

## A LA COMISIÓN NACIONAL DEL MERCADO DE VALORES

### **CERTIFICADO DE CONCORDANCIA**

D. José Antonio Alepuz Sánchez, en nombre y representación de Critería CaixaHolding, S.A., Sociedad Unipersonal (en adelante, “**Critería CaixaHolding**”), con domicilio social en Avenida Diagonal, 621, 08028 Barcelona, en su condición de [Secretario del Consejo de Administración de Critería CaixaHolding, debidamente facultado al efecto por acuerdo del Consejo de Administración de Critería CaixaHolding de 26 de febrero de 2015 con motivo del registro del folleto de base (el “**Folleto de Base**”) correspondiente al programa de emisión de valores no participativos de Critería CaixaHolding (el “**Programa**”) ante la Comisión Nacional del Mercado de Valores (“**CNMV**”),

### **CERTIFICO**

Que la versión impresa del Folleto de Base de Critería CaixaHolding inscrito y depositado en la CNMV se corresponde con la versión en soporte informático que se adjunta.

Asimismo, por la presente se autoriza a la CNMV para que el Folleto de Base de Critería CaixaHolding sea puesto a disposición del público a través de su página web.

Y, para que así conste y surta los efectos oportunos, expido la presente certificación en Barcelona, a 26 de marzo de 2015.

**Critería CaixaHolding, S.A., Sociedad Unipersonal**

**P.p.**

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D. José Antonio Alepuz Sánchez

Secretario del Consejo de Administración

## BASE PROSPECTUS



### Criteria CaixaHolding, S.A., Sociedad Unipersonal

(incorporated as a public limited company)

€3,000,000,000

### Euro Medium Term Note Programme

This base prospectus (the **Base Prospectus**) has been approved by the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores* the **CNMV**), as the competent authority for the purpose of Directive 2003/71/EC, as amended (the **Prospectus Directive**), as a base prospectus in accordance with the requirements provided under EU and Spanish law pursuant to the Prospectus Directive with regard to the issue by Criteria CaixaHolding, S.A., Sociedad Unipersonal (the **Issuer**, **Criteria** or **Criteria CaixaHolding**), a public limited company (*sociedad anónima*), of notes (the **Notes**) under the Euro Medium Term Note Programme (the **Programme**) described in this Base Prospectus during the period of twelve months after the date hereof. An application will be made for the Notes to be admitted to trading on the Spanish AIAF Fixed Income Securities Market (**AIAF**) and/or other European securities markets which qualify as regulated markets for the purposes of Directive 2004/39/EC (**MiFID**). Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information applicable to each issue of Notes will be set out in a final terms document (the **Final Terms**) which will be filed with the CNMV. For the purpose of Article 14 of the Prospectus Directive, this Base Prospectus and any Final Terms issued under the Programme will be published on the website of the CNMV ([www.cnmv.es](http://www.cnmv.es)).

This Base Prospectus is only addressed to, and directed at, persons who are qualified investors within the meaning of Article 2.1(e) of the Prospectus Directive. In addition, in the United Kingdom, this Base Prospectus may be distributed to, and directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the **Order**); (ii) high net worth companies, unincorporated associations and other bodies within the categories described in Article 49(2) of the Order; and (iii) persons to whom it may otherwise lawfully be communicated (all such persons together, **relevant persons**). Therefore this Base Prospectus must not be acted on or relied upon (i) in any member state of the European Economic Area (**EEA**) other than the United Kingdom, by persons who are not qualified investors, and (ii) in the United Kingdom, by persons who are not qualified investors or relevant persons.

The Notes will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exception from, or in a transaction not subject to, the registration requirements of the Securities Act.

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory requirements. No Notes may be issued under the Programme with a denomination of less than €100,000 (or the equivalent amount in another currency). The aggregate principal amount of Notes outstanding will not at any time exceed €3,000,000,000 (or the equivalent amount in other currencies) in accordance with the threshold authorised by Criteria CaixaHolding's Board of Directors' resolution passed on 26 February 2015 on the basis of the authorisation granted by a decision of the sole shareholder of the Issuer taken on 9 October 2014.

The Notes will be issued in uncertificated, dematerialised book-entry form (*anotaciones en cuenta*) and will be registered with the Spanish *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., Sociedad Unipersonal (Iberclear)* as managing entity of the central registry of the Spanish clearance and settlement system (the **Spanish Central Registry**). Consequently, no global certificates will be issued in respect of the Notes. Clearing and settlement relating to the Notes, as well as payment of interest and redemption of principal amounts, will be performed within Iberclear's account-based system.

The Issuer has been rated BBB- (positive outlook) by Fitch Ratings España, S.A.U. (**Fitch**). As of the date of this Base Prospectus, Fitch is established in the European Union and is registered under the Regulation (EC) No 1060/2009, as amended (the **CRA Regulation**). As such Fitch 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.

**A 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. Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" below.**

#### Arranger

Morgan Stanley

#### Dealers

CaixaBank, S.A.	Banco Bilbao Vizcaya Argentaria, S.A.	Barclays	BNP PARIBAS
BofA Merrill Lynch	Citigroup	Crédit Agricole CIB	Deutsche Bank
Goldman Sachs International	HSBC	J.P. Morgan	Morgan Stanley
Nomura	Santander Global Banking&Markets	Société Générale Corporate & Investment Banking	

The date of this Base Prospectus is 26 March 2015.

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## IMPORTANT NOTICES

**This Base Prospectus comprises a base prospectus for the purposes of the Prospectus Directive.**

**This Base Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any Notes offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.**

**Neither the delivery of this Base Prospectus or any Final Terms, nor the offering, sale or delivery of any Notes shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.**

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in the Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Base Prospectus must be read and construed together with any supplements hereto and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms.

The only persons authorised to use this Base Prospectus in connection with an offer of Notes shall be Morgan Stanley & Co. International plc (the **Arranger**), Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Barclays Bank PLC, BNP Paribas, CaixaBank, S.A., Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, Morgan Stanley & Co. International plc, Nomura International plc and Société Générale, and any other Dealers appointed in accordance with the Dealer Agreement (together with the Arranger, the **Dealers**), for the relevant issue as the case may be.

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

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or, if applicable, the Dealers.

If applicable, neither the Dealers nor any of their respective affiliates will authorise the whole or any part of this Base Prospectus and none of them will make any representation or warranty or accept any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus.

Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as

it deems necessary. In making an investment decision, investors must rely on their own examination and analysis of the Issuer and the terms of the Notes, including the merits and risks involved.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer and, if applicable, the Dealers that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and should consider the suitability of the Notes as an investment in light of their own circumstances, investment objectives, tax position and financial condition.

The distribution of this Base Prospectus and any Final Terms, and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required to inform themselves about and to observe any such restrictions.

In particular, Notes have not been and will not be registered under the Securities Act, or any U.S. state securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

The Issuer does not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base 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 Base Prospectus or any Notes may come must inform themselves about and observe any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the United Kingdom and other jurisdictions (see **Subscription and Sale**).

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €3,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into Euro at the date of the agreement to issue such Notes) in accordance with the threshold authorised by the Issuer's Board of Directors' resolution passed on 26 February 2015 on the basis of the authorisation granted by a decision of the sole shareholder of the Issuer taken on 9 October 2014.

In this Base Prospectus, unless otherwise specified, references to a **Member State** are references to a Member State of the European Economic Area and reference to **EUR, euro** or **€** are to the currency introduced at the start of the third stage of the European economic and monetary union, and as defined in article 2 of Council Regulation (EC) No 947/98 of 3 May 1998 on the introduction of the euro, as amended.

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

The language of this Base 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 the applicable law.

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: (a) Notes are securities suitable for investment by it, (b) Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

#### **NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM**

This Base Prospectus is being distributed in the United Kingdom only to, and is directed only at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Order; (ii) high net worth companies, unincorporated associations and other bodies within the categories described in Article 49(2) of the Order; and (iii) persons to whom it may otherwise lawfully be communicated (all such persons together, **relevant persons**). Therefore this Base Prospectus must not be acted on or relied upon (i) in any member state of the EEA other than the United Kingdom, by persons who are not qualified investors, and (ii) in the United Kingdom, by persons who are not qualified investors or relevant persons.

