceptionally, during the tax period 2013, the withholding tax rate applicable is 21%. Please note that it has been unofficially announced that the increased withholding tax rate of 21% may also apply during the tax period 2014.

Amounts withheld may be credited against the final IIT liability.

Regarding the interpretation of the "*Simplified information procedures*" please refer to "*Risk Factors – Risks related to the Spanish withholding tax regime*".

1.2 Net Wealth Tax (*Impuesto sobre el Patrimonio*)

Individuals with tax residency in Spain are subject to Wealth Tax during the tax year 2013 to the extent that their net worth exceeds EUR 700,000. Therefore, they should take into account the value of the Bonds which they hold as at 31st December, 2013, the applicable rates ranging between 0.2% and 2.5%. The Autonomous Communities may have different provisions in this respect.

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

Individuals resident in Spain for tax purposes who acquire ownership or other rights over the Bonds by inheritance, gift or legacy will be subject to the Spanish Inheritance and Gift Tax in accordance with the applicable Spanish regional and State rules. The applicable tax rates currently range between 7.65% and 81.6% depending on relevant factors.

2. Legal Entities with Tax Residency in Spain

2.1 Corporate Income Tax (*Impuesto sobre Sociedades*)

Both interest received periodically and income derived from the transfer, redemption or repayment of the Bonds are subject to CIT (at the current general tax rate of 30%) in accordance with the rules for this tax.

In accordance with Section 44.5 of Royal Decree 1065/2007, of 27th July as amended by Royal Decree 1145/2011, of 29th July, and in the opinion of the Issuer, there is no obligation to withhold on income

payable to Spanish CIT taxpayers (which for the sake of clarity, include Spanish tax resident investment funds and Spanish tax resident pension funds). Consequently, the Issuer will not withhold tax on interest payments to Spanish CIT taxpayers to the extent that the new simplified information procedures (which do not require identification of the Bondholders) are complied with by the Issuing and Principal Paying Agent as it is described in section “*Simplified information procedures*”.

However, in the case of Bonds held by Spanish resident entity and deposited with a Spanish resident entity acting as depositary or custodian, payments of interest under the Bonds may be subject to withholding tax at the generally applicable rate of 19% (exceptionally during the tax period 2013, the withholding tax rate applicable is 21%, although it has been unofficially announced that the increased withholding tax rate of 21% may also apply during the tax period 2014), if the Bonds do not comply with exemption requirements specified in the Reply to the Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27th July, 2004 in which case the required withholding will be made by the depositary or custodian.

Notwithstanding the above, amounts withheld, if any, may be credited by the relevant investors against its final CIT liability.

2.2 *Net Wealth Tax (Impuesto sobre el Patrimonio)*

Legal entities resident in Spain for tax purposes are not subject to Wealth Tax.

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

Legal entities resident in Spain for tax purposes which acquire ownership or other rights over the Bonds by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift Tax but must include the market value of the Bonds in their taxable income for Spanish CIT purposes.

3. Individuals and Legal Entities with no tax residency in Spain

3.1 *Non-resident Income Tax (Impuesto sobre la renta de No Residentes)*

(a) *With permanent establishment in Spain*

If the Bonds form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Bonds are, generally, the same as those previously set out for Spanish CIT taxpayers. See "Taxation in Spain—Legal Entities with Tax Residency in Spain—Corporate Income Tax (Impuesto sobre Sociedades)". Ownership of the Bonds by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

(b) *With no permanent establishment in Spain*

Both interest payments received periodically and income derived from the transfer, redemption or repayment of the Bonds, obtained by individuals or entities who are not resident in Spain for tax purposes and who do not act, with respect to the Bonds, through a permanent establishment in Spain, are exempt from NRIT.

In order for the exemption to apply, it is necessary to comply with certain information obligations relating to the Bonds, in the manner described in section “*Simplified information procedures*” as laid down in section 44 of Royal Decree 1065/2007. If these information obligations are not complied within the manner indicated, the Issuer will withhold at the general rate applicable from time to time, and the Issuer will pay the relevant additional amounts as will result in receipt by the Bondholder of

such amounts as would have been received by them had no such withholding or deduction been required.

3.2 Net Wealth Tax (*Impuesto sobre el Patrimonio*)

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to Wealth Tax would generally not be subject to such tax. Otherwise, non-Spanish resident individuals whose properties and rights located in Spain, or that can be exercised within the Spanish territory exceed EUR700,000 would be subject to Wealth Tax, the applicable rates ranging between 0.2% and 2.5%.

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

Non-Spanish resident legal entities are not subject to Wealth Tax.

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

Individuals not resident in Spain for tax purposes who acquire ownership or other rights over the Bonds by inheritance, gift or legacy, will be subject to the Spanish Inheritance and Gift Tax in accordance with the applicable Spanish regional and state rules, unless they reside in a country for tax purposes with which Spain has entered into a double tax treaty in relation to Inheritance and Gift Tax. In such case, the provisions of the relevant double tax treaty will apply.