#### **STABILISATION**

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

## 1. CRITERIA CAIXAHOLDING'S INCORPORATION AND REORGANISATION PROCESS

### *Incorporation process*

Criteria CaixaHolding, formerly Servihabitat XXI, S.A.U. (and prior to that Gestora de Microfinances, S.A.U.), was incorporated on 17 December 2003 and is organised for an indefinite duration. The corporate resolutions whereby the company name was changed from Gestora de Microfinances, S.A.U. to Servihabitat XXI, S.A.U. were adopted on 16 July 2007 and executed in a public deed on 25 July 2007.

On 18 December 2013, through a merger, Servihabitat XXI, S.A.U. absorbed its parent company (Criteria CaixaHolding, S.A.U.) In this regard, Criteria CaixaHolding (the absorbed company) owned directly all the shares of Servihabitat XXI, S.A.U. (the absorbing company). The structure chosen was therefore that of a downstream merger, whereby a subsidiary absorbs its parent. From a material, legal and financial standpoint there is no difference between the two structures, as in these two cases the post-merger company has, in completely equal terms, the assets and liabilities of both Criteria CaixaHolding (the absorbed company) and those of Servihabitat XXI, S.A.U. (the absorbing company). As a result of the merger, the absorbing company adopted the name of the absorbed company (Criteria CaixaHolding, S.A.U.).

Criteria CaixaHolding is "la Caixa" Group's holding company (as defined in Section 5.1 (*History and development of the Issuer*)), with shareholdings in strategic sectors such as energy, infrastructure and real estate to create value by actively managing its portfolio of investments and assets.

### *Reorganisation*

The Spanish Law 26/2013 of 27 December 2013 on savings banks and banking foundations (*Ley 26/2013, de 27 de diciembre, de cajas de ahorros y fundaciones bancarias*, the **Savings Banks and Banking Foundations Law**) implemented a profound change in the legal system applicable to savings banks, affecting their legal nature as credit institutions.

The Savings Banks and Banking Foundations Law terminated the indirect regime established by Royal Decree Law 11/2010 of 9 July on governing bodies and other aspects of the legal regime for 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*), pursuant to which, since 30 June 2011, Caja de Ahorros y Pensiones de Barcelona ("**la Caixa**") had carried out its banking-related activities indirectly through CaixaBank, S.A. (**CaixaBank**). Furthermore, the Savings Banks and Banking Foundations Law created the new concept of banking foundations, and established that savings banks like "la Caixa", which had been carrying out their financial activity through banking subsidiaries (e.g. CaixaBank in relation to "la Caixa"), among others, had to be transformed into banking foundations.

Accordingly, saving banks that became banking foundations lost their legal status as credit institutions and the banking subsidiaries through which these savings banks had been carrying out their financial activity indirectly lost their instrumental character.

In order to comply with the framework and implementation of the Savings Banks and Banking Foundations Law, on 10 May 2014 the Board of Directors of "la Caixa" decided to convene an Annual General Ordinary Assembly to decide on the conversion of "la Caixa" into a banking foundation.

Under the Savings Banks and Banking Foundations Law, "*the banking foundation shall have a social purpose and shall focus its principal activity on the development of its social work and the proper management of its participation in a credit institution*" without prejudice to the "*material investments*" that the banking foundation may have in sectors other than the financial sector.

Prior to its conversion into a banking foundation, "la Caixa" simultaneously acted as a credit institution (savings bank) and carried out the development of its social projects (*Obra Social*). "la Caixa" had managed part of its social projects through "la Caixa" Foundation (as defined below)

which was operated by the Board of Directors and the Committee for Social Works of "la Caixa". It was decided that it would be conducive for the proper development and management of "la Caixa" social projects and commercial activities (in the financial sector as well as in the other sectors in which Criteria CaixaHolding operated) to separate these two groups of activities.

Consequently, "la Caixa"'s Annual General Ordinary Assembly was asked to approve the following transactions to be implemented with the conversion of "la Caixa" into a banking foundation (the **Reorganisation**):

- (a) the dissolution and liquidation of *Fundación Caixa d'Estalvis i Pensions de Barcelona* ("**la Caixa**" **Foundation**) and the transfer of its assets and liabilities to "la Caixa" once it had been transformed into a banking foundation (the "la Caixa" Foundation became unnecessary given the concentration of social welfare projects within "la Caixa" post-Reorganisation); and
- (b) the transfer from "la Caixa" –once converted into a banking foundation– to Criteria CaixaHolding, through a spin-off (*segregación*) of the former's non-social project related assets and liabilities, including among others, (i) "la Caixa"'s shareholding interest in CaixaBank; and (ii) the debt instruments which "la Caixa" had issued in the past (together with hedging derivatives and valuation adjustments associated with these debt instruments) (the **Spin-Off**).

As indicated above, the banking foundation into which "la Caixa" was to convert should have two well differentiated main activities: (i) the management of all of its social projects; and (ii) the economic activities relating to the management of its shareholding interest in CaixaBank, the management of the debt instruments of which "la Caixa" was the issuer and the management of its shareholding interest in Criteria CaixaHolding, the wholly-owned subsidiary through which "la Caixa" Group channelled all its non-financial investments.

As to the economic activities, their efficient management suggested channelling them through a single entity, i.e. Criteria CaixaHolding.

On 22 May 2014, the General Ordinary Assembly of "la Caixa" approved the conversion of "la Caixa" into "la Caixa" banking foundation (*Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona*, "la Caixa"; "**la Caixa**" **Banking Foundation**), which became effective on 16 June 2014 through its registration under number 1,658 in the Register of Foundations of the Spanish Ministry of Education, Culture and Sport.

Additionally, "la Caixa"'s Annual General Ordinary Assembly ratified the dissolution and liquidation of "la Caixa" Foundation, carried out through a transfer of its assets and liabilities to "la Caixa" Banking Foundation. This became effective on 16 October 2014 through the registration of the dissolution, liquidation and global asset and liability transfer public deed with the Register of Foundations of the Catalan Autonomous Government (*Registre de Fundacions de la Generalitat de Catalunya*).

Further, in "la Caixa"'s Annual General Ordinary Assembly had expressed an intention that "la Caixa" Banking Foundation would carry out the Spin-Off in favour of Criteria CaixaHolding. On that basis, the Board of Trustees of "la Caixa" Banking Foundation (acting in this capacity and also as sole shareholder of Criteria CaixaHolding) and the Board of Directors of Criteria CaixaHolding subsequently drafted and further approved a Spin-Off project, and obtained the governmental authorisations required in the context of the Spin-Off. The Spin-Off became effective on 14 October 2014, through the registration of the Spin-Off public deed with the Commercial Registry of Barcelona (*Registro Mercantil de Barcelona*). Additionally, on 4 September 2014 "la Caixa" Banking Foundation", as the sole shareholder of Criteria CaixaHolding approved a resolution increasing the capital of Criteria CaixaHolding in the amount of €2,880,990,459.94 by issuing and allotting 10,890,584 new shares of Criteria CaixaHolding to its sole shareholder as consideration for the net assets transferred to Criteria CaixaHolding pursuant to the Spin-Off where the aforementioned new shares were issued with a €2,445,367,099.94 share premium.



As a result of the Reorganisation, "la Caixa" Banking Foundation consists of two distinct and separately managed activities: (i) on the one hand, "la Caixa" Banking Foundation directly manages the social projects which have traditionally characterised "la Caixa" and; (ii) on the other hand, "la Caixa" Banking Foundation manages the economic activities unrelated to the social projects through a single entity, Criteria CaixaHolding, which is the holding company of "la Caixa" Banking Foundation's investments in CaixaBank, in the strategic service sectors and real estate assets, it has also become the issuer of the debt instruments of "la Caixa" issued prior to the aforementioned Spin-Off.

Finally, on 4 December 2014, the Sole Shareholder of Criteria CaixaHolding ("la Caixa" Banking Foundation) approved a resolution increasing the capital of Criteria CaixaHolding in the amount of €17,022,440. This increase in Criteria CaixaHolding's capital was achieved through the issue and allotment of 425,561 new shares of Criteria CaixaHolding to its sole shareholder, "la Caixa" Banking Foundation, in consideration for "la Caixa" Banking Foundation's non-monetary contribution of 100% of the shares of Foment Immobiliari Assequible, S.A.U., a company fully owned by "la Caixa" Banking Foundation. Under the aforementioned resolution, the new shares were issued with a total share premium of €195,758,062.

The main purposes of incorporating Foment Immobiliari Assequible, S.A.U. (and its 100% subsidiary Arrendament Immobiliari Assequible, S.L.U.) to Criteria CaixaHolding are: (i) unifying within the perimeter of Criteria CaixaHolding the real estate assets of Criteria CaixaHolding and "la Caixa" Banking Foundation; (ii) improving the management of the real estate assets arising from the former credit activity of "la Caixa"; and (iii) improving the follow-up of the services rendered by the company managing the real estate services.

## 2. OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer may agree (as specified in the relevant Final Terms) that Notes may be issued in a form other than that contemplated in "Terms and Conditions of the Notes" herein, in which event, if appropriate; a supplement to this Base Prospectus will be published.

This overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No. 809/2004. Words and expressions defined in this Base Prospectus shall have the same meanings in this overview.

<b>Issuer</b>	Criteria CaixaHolding, S.A., Sociedad Unipersonal
<b>Risk Factors</b>	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "Risk Factors" below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "Risk Factors" and include certain risks relating to the structure of particular Series of Notes and certain market risks, amongst others.
<b>Description</b>	Euro Medium Term Note Programme (the <b>Programme</b> )
<b>Arranger</b>	Morgan Stanley & Co. International plc
<b>Dealers</b>	Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Barclays Bank PLC, BNP Paribas, CaixaBank, S.A., Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, Morgan Stanley & Co. International plc, Nomura International plc and Société Générale, any other Dealers appointed in accordance with the Dealer Agreement.
<b>Paying Agent</b>	CaixaBank, S.A.
<b>Final Terms</b>	Notes issued under the Programme may be issued pursuant to this Base Prospectus and its associated Final Terms. The terms and conditions applicable to any particular Tranche of Notes will be the Terms and Conditions of the Notes as completed to the extent described in the relevant Final Terms.
<b>Size</b>	Up to €3,000,000,000 (or the equivalent in other currencies at the date of issue) in aggregate nominal amount of Notes outstanding at any one time in accordance with the threshold authorised by the Issuer's Board of Directors' resolution passed on 26 February 2015 on the basis of the authorisation granted by a decision of the sole shareholder of the Issuer taken on 9 October 2014.
<b>Issuance in Series:</b>	Notes issued under the Programme are issued in series (each a <b>Series</b> ) and each Series may comprise one or more tranches (each a <b>Tranche</b> ) of Notes. Each Tranche is the subject of Final Terms (the <b>Final Terms</b> ) which complete the Terms and Conditions.
<b>Currency/ies</b>	Euro or any other specified currency subject to any applicable legal or regulatory restrictions, as may be agreed between the Issuer and the relevant Dealer(s).
<b>Maturities</b>	Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.
<b>Specified Denomination</b>	Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Notes may not have a minimum denomination of less than €100,000 (or its equivalent in other specified currencies at the date of issue).

<b>Method of Issue</b>	The Notes will be issued in one or more Series (which may be issued on the same date or which may be issued in more than one Tranche on different dates). The Notes may be issued in Tranches on a continuous basis with no minimum issue size, subject to compliance with all applicable laws, regulations and directives. Further Notes may be issued as part of an existing Series.
<b>Selling Restrictions</b>	There are restrictions on the offer, sale and transfer of the Notes in the United States, the United Kingdom and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "Subscription and Sale".
<b>Form of Notes</b>	The Notes will be issued in uncertificated, dematerialised book-entry form ( <i>anotaciones en cuenta</i> ).
<b>Registration, clearing and settlement</b>	The Notes will be registered with the Spanish <i>Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., Sociedad Unipersonal (Iberclear)</i> as managing entity of the central registry of the Spanish clearance and settlement system (the <b>Spanish Central Registry</b> ) with its corresponding address at Plaza de la Lealtad, 1, 28014, Madrid, Spain. Holders of a beneficial interest in the Notes who do not have, directly or indirectly through their custodians, a participating account with Iberclear may participate in the Notes through bridge accounts maintained by each of Euroclear Bank S.A./N.V. ( <b>Euroclear</b> ) and Clearstream Banking, société anonyme, Luxembourg ( <b>Clearstream Luxembourg</b> ) with Iberclear.
<b>Title and transfer</b>	<p>Title to the Notes will be evidenced by book-entries and each person shown in the Spanish Central Registry managed by Iberclear and in the registries maintained by the respective participants (<i>entidades participantes</i>) in Iberclear (the <b>Iberclear Members</b>) as being the holder of the Notes shall be considered the holder of the principal amount of the Notes recorded therein. The <b>Holder</b> of a Note means the person in whose name such Note is for the time being registered in the Spanish Central Registry managed by Iberclear or, as the case may be, the relevant Iberclear Member accounting book and <b>Noteholder</b> shall be construed accordingly.</p> <p>The Notes are issued without any restrictions on their free transferability. Consequently, the Notes may be transferred and title to the Notes may pass (subject to Spanish law and to compliance with all applicable rules, restrictions and requirements of Iberclear or, as the case may be, the relevant Iberclear Member) upon registration in the relevant registry of each Iberclear Member and / or Iberclear itself, as applicable. Each Holder will be treated as the legitimate owner (<i>titular legítimo</i>) of the relevant Notes for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the Holder.</p>
<b>Issue Price</b>	Notes may be issued at their principal amount or at a discount or premium to their principal amount, as specified in the Final Terms.
<b>Interest</b>	Notes may be interest-bearing. Interest may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
<b>Fixed Rate Notes</b>	Interest on Fixed Rate Notes will be payable in arrears on the date or dates in each year specified in the relevant Final Terms.
<b>Floating Rate Notes</b>	Floating Rate Notes will bear interest set separately for each Series by reference to EURIBOR or LIBOR as adjusted for any applicable margin as specified in the applicable Final Terms.
<b>Zero Coupon Notes</b>	Zero Coupon Notes may be issued at their principal amount or at a discount to it and will not bear interest.

<b>Interest Periods and Interest Rates</b>	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
<b>Listing and admission to trading</b>	Unless another European securities market is stated in the applicable Final Terms, the Issuer undertakes to make or cause to be made an application on its behalf for the Notes to be admitted to listing and admitted to trading on AIAF within 30 days after the Issue Date.
<b>Negative pledge</b>	<p>So long as any Notes remain outstanding, the Issuer will not create any mortgage, charge, lien, pledge or other security interest (each a <b>Security Interest</b>) (other than any Permitted Security Interest), upon the whole or any part of its respective undertaking, assets, property or revenues (including uncalled capital), present or future, to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto granting to the Notes (i) the same security as is created to secure any such Relevant Indebtedness, guarantee or indemnity, or (ii) such other security as shall be approved by the Syndicate of Noteholders.</p> <p>See Condition 4 (<i>Negative Pledge</i>) for further information.</p>
<b>Status of the notes</b>	The Notes constitute (subject to the provisions of Condition 4 (Negative Pledge)) direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all time rank <i>pari passu</i> and without any preference among themselves except for any applicable legal and statutory exceptions. Upon insolvency of the Issuer, the obligations of the Issuer under the Notes shall (except for any applicable legal and statutory exceptions) at all times rank at least equally with all other unsecured and unsubordinated obligations of the Issuer (unless they qualify as subordinated claims pursuant to article 92 of Act 22/2003 ( <i>Ley Concursal</i> ) dated 9 July 2003 (the <b>Insolvency Act</b> ) or equivalent legal provisions which replace it in the future).
<b>Payments</b>	Payments in respect of the Notes (in terms of both principal and interest) will be made by transfer to the registered account of the relevant Holder maintained by or on behalf of it with a bank that processes payments in a city in which banks have access to the TARGET2 System, details of which appear in the records of Iberclear or, as the case may be, the relevant Iberclear Member at close of business on the day immediately preceding the Business Day on which the payment of principal or interest, as the case may be, falls due. Holders must rely on the procedures of Iberclear or, as the case may be, the relevant Iberclear Member to receive payments under the relevant Notes. None of the Issuer or the Paying Agent or, if applicable, the Dealers will have any responsibility or liability for the records relating to payments made in respect of the Notes.
<b>Redemption and purchase</b>	
<i>Redemption at maturity</i>	Unless previously redeemed or purchased and cancelled, the Notes shall be redeemed in euro, or any other specified currency, at their Redemption Amount on the Maturity Date. In any case, Notes shall not be redeemed below par.
<i>Redemption for tax reasons</i>	The Notes may be redeemed at the option of the Issuer in whole, but not in part, if on the occasion of a payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 ( <i>Taxation</i> ), in each case as a result of any change in, or amendment to, the laws or regulations of Spain or any political subdivision or any authority or agency thereof or therein, as defined in Condition 8 ( <i>Taxation</i> ), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Agreement Date (as defined below) and such obligation cannot be avoided by the Issuer taking reasonable measures available to it. See Condition 7.2 ( <i>Redemption and Purchase - Redemption for tax reasons</i> ) for further

information.