Non-Spanish resident legal entities which acquire ownership or other rights over the Bonds by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift Tax. Such acquisitions will be subject to NRIT (as described above), except as provided in any applicable double tax treaty entered into by Spain. In general, double tax treaties provide for the taxation of this type of income in the country of tax residence of the Holder.

4. Tax Rules for Bonds not Listed on an Organized Market in an OECD Country

4.1 Withholding on Account of CIT and NRIT

If the Bonds are not listed on an organized market in an OECD country on any Payment Date, payments to Bondholders will be subject to withholding tax at the general rate of 19% (exceptionally, during the tax period 2013, the withholding tax rate applicable is 21%, although it has been unofficially announced that the increased withholding tax rate of 21% may also apply during the tax period 2014), except in the case of Bondholders which are: (a) resident in a Member State of the European Union other than Spain and obtain the interest income either directly or through a permanent establishment located in another Member State of the European Union, provided that such Holders (i) do not obtain the interest income on the Bonds through a permanent establishment in Spain and (ii) are not resident of, or are not located in, nor obtain income through, a tax haven (as defined by Royal Decree 1080/1991, of 5th July, as amended) or (b) resident for tax purposes of a country which has entered into a convention for the avoidance of double taxation with Spain which provides for an exemption from Spanish tax or a reduced withholding tax rate with respect to interest payable to any Holder.

4.2 Net Wealth Tax (*Impuesto sobre el Patrimonio*)

See "Taxation in Spain Individuals with Tax Residency in Spain – Net Wealth Tax (*Impuesto sobre el Patrimonio*)" and "Taxation in Spain – Individuals and legal entities with no tax residency in Spain – Net Wealth Tax (*Impuesto sobre el Patrimonio*)".

5. Simplified information procedures

According to Law 13/1985 the information to be reported by issuers to the Spanish Tax Authorities will be developed in relevant regulations. Royal Decree 1065/2007, as amended by Royal Decree 1145/2011, sets out the procedures to be followed in order to make payments under the Bonds without withholdings or deductions for or on account of Spanish taxes.

The procedures set out in the Agency Agreement provide that the Issuer will pay on each Interest Payment Date the full amount of the payment due and payable to the Issuing and Principal Paying Agent. The Issuing and Principal Paying Agent, on behalf of the Issuer, will deliver a statement in the required form to the Issuer the business day immediately before the relevant Interest Payment Date. The statement shall contain the following information:

- (i) identification of the Bonds;
- (ii) income payment date (or refund if the Bonds are issued at a discount or segregated);
- (iii) total amount of income (or total amount to be refunded if the Bonds are issued at a discount or segregated);
- (iv) total amount payable under the Bonds to each of the Clearing Systems.

If the procedures set out above are complied with, the Issuing and Principal Paying Agent, on behalf of the Issuer, will pay the relevant amount to (or for the account of) the clearing systems without withholdings or deductions for or on account of Spanish taxes. If the statement is not delivered to the Issuer as described above, the Issuer shall pay such additional amounts as required under terms of the Bonds and pay an appropriate amount to the Spanish tax authorities to the extent required to comply with its obligations with respect thereto. The Issuing and Principal Paying Agent will pay the relevant amount to (or for the account of) the clearing systems.

If, following clarifications by the Spanish Tax Authorities, procedures in relation to Royal Decree 1145/2011 are subsequently amended, the Issuer and the Issuing and Principal Paying Agent will implement such procedures as may be required to enable the Issuer to comply with its obligations under applicable legislation as clarified by the Spanish Tax Authorities. The Issuer undertakes to ensure that the Bondholders are informed of such new procedures and their implications.

Regarding the interpretation of the amendments introduced by Royal Decree 1145/2011 and the new simplified information procedures please refer to "*Risk Factors – Risks related to the Spanish withholding tax regime*".

The Proposed Financial Transactions Tax ("FTT")

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances. The issuance and subscription of Bonds should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad

range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective Bondholders are advised to seek their own professional advice in relation to the FTT.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Luxembourg has announced that it will no longer apply the withholding tax system as from 1st January, 2015 and will provide details of payments of interest (or similar income) as from this date. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented amend or broaden the scope of the requirements described above.

Foreign Account Tax Compliance Act

FATCA imposes a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a “**foreign financial institution**”, or “**FFI**” (as defined by FATCA)) that does not become a “**Participating FFI**” by entering into an agreement with the U.S. Internal Revenue Service (“**IRS**”) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that (a) does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States Account” of the Issuer (a “**Recalcitrant Holder**”) or (b) fails to waive its rights to prevent an FFI from complying with its disclosure obligations as a Participating FFI. The Issuer is classified as an FFI.