**Optional Redemption**

Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms.

**Taxation**

All payments of principal and interest in respect of the Notes by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law.

In that event, the Issuer will, save in certain limited circumstances (please refer to Condition 8 (*Taxation*)), be required to pay such additional amounts as will result in receipt by the Holders of such amounts as would have been received by them had no such withholding or deduction been required.

**Rating**

The Issuer has been rated BBB- (positive outlook) by Fitch Ratings España, S.A.U. (Fitch). As of the date of this Base Prospectus, Fitch is established in the European Union and is registered under the Regulation (EC) No 1060/2009, as amended (the **CRA Regulation**). As such Fitch 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.

Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, its credit rating may not necessarily be the same as the credit rating applicable to the Issuer. The rating of certain Series of Notes to be issued under the Programme will be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to the relevant Series of Notes will be issued by a credit ratings agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

**Prescription**

Claims in respect of the principal amount or interest on Notes will become void unless made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date, as defined in Condition 5 (*Interest*).

Claims in respect of any other amounts payable in respect of the Notes will become void unless made within ten years following the due date for payment thereof.

**Events of default**

Pursuant to Condition 10 (*Events of Default*) if any one or more of the following events (each an **Event of Default**), as described in the aforementioned Condition, has occurred and is continuing:

- (i) Non-payment.
- (ii) Breach of other obligations.
- (iii) Cross-default of Issuer or Relevant Subsidiary.
- (iv) Winding up.
- (v) Enforcement and Insolvency proceedings.
- (vi) Unsatisfied judgment
- (vii) Security enforced.
- (viii) Arrangements with creditors.
- (ix) Failure to take action etc.
- (x) Unlawfulness.

Then (i) the Commissioner may, acting upon a resolution of the Syndicate of Noteholders, in respect of all the Notes, or (ii) unless there has been a resolution to the contrary by the Syndicate of Noteholders (which resolution shall be binding on all Noteholders), any Noteholder in respect of the Notes held by such Noteholder, declare such Notes immediately due and payable whereupon the Notes shall, when permitted by applicable Spanish law,

become immediately due and payable at their principal amount, together with accrued interest, without further formality.

When related to a Relevant Subsidiary, an Event of Default shall only be considered as such when the creditworthiness of the Issuer is materially weaker immediately after the occurrence of such event, where: materially weaker shall mean that the Issuer's sole credit rating agency modifies at least by three lower notches the rating previously applied to the Issuer. Should the Issuer be rated by two or more credit rating agencies, materially weaker shall mean that at least two of these credit rating agencies modify by three lower notches the rating previously applied to the Issuer. For further information regarding the events of default see Condition 10 (*Events of Default*).

**Syndicate of Noteholders and modification**

The Noteholders shall meet in accordance with the regulations governing the Syndicate of Noteholders (the **Regulations**). The Regulations shall contain the rules governing the functioning of the Syndicate and the rules governing its relationship with the Issuer. A set of Regulations is included in Condition 18.

**Notices**

So long as the Notes are listed on AIAF, notices to the Noteholders will be published in the official bulletin of AIAF (*Boletín Diario de AIAF Mercado de Renta Fija*) and, where applicable, through the filing by the Issuer of a price-sensitive information notice (*comunicación de hecho relevante*) with the CNMV. Any such notice will be deemed to have been given on the date of the first publication. In addition, so long as the Notes are represented by book-entries, all notices to Noteholders shall be made through Iberclear for on transmission to their respective accountholders.

**Further issues**

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

**Substitution of the Issuer by a Subsidiary**

The Issuer may, without the further consent of the Noteholders, be replaced and substituted by a wholly owned Subsidiary (either directly or indirectly) of the Issuer as the principal debtor in respect of the Notes (for the purpose of Condition 15; the Substitute Debtor), provided that the requirements listed in Condition 15 are met.

**Governing law and submission to jurisdiction**

***Governing law***

The Notes 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. Title to the Notes and transfer of the Notes as described in Condition 1.3 (*Title and transfer*), the status of the Notes as described in Condition 3 (*Listing, Admission to Trading and Status of the Notes*), the provisions of Condition 12 (*Syndicate of Noteholders and Modification*) relating to the appointment of the Commissioner, the Regulations of the Syndicate of Noteholders (a set of which is included in Condition 18 (*Regulations of the Syndicate of Noteholders*)) once incorporated in the relevant Final Terms and the Agency Agreement, are governed by, and shall be construed in accordance with, Spanish law.

***Submission to jurisdiction***

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and accordingly any legal action or proceedings arising out of or in connection the Notes may be brought in such courts.

### **3. RISK FACTORS**

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

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may be jeopardised by other causes which may not be considered significant risks by the Issuer based on information currently available or which the Issuer may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.*

*Consequently, the risks and uncertainties discussed below are those that the Issuer views as material, but these risks and uncertainties are not the only ones faced by it. Additional risks and uncertainties, including risks that are not known to the Issuer at present or that the Issuer currently deems immaterial, may also arise or become material in the future, which could lead to a decline in the value of the Notes and a loss of part or all of the investment made by any Noteholder.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*In particular, potential Noteholders (as defined herein) are alerted to the statements under "Taxation" regarding the tax treatment in the Kingdom of Spain of income in respect of Notes. Noteholders must seek their own advice to ensure that they comply with all applicable procedures and to ensure the correct tax treatment of their Notes.*

#### **RISK FACTORS RELATING TO THE ISSUER**

##### **Risk factors specific to the Issuer's directly owned portfolio**

The risk factors that might affect the profitability of Criteria CaixaHolding's activities, as parent of the Criteria Group (as defined below), its financial solvency and its corporate reputation as a result of its holdings in group companies, associates and equity investments, are detailed below.

##### *A) Risks arising from the purchase and sale of equity investments*

Although Criteria CaixaHolding carefully analyses the available information before making an investment decision and tries to obtain the usual contractual protections against the risks of each investment, it cannot give any assurance that the available information will reveal all of the risks associated with the investment or that it will be possible to make a proper valuation or obtain appropriate contractual protection against said risks, especially in the case of investments in unlisted securities. Due diligence cannot guarantee the success of transactions that depend on a variety of factors, many of which are beyond Criteria CaixaHolding's control.

As of 31 December 2014, the net book value of investments in group companies, jointly controlled entities, associates and equity instruments amounted to €2,442 million (being the detail as of 31 December 2014 the following: (i) 'Investments in Group companies' amounted to €15,821 million; (ii) 'Investments in jointly controlled entities and associates' amounted to €6,088 million; (iii) 'Equity instruments' amounted to €533 million) in Criteria CaixaHolding's non-consolidated financial statements, representing 86% of its total assets (Criteria's non-consolidated total assets as of 31 December 2014 amounted to €26,219 million). Criteria CaixaHolding's long term investment strategy can be exemplified through two of its main equity investments: Gas Natural S.D.G., S.A. and Abertis Infraestructuras, S.A. which have been held by Criteria CaixaHolding for more than two decades.

Furthermore, the acquisition of significant shareholdings in listed or unlisted companies may require administrative consents or authorisations that may not be obtained or may be obtained only under conditions that prevent the acquisition or make it unattractive.

Criteria CaixaHolding may be obliged to give representations and warranties in favour of third parties in relation to the sale of some of its equity investments. If such representations and warranties were found to be incorrect, the buyer of the assets could commence legal proceedings against Criteria CaixaHolding.

*B) Market risk could significantly affect the value of Criteria CaixaHolding*

An important percentage of the market value of Criteria CaixaHolding's assets (gross asset value, **GAV**) is related to investments in listed securities (86.7% as of 31 December 2014). Criteria CaixaHolding is therefore exposed to the market risk generally associated with listed companies.

The Issuer has specialised teams which continually monitor its investments, in accordance with the Issuer's level of influence in them, using a combination of indicators which are updated periodically. Also, in conjunction with the Corporate Risk Models and Policies Division of CaixaBank, Criteria CaixaHolding's bank subsidiary after the Spin-Off (See *Section 1 Criteria CaixaHolding's Incorporation and Reorganisation Process*), investment risk measurements are taken, both from the standpoint of the risk inherent in market price volatility using Value at Risk (**VaR**) models on the risk-free interest rate yield spread, and from the point of view of the possibility of default applying models based on the Probability of Default and Loss Given Default approaches, except for the investment in CaixaBank, that is monitored and regulated as a financial business (see *Risk factors specific to the Issuer as the controlling shareholder of CaixaBank*).

Each of these indicators is monitored on an on-going basis to be able to, at any time, make the most appropriate decisions on the basis of the market performance observed and predicted and of the Issuer's strategy.

However, the listed securities in which Criteria CaixaHolding invests are, in any case, exposed to fluctuations in price and trading volumes due to factors beyond Criteria CaixaHolding's control, therefore the occurrence of any of these factors could significantly affect Criteria CaixaHolding and its business performance, adversely affecting, amongst other things, the value of Criteria CaixaHolding, the results of the listed companies in which Criteria CaixaHolding invests and the return on the investments in these companies.

*C) Strategic risk*

Criteria CaixaHolding's ability to implement its strategy will depend on factors such as the correct identification of investment and divestment opportunities or its ability to exercise influence over investees.

Future profits and attractive returns will be conditional upon correct implementation of Criteria CaixaHolding's future strategy, which will depend to a large extent on the skill of its managers in identifying investment opportunities. Therefore, changes in strategy could affect the value of Criteria CaixaHolding.

The fact that Criteria CaixaHolding has an equity interest or board representation in certain investees may prevent it from seizing investment opportunities that may arise in companies in the same industry or that are related parties. The impediments to invest may be triggered, among other factors, by the applicable competition legislation or by any relations with current or potential partners that limit the investment in other entities.

Criteria CaixaHolding's strategy is based on the exercise of significant influence over investees through board representation and on the collaboration in the investees' strategy and project development and implementation. Most of the value of Criteria CaixaHolding's portfolio consists of interests in listed companies, so the acquisition of significant shareholdings in these companies by



third parties or the issuance of ordinary shares by these companies (where Criteria CaixaHolding's interest is diluted) could result in a loss or decrease in Criteria CaixaHolding's ability to exercise such influence or in the need to make further investments to maintain said ability.

Furthermore, Criteria CaixaHolding may acquire minority interests in listed or unlisted companies or invest in operations led by other investors. These acquisitions or investments could be significant and could entail greater risks as a result of Criteria CaixaHolding's relative lack of influence. Criteria CaixaHolding may also have less management information about these investments, which would limit its ability to influence the investees' business decisions.

Identifying and implementing investment strategies or a change of strategy entails risks, including those detailed in the aforementioned paragraphs and in the rest of this section, which could adversely affect Criteria CaixaHolding's future results and profitability.

*D) Criteria CaixaHolding is exposed to currency risk through its investments*

Criteria CaixaHolding is exposed to currency risk through its investments denominated in currencies other than the euro, which are exposed to exchange rate fluctuations.

Criteria CaixaHolding's activities are located in Spain, the rest of Europe and South America. At 31 December 2014, Criteria CaixaHolding's consolidated ordinary income located in other countries (excluding Spain) amounted to €63 million.

Additionally, the business of most of Criteria CaixaHolding's associates and jointly controlled entities is highly diversified in geographical terms, and a high percentage of the recurring results of the investees are obtained in countries other than Spain.

The Issuer's policies, on the basis of the overall quantification of risk, take into account the advisability of arranging either derivative financial instruments or debt in the same currency or currencies as the economic environment of the assets in which the investment is made.

*E) Concentration risk*

Criteria CaixaHolding has a relatively concentrated equity portfolio, due to: (i) industry concentration; (ii) concentration in certain investments; and (iii) concentration in a particular geographical markets.

Based on the current composition of the Issuer's assets, mainly concentrated in the Spanish financial, energy and infrastructure sectors, the Issuer will be subject to economic, political or other conditions that may have a negative effect on these sectors and could negatively impact the Issuer to a greater extent than if its assets were invested in a wider variety of sectors or industries.

*F) Liquidity risk*

The lack of liquidity of some investments may adversely affect Criteria CaixaHolding.

Criteria CaixaHolding's investment strategy may lead it to hold significant interests in listed or unlisted companies whose liquidity may be lower than that of companies in which it holds a smaller stake, independently of the chosen divestment procedure.

The sale of a significant interest in a listed company to a single purchaser could require that the purchaser makes a bid for the entire share capital of the company concerned. Such purchaser may also, depending on the industry and the transaction, be required to obtain (industry or competition-related) administrative consents or authorisations. These factors could increase the financial indebtedness for the purchaser in raising sufficient funds, and the time required to complete the transaction, or even prevent the sale (if the necessary authorisations are not obtained), which could limit the number of potential purchasers and adversely affect the liquidity of the investments currently held by Criteria CaixaHolding.

Placing a significant interest in a listed company in the market with several different purchasers could require a discount in the selling price, depending on market conditions and the characteristics of the security concerned, among other factors.

Some of Criteria CaixaHolding's current or future investments, especially investments in unlisted entities, are and could be subject to significant exit barriers. Criteria CaixaHolding could be forced to hold its interest in these investees for a substantial period before being able to sell them, or only be able to sell them to non-shareholders under the provisions of the articles of association or shareholder agreements, for instance.

Lastly, the shareholder agreements Criteria CaixaHolding has entered into and those that it may enter into in the future to channel some of its investments in listed companies through companies in which it invests with other partners could also, to differing degrees, limit Criteria CaixaHolding's ability to make certain divestments.

The existence of high exit barriers could result in Criteria CaixaHolding retaining the holding of certain investments even when market conditions for sale are optimal, or prevent the sale of investments that are not yielding the expected returns or results.

*G) Criteria CaixaHolding may invest in financial derivatives*

Criteria CaixaHolding has traded in financial derivatives in the past and may continue to trade in exchange-traded and over-the-counter (**OTC**) derivatives for hedging, strategic complementary or divestment purposes, or as trading strategies that may or may not be of speculative nature. Unless conceived as hedging instruments, these instruments entail risks additional to those of cash investments and are especially sensitive to changes in the price of the underlying asset (normally, listed securities).

**Risks associated with the activity of its non-financial investees**

*A) Risks arising from the business sectors of investees*

Criteria CaixaHolding is indirectly subject to the risks associated with the business sectors in which its investees operate. The degree of exposure will depend on the relative weight of the investments in Criteria CaixaHolding's GAV. These risks include the risks arising from Criteria CaixaHolding investments in companies that operate in highly regulated industries, as well as the operational risks faced by investees.

*B) Risks arising from the geographical markets in which the investees operate*

Criteria CaixaHolding is indirectly subject to the risks of the markets in which its investees operate or invest, the degree of exposure depending to a greater or lesser extent on the weight of the investments in Criteria CaixaHolding's GAV and results.

Some of the companies in the investment portfolio as of the date of this Base Prospectus have significant operations and assets in South America and are therefore exposed to the risks specific to this region.

*C) Risks arising from the levels of debt incurred by investees*

Criteria CaixaHolding is indirectly exposed to the risks arising from the level of debt existing in its investees, the degree of exposure depending to a greater or lesser extent on the weight of the investments in its GAV.

As of 31 December 2014, Gas Natural S.D.G., S.A. and Abertis Infraestructuras, S.A. had, respectively, a Net debt / EBITDA ratio of 3.5x (according to Gas Natural S.D.G.'s 2014 quarterly results (January-December)) and 4.4x (according to Abertis Infraestructuras, S.A.'s financial statements and management report for the year ended 31 December 2014). Any failure by its investees to perform their obligations could adversely affect their business, thus harming the Issuer's results and profitability.

Similarly, high levels of borrowing or significant fluctuations in interest rates would increase these companies' finance costs, adversely affecting their results and their ability to pay dividends, thus harming Criteria CaixaHolding's results.

High levels of debt in investees could also adversely affect returns on the investment or even prevent recovery of the investment in extreme cases of default or bankruptcy.