The new withholding regime will be phased in beginning 1st July, 2014 for payments from sources within the United States and will apply to “**foreign passthru payments**” (a term not yet defined) no earlier than 1st January, 2017. This withholding would potentially apply to payments in respect of (i) any Bonds characterised as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the “**grandfathering date**”, which is the later of (a) 1st July, 2014 and (b) the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Bonds characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Bonds are issued before the grandfathering date, and additional Bonds of the same series are issued on or after that date, the additional Bonds may not be treated as grandfathered, which may have negative consequences for the existing Bonds, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an “**IGA**”). Pursuant to FATCA and the “Model 1” and “Model 2” IGAs released by the United States, an FFI in an IGA signatory

country could be treated as a “**Reporting FI**” not subject to withholding under FATCA on any payments it receives provided such FFI complies with the requirements of the relevant IGA. Further, a Reporting FI in a Model 1 IGA jurisdiction would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being “**FATCA Withholding**”) from payments it makes (unless it has agreed to do so under the U.S. "qualified intermediary," "withholding foreign partnership," or "withholding foreign trust" regimes). The Model 2 IGA leaves open the possibility that a Reporting FI may be required to withhold on (i) foreign passthru payments and (ii) gross proceeds from the disposition of instruments paying US-source interest or dividends. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS.

If an amount in respect of FATCA Withholding were to be deducted or withheld from interest, principal or other payments made in respect of the Bonds, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Bonds, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

If the Issuer becomes a Participating FFI under FATCA, the Issuer and financial institutions through which payments on the Bonds are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Bonds is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Bonds are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Bonds by the Issuer, any paying agent and the common depositary, given that each of the entities in the payment chain between the Issuer and the participants in the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Bonds. The documentation expressly contemplates the possibility that the Bonds may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Bonds.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

GENERAL INFORMATION

Authorisation

The issue of Bonds have been duly authorised by a resolution of the Board of Directors of the Issuer dated 7th November 2013.

Issues of Bonds are required to comply with certain formalities contained in the Spanish Corporations law (*Ley de Sociedades de Capital*) as at the date of this Prospectus, including the publication of the issue in the Corporate Registry Gazette (*Boletín Oficial del Registro Mercantil*) (the “**BORME**”), execution of a public deed of issue (*Escritura de Emisión*), registration of the issue in the Corporate Registry (*Registro Mercantil*), appointment of a Commissioner and the constitution of a Syndicate of Bondholders.

Listing of Bonds

This Prospectus has been approved by the CBI as competent authority under the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Bonds to be admitted to trading on the Main Securities Market and to be listed on the Official List. The Main Securities Market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Expenses Related to Admission to Trading

The total expenses related to admission to trading are estimated at approximately EUR 3,190.

Documents Available

For the period of 12 months following the date of this Prospectus, copies of the following documents will, when published, be available in hard copies for inspection from the registered office of the Issuer and from the specified offices of the Paying, Transfer and Exchange Agent(s) for the time being in London:

- (a) the bylaws (with an English translation thereof) of the Issuer;
- (b) the consolidated audited financial statements of the Issuer in respect of the financial years ended 31st December, 2012 and 31st December, 2011 (with an accurately reproduced English translation thereof), in each case together with the audit reports prepared in connection therewith. The Issuer currently prepares audited consolidated accounts on an annual basis;
- (c) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited consolidated condensed interim financial statements of the Issuer (in each case with an accurately reproduced English translation thereof), in each case together with any audit or limited review report prepared in connection therewith. The Issuer currently prepares unaudited consolidated condensed interim accounts on a half yearly basis;
- (d) the Fiscal, Transfer and Exchange Agency Agreement, the Global Bond and the Bonds in definitive form;
- (e) a copy of this Prospectus; and
- (f) any other documents incorporated herein or therein by reference.

Clearing Systems

The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). Euroclear and Clearstream, Luxembourg have allocated the Common Code 099483458 and ISIN X0994834587 for the Bonds.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Significant or Material Change

There has been no material adverse change in the prospects of the Issuer or the Group since 31st December, 2012.

There has been no significant change in the financial position of the Group since 30th June, 2013 and there has been no significant change in the financial or trading position of the Issuer since 30th June, 2013.

Litigation

Neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors

The auditors of the Issuer are Deloitte, S.L. (registered as auditors on the *Registro Oficial de Auditores de cuentas*) who have audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in Spain for each of the two financial years ended on 31st December, 2012 and 31st December, 2011.

ISSUER

CaixaBank, S.A.
Avenida Diagonal, 621
08028 Barcelona
Spain

PRINCIPAL PAYING, TRANSFER AND EXCHANGE AGENT

Citibank, N.A. London Branch
Citigroup Center
Canada Square,
London E14 5LB
United Kingdom

LEGAL ADVISERS

To the Issuer as to English law

Slaughter and May
One Bunhill Row
London EC1Y 8YY
United Kingdom

AUDITORS

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
Spain

LISTING AGENT

Maples and Calder
75 St Stephen's Green
Dublin 2
Ireland