*D) The investees may be involved in corporate transactions, which may adversely affect Criteria CaixaHolding*

Criteria CaixaHolding may be indirectly involved in corporate transactions such as mergers, acquisitions or splits affecting some of its investees. The success of these transactions will depend upon various factors, including market conditions, competition, investor approvals, regulatory approvals, regulatory restrictions or changes in business lines, among others. There is no guarantee that the corporate transactions affecting Criteria CaixaHolding's investees will be completed successfully or that they will be favourable to the investees, in which case Criteria CaixaHolding could be adversely affected.

*E) Criteria CaixaHolding is exposed to currency risk through its portfolio of investee companies*

Criteria CaixaHolding is indirectly exposed to currency risk, a risk to which most of Criteria CaixaHolding's investees are subject due to their transactions, investments or assets denominated in currencies other than the euro, resulting in an exposure to exchange rate fluctuations. Decreases in market values or impacts on the investees' results due to exchange rate fluctuations could affect the investees' ability to pay dividends, thus adversely affecting the results and financial condition of Criteria CaixaHolding.

*F) Risks arising from the existence of litigation in the investees*

Criteria CaixaHolding is exposed to the risks its investees may incur as a result of the existence of legal proceedings arising from the conduct of their business and any corporate transactions in which they may be involved.

The outcome of these legal proceedings may entail substantial costs for the investees, adversely affecting their results, their ability to pay dividends and, consequently, their value.

#### **Risk factors specific to the Issuer as the controlling shareholder of CaixaBank**

Criteria CaixaHolding and its subsidiaries (the **Criteria CaixaHolding Group**, the **Criteria Group** or the **Group**) are part of the "la Caixa" Group. The "la Caixa" Banking Foundation (the former "la Caixa") is the sole shareholder of Criteria CaixaHolding and the parent of the "la Caixa" Group.

As a consequence of the Reorganisation and Spin Off (See Section 1 of this Base Prospectus *Criteria CaixaHolding's Incorporation and Reorganisation Process*), Criteria CaixaHolding has superseded the "la Caixa" Banking Foundation as CaixaBank's controlling shareholder. Thus, Criteria CaixaHolding, as the controlling company of CaixaBank and its subsidiaries (the **CaixaBank Group**), has inherited the main risks of the "la Caixa" Banking Foundation in respect of CaixaBank.

It should be highlighted that as the Criteria CaixaHolding Group includes the CaixaBank Group, most of the risks to which the Group is exposed and that it manages, stem from the CaixaBank Group's banking and insurance activity. Details of the risks to which the CaixaBank Group is exposed and its risk management, organisational and governance structure are therefore provided herein. The amounts shown are the consolidated figures for the Criteria Group, although these do not differ significantly from those for the CaixaBank Group.

As the Reorganisation and Spin-Off occurred in 2014, Criteria CaixaHolding Group figures shown below refer to 31 December 2014 and, therefore, are not comparable with those as of 31 December 2013.

#### A) *Credit risk*

Credit risk is the most significant risk item on Criteria Group's balance sheet, and arises from the banking and insurance business, treasury operations and the equity portfolio. The maximum credit risk exposure at 31 December 2014 of financial instruments recognised under *Held-for-trading portfolio*, *Available-for-sale financial assets*, *Loans and receivables*, *Held-to-maturity investments*, *Hedging derivatives*, *Contingent liabilities and Contingent commitments*, does not differ significantly from the carrying amount.

Details of the various items which comprise Criteria Group's assets are available in the consolidated audited financial statements of Criteria CaixaHolding Group for 2014.

The following credit risk issues must be highlighted:

##### Customer credit risk

CaixaBank gears its lending activity towards meeting the finance needs of households and businesses. Its credit risk management is characterised by a prudent approvals policy and appropriate coverage.

The lending portfolio is highly diversified and credit risk is therefore reduced. In terms of geographic distribution, lending activity is mainly concentrated in Spain.

Criteria Group's doubtful loans amounted to €20,118 million at 31 December 2014.

Criteria Group's provisions for loans and contingent liabilities were €1,136 million at 31 December 2014, representing a non-performing loan coverage ratio of 55.35% (such ratio results from dividing Criteria Group's provisions for loans and contingent liabilities that amounted to €1,136 million by Criteria Group's doubtful loans that amounted to €20,118 million).

##### Policies and strategies relating to problematic assets in the construction and property development sector

The underlying objective guiding the management of Criteria Group's problematic assets in the real estate sector is to help borrowers meet their obligations.

First, with the commitment of shareholders and other companies within the borrower group, the possibility of granting grace periods is considered, so that the financed plot of land can be developed, ongoing property development can be completed and finished units can be sold.

With regard to refinancing operations, the aim is to add new guarantees to reinforce those already in place. The policy is to not exhaust the current margin of value provided by the initial guarantees with further mortgages.

For completed projects, the possibility of providing assistance with the sale is analysed through Servihabitat Servicios Inmobiliarios, S.L., which is 49% owned by CaixaBank.

Criteria CaixaHolding owns the real estate assets deriving from "la Caixa" lending activity before the reorganisation of the "la Caixa" Group that took place in mid-2011. Since then, no significant assets have been purchased. As of 31 December 2014 foreclosed assets (net of provisions) directly owned by Criteria Group amounted to €1,636 million (€1,673 million at 31 December 2013). Most of Criteria CaixaHolding's real estate assets are managed through Servihabitat Servicios Inmobiliarios in conjunction with Criteria CaixaHolding's Asset Management area.

Since the reorganisation in mid-2011 of the "la Caixa" Group, BuildingCenter, S.A.U. (a wholly-owned subsidiary of CaixaBank) owns the real estate assets deriving from CaixaBank Group's lending activity.

At 31 December 2014, the accumulated volume of assets entrusted to BuildingCenter, S.A.U. for administration amounts to €6,515 million, of which €1,348 thousand relate to assets handed over to BuildingCenter, S.A.U. in 2014.

In accordance with Criteria CaixaHolding's reporting transparency policy and the guidelines of the Bank of Spain, the main data at 31 December 2014 for the Criteria CaixaHolding Group (and, where applicable, 31 December 2013) regarding financing for property development, home purchasing and foreclosed assets is discussed below.

The tables below show financing for real estate developers and developments, including development carried out by non-developers, at 31 December 2014 for the Criteria CaixaHolding Group. The excess over the value of the guarantee is calculated as the difference between the gross amount of the loan and the value of the rights in rem received as collateral after applying the weightings set out in Appendix IX of Bank of Spain Circular 4/2004, of 22 December, as amended (**Circular 4/2004**).

Thousands of euro	31.12.2014		
	Gross amount	Excess over value of collateral	Specific allowance
<b>Credit recognised by Criteria Group's credit institutions</b>	14,068,609	3,358,143	4,386,601
Of which: Doubtful	7,679,126	2,971,372	4,173,832
<i>Mortgage</i>	6,568,300	2,971,372	3,172,595
<i>Personal</i>	1,110,826		1,001,237
Of which: Substandard	606,373	76,342	212,770
<i>Mortgage</i>	570,526	76,342	195,875
<i>Personal</i>	35,847		16,895
Memorandum items			
Asset write-offs	4,197,749		

At 31 December 2014, the level of coverage (which amounted to €4,387 million) for real estate developers and developments considered as problematic assets (doubtful and substandard, which amounted to €8,285 million at 31 December 2014) stood at 52.94%.

The tables below show the breakdown of Criteria Group's financing for real estate developers and developments, including developments carried out by non-developers, by type of collateral:

By type of collateral (Thousands of euro)	Gross amount
	31.12.2014
<b>Without mortgage collateral</b>	<b>1,698,855</b>
<b>With mortgage collateral</b>	<b>12,369,754</b>
Completed buildings	9,040,157
<i>Homes</i>	6,315,031
<i>Other</i>	2,725,126
Buildings under construction	1,068,288
<i>Homes</i>	923,201
<i>Other</i>	145,087
Land	2,261,309
<i>Built land</i>	725,352
<i>Other</i>	1,535,957
<b>Total</b>	<b>14,068,609</b>

The breakdown of home purchase loans at 31 December 2014 is as follows:

By type of collateral (Thousands of euro)	Gross amount
	31.12.2014
Without mortgage collateral	790,215
<i>Of which: doubtful</i>	6,838
With mortgage collateral	80,356,912
<i>Of which: doubtful</i>	3,263,520
<b>Total home loans</b>	<b>81,147,127</b>

The loan to value (LTV) ratio of home purchase loans with a mortgage guarantee at 31 December 2014 was:

31.12.2014 (Thousands of euro)	LTV ranges					TOTAL
	LTV ≤ 40%	40% < LTV ≤ 60%	60% < LTV ≤ 80%	80% < LTV ≤ 100%	LTV > 100%	
Gross amount	15,345,802	27,488,184	30,411,023	6,311,877	800,026	80,356,912
<i>Of which: doubtful</i>	197,651	653,929	1,601,104	615,012	195,824	3,263,520

**Note:** LTV is calculated based on appraisals available at the grant date. The ranges are updated for doubtful transactions in accordance with prevailing regulations.

The tables below show Criteria Group's foreclosed assets by source and type of property at 31 December 2014 and 31 December 2013, respectively:

(Thousands of euro)	31.12.2014					
	Net carrying amount			Of which: allowances (*)		
	Criteria	CaixaBank	Total	Criteria	CaixaBank	Total
<b>Property acquired from loans to real estate constructors and developers</b>	<b>1,308,223</b>	<b>4,921,102</b>	<b>6,229,325</b>	<b>(2,158,319)</b>	<b>(6,593,964)</b>	<b>(8,752,283)</b>
Completed buildings	324,859	2,519,215	2,844,074	(302,679)	(2,202,944)	(2,505,623)
<i>Homes</i>	<i>238,902</i>	<i>1,930,237</i>	<i>2,169,139</i>	<i>(210,285)</i>	<i>(1,699,149)</i>	<i>(1,909,434)</i>
<i>Other</i>	<i>85,957</i>	<i>588,978</i>	<i>674,935</i>	<i>(92,394)</i>	<i>(503,795)</i>	<i>(596,189)</i>
Buildings under construction	48,182	352,643	400,825	(71,980)	(560,973)	(632,953)
<i>Homes</i>	<i>42,950</i>	<i>305,895</i>	<i>348,845</i>	<i>(63,126)</i>	<i>(494,604)</i>	<i>(557,730)</i>
<i>Other</i>	<i>5,232</i>	<i>46,748</i>	<i>51,980</i>	<i>(8,854)</i>	<i>(66,369)</i>	<i>(75,223)</i>
Land	935,182	2,049,244	2,984,426	(1,783,660)	(3,830,047)	(5,613,707)
<i>Built land</i>	<i>274,326</i>	<i>1,115,601</i>	<i>1,389,927</i>	<i>(530,903)</i>	<i>(1,768,878)</i>	<i>(2,299,781)</i>
<i>Other</i>	<i>660,856</i>	<i>933,643</i>	<i>1,594,499</i>	<i>(1,252,757)</i>	<i>(2,061,169)</i>	<i>(3,313,926)</i>
<b>Property acquired in mortgage loans to homebuyers (1)</b>	<b>220,218</b>	<b>1,080,671</b>	<b>1,300,889</b>	<b>(245,322)</b>	<b>(909,000)</b>	<b>(1,154,322)</b>
<b>Other property foreclosures</b>	<b>107,912</b>	<b>716,754</b>	<b>824,666</b>	<b>(115,953)</b>	<b>(703,524)</b>	<b>(819,477)</b>
<b>Equity instruments, investments and financing granted to unconsolidated companies holding these assets</b>			<b>0</b>			<b>0</b>
<b>Total</b>	<b>1,636,353</b>	<b>6,718,527</b>	<b>8,354,880</b>	<b>(2,519,594)</b>	<b>(8,206,488)</b>	<b>(10,726,082)</b>

(\*) Allowance corresponds to the difference between the value of the cancelled gross debt and the net carrying amount.

(1) Does not include foreclosure rights deriving from auctions in the amount of €745 million, net.

(Thousands of euro)	31.12.2013	
	Net carrying amount	Of which: allowances (*)
<b>Property acquired from loans to real estate constructors and developers</b>	<b>1,345,232</b>	<b>(2,214,951)</b>
Completed buildings	353,883	(294,372)
<i>Homes</i>	266,588	(206,810)
<i>Other</i>	87,295	(87,562)
Buildings under construction	62,042	(107,157)
<i>Homes</i>	56,887	(97,981)
<i>Other</i>	5,155	(9,176)
Land	929,307	(1,813,422)
<i>Built land</i>	279,138	(532,637)
<i>Other</i>	650,169	(1,280,785)
<b>Property acquired from mortgage loans to homebuyers</b>	<b>294,384</b>	<b>(264,907)</b>
<b>Other property foreclosures</b>	<b>32,919</b>	<b>(41,965)</b>
<b>Equity instruments, investments and financing granted to non-consolidated companies holding these assets</b>		
<b>Total</b>	<b>1,672,535</b>	<b>(2,521,823)</b>

(\*) Allowance corresponds to the difference between the value of the cancelled gross debt and the net carrying amount.

### NPL ratio

The non-performing loans (NPL) ratio (doubtful loans as a percentage of total risk) at the Criteria CaixaHolding Group level stood at 9.76% at 31 December 2014, which is still lower than the ratio for the Spanish financial system as a whole (which, according to the figures of the Bank of Spain for December 2014, stood at 12.51%).

### Refinancing policies

Through refinancing, the risks associated with those customers in arrears are redesigned to adapt to the customers' financial situation and assist such customers in meeting their repayment obligations. On 2 October 2012, the Bank of Spain released Circular 6/2012, of 28 September which includes the treatment and classification of refinancing and debt restructuring operations. It considers as refinancing operations the refinanced and restructured operations as described in the Circular.

The Group has a detailed customer debt refinancing policy, which complies with Circular 6/2012 and contains the same general principles issued by the European Banking Authority for this type of operation.

The current economic juncture calls for policies to provide certain financial assistance to customers, within a framework approved by the corresponding financial entity's management while ensuring that refinancing processes are compliant with prevailing standards. In this respect, CaixaBank has also adhered to the Code of Good Practices for the viable restructuring of mortgage debts on primary residences included in Royal Decree-Law 6/2012, of 9 March, on urgent measures to protect



mortgagors without funds, as amended by Law 1/2013, of 14 May, on measures to strengthen the protection of mortgage borrowers, debt restructuring and subsidised housing rentals.

In general, the facilities granted to customers to comply with commitments do not entail any substantial change to the original contracts in respect of accounting recognition. Therefore, the restructuring or renegotiation measures applied do not generally lead to derecognition of the original asset and recognition of a new transaction.

The risk management procedures and policies applied allow for detailed monitoring of credit transactions at all times. In this regard, during the monitoring process provisions for impairment are assigned to those transactions for which the terms may need to be changed due to evidence of impairment of the borrower's solvency. Therefore, as these transactions are correctly classified and valued, no additional provisions emerge in relation to the impairment of refinanced loans.

#### Information on sovereign risk exposure

Criteria Group's position in sovereign debt, which is concentrated in CaixaBank and the insurance group, is subject to its general risk-taking policy, which ensures that all positions taken are aligned with the target risk profile.

The carrying amounts of the main items related to sovereign risk exposure at 31 December 2014 and 2013 are shown below:

31.12.2014 (CaixaBank)						
(Thousands of euro)		Held for trading		Available -for-sale financial assets	Loans and receivables	Held to maturity investments
		Debt securities	Short positions			
Country	Residual maturity					
Spain	Less than 3 months	75,957	(74,000)	849,758	1,158,875	1,808,771
	Between 3 months and 1 year (1)	56,724	(837,841)	7,075,100	3,699,651	2,458,528
	Between 1 and 2 years	359,499	(59,697)	1,438,950	635,680	1,131,940
	Between 2 and 3 years (2)	117,733	(135,012)	1,295,807	905,539	514,461
	Between 3 and 5 years	160,206	(86,613)	5,140,335	2,100,705	
	Between 5 and 10 years	473,627	(279,617)	6,645,401	3,534,157	395,535
	Over 10 years	239,362	(322,303)	8,109	1,926,766	
	<b>Total</b>	<b>1,483,108</b>	<b>(1,795,083)</b>	<b>22,453,460</b>	<b>13,961,373</b>	<b>6,309,235</b>
Italy	Less than 3 months	1,436	-	-	-	-
	Between 3 months and 1 year	10,678	-	-	-	-

31.12.2014 (CaixaBank)						
(Thousands of euro)		Held for trading				
		Debt securities	Short positions	Available -for-sale financial assets	Loans and receivables	Held to maturity investments
Country	Residual maturity					
	Between 1 and 2 years	25,994	(9,691)	-	-	-
	Between 2 and 3 years	4,791	(24,286)	-	-	-
	Between 3 and 5 years	22,227	(3,319)	-	-	-
	Between 5 and 10 years	16,490	(18,763)	-	-	-
	Over 10 years	1,313	(18,324)	-	-	-
	<b>Total</b>	82,929	(74,383)	-	-	-
Other (3)	Less than 3 months	150,005	-	852	21,863	-
	Between 3 months and 1 year	100,020	-	-	-	-
	Between 1 and 2 years		-	408,878	-	-
	Between 2 and 3 years	1,170	-	-	-	-
	Between 3 and 5 years	2,299	-	-	-	-
	Between 5 and 10 years	1,130	-	-	-	-
	<b>Total</b>	254,624	-	409,730	21,863	-
<b>Total countries</b>		<b>1,820,661</b>	<b>(1,869,466)</b>	<b>22,863,190</b>	<b>13,983,236</b>	<b>6,309,235</b>

(1) “Loans and receivables” includes €17 million from CaixaRenting, S.A. and €0.6 million from Caixa Card 1 EFC, S.A.U.

(2) “Available-for-sale financial assets” includes €4.9 million from InverCaixa Gestión, SGIIC, S.A.

(3) “Other” includes mainly France, Germany, Morocco and The Netherlands.

31.12.2014 (Insurance group)						
(Thousands of euro)		Held for trading		Available-for-sale financial assets	Loans and receivables	Held to maturity investments
		Debt securities	Short positions			
Country	Residual maturity	-	-			
Spain	Less than 3 months	-	-	271,073		
	Between 3 months and 1 year	-	-	361,220		
	Between 1 and 2 years	-	-	1,138,128		
	Between 2 and 3 years	-	-	1,168,526		
	Between 3 and 5 years	-	-	1,542,944		
	Between 5 and 10 years	-	-	5,058,263		
	Over 10 years	-	-	25,170,099	-	-
	<b>Total</b>	-	-	<b>34,710,253</b>	-	-
Belgium	Less than 3 months	-	-	0	-	-
	Between 3 months and 1 year	-	-	2,083	-	-
	Between 1 and 2 years	-	-	567	-	-
	Between 2 and 3 years	-	-	154	-	-
	Between 3 and 5 years	-	-	3,965	-	-
	Between 5 and 10 years	-	-	11,021	-	-
	Over 10 years	-	-	123	-	-
	<b>Total</b>	-	-	<b>17,913</b>	-	-
Ireland	Between 5 and 10 years	-	-	1,856	-	-
	<b>Total</b>	-	-	<b>1,856</b>	-	-

31.12.2014 (Insurance group)						
(Thousands of euro)		Held for trading				
		Debt securities	Short positions	Available-for-sale financial assets	Loans and receivables	Held to maturity investments
Country	Residual maturity	-	-			
Italy	Less than 3 months	-	-	9,499	-	-
	Between 3 months and 1 year	-	-	14,791	-	-
	Between 1 and 2 years	-	-	17,636	-	-
	Between 2 and 3 years	-	-	21,250	-	-
	Between 3 and 5 years	-	-	18,720	-	-
	Between 5 and 10 years	-	-	100,067	-	-
	Over 10 years	-	-	1,327,703	-	-
	<b>Total</b>	-	-	<b>1,509,666</b>	-	-
Other (1)	Less than 3 months	-	-	878	-	-
	Between 3 months and 1 year	-	-	495	-	-
	Between 1 and 2 years	-	-	1,528	-	-
	Between 2 and 3 years	-	-	2,436	-	-
	Between 3 and 5 years	-	-	3,365	-	-
	Between 5 and 10 years	-	-	11,519	-	-
	Over 10 years	-	-	64,252	-	-
	<b>Total</b>	-	-	<b>84,473</b>	-	-
<b>Total countries</b>		-	-	<b>36,324,161</b>	-	-
<b>Total CaixaBank Group</b>		<b>1,820,661</b>	<b>(1,869,466)</b>	<b>59,187,351</b>	<b>13,983,236</b>	<b>6,309,235</b>

(1) "Other" includes mainly France, Austria, Germany and The Netherlands.

## B) *Market risk*

The financial activity of credit institutions involves assuming market risk, which includes exposures to various sources: balance-sheet risk arising from interest rate and exchange rate fluctuations, the risk caused by taking up treasury positions or the risk associated with equity investments which are part of the Group's diversification business. In all instances, risk refers to the potential loss of profitability or portfolio value as a result of adverse fluctuations in market rates or prices.

There are two types of measurement which constitute a common denominator and market standard for the measurement of this risk: sensitivity and VaR.

The sensitivity analysis provides information concerning the impact on the economic value of positions of a rise in interest rates, exchange rates, prices or volatility, but does not provide any assumptions as to the likelihood of such changes.

In order to standardise risk measurement across the entire portfolio, and to produce certain assumptions regarding the extent of changes in market risk factors, the VaR methodology (VaR: statistical estimate of potential losses from historical data on price fluctuations) is employed using a one-day time horizon and a statistical confidence level of 99%. In other words, under normal market conditions, 99 times out of 100 actual daily losses sustained will be less than the losses estimated under the VaR method.

The main factors affecting market risk are as follows: interest rate risk, foreign currency risk, share price risk, inflation risk, commodity price risk, credit spread risk and volatility risk. In addition, there are other, more complex types of market risks, including correlation risk and dividend risk.

### Mitigation of market risk

Formalising and updating the risk appetite presented to the governing bodies delimits and validates that the market risk metrics defined by the CaixaBank Group are commensurate with the established risk tolerance levels. The CaixaBank Group's risk appetite framework (**Risk Appetite Framework** or **RAF**) approved by CaixaBank's Board of Directors sets a limit for VaR with a one-day time horizon and confidence level of 99% for all trading activities of €20 million.

In addition to CaixaBank Group's Risk Appetite Framework, as a holding company, Criteria has set its own limit for VaR, approved by Criteria CaixaHolding's Board of Directors in 2012:

- VaR limit of €2 million for trading derivative transactions.
- Stressed VaR limit of €5 million for trading derivative transactions. The authorised VaR and stressed VaR thresholds will climb to €3 million and €7.5 million, respectively, if the position generating the risk involves the sale of calls aimed at closing the price of a highly probable future sale of portfolio assets.
- Weekly stop-loss of €3.5 million.

As part of the required monitoring and control of the market risks taken, management approves a structure of overall VaR limits in line with the Risk Appetite Framework, complemented by the definition of VaR sublimits, stressed VaR and incremental default and migration risk, stress test results, maximum losses and sensitivities for the various management units that could assume market risk in the trading activities of the Treasury Desk. The risk factors are managed by CaixaBank's Executive Finance Division using economic hedges as appropriate within the scope of its responsibility on the basis of the return/risk ratio determined by market conditions and expectations, always within the assigned limits.

CaixaBank's Risk in Market Operations Division is in charge of monitoring compliance with these thresholds and the risks assumed, and reporting excesses to the areas in charge of their resolution and subsequent monitoring. To do so, it produces a daily report on position, risk quantification and the

utilisation of risk thresholds, which is distributed to CaixaBank Management, Treasury Desk officers and the Internal Audit division.

Beyond the trading portfolio, noteworthy for accounting purposes is the use of tools such as fair value micro and macro hedges to eliminate potential accounting mismatches between the balance sheet and income statement caused by the different treatment of hedged instruments and their hedges at market values. In the area of market risk, levels for each macro hedge are established and monitored, expressed as ratios between total risk and the risk of the hedged items.

#### Market risk cycle

The Risk in Market Operations Division, in the Corporate Global Risk Management Division within CaixaBank's General Risks Division, is responsible for valuing financial instruments in addition to measuring, monitoring and following up on associated risks and estimating the counterparty risk and operational risk associated with financial market activities. To perform its functions, on a daily basis this directorate monitors the contracts traded, calculates how changes in the market will affect the positions held (daily marked-to-market result), quantifies the market risk assumed, monitors compliance with the thresholds, and analyses the ratio of actual returns to the assumed risk.

In addition to tasks performed by CaixaBank's Risk in Market Operations Division, its Executive Technical Secretariat and Validation Division performs internal validation of the models and methodologies used to quantify and monitor market risk.

The initial version of the internal model for estimating capital for market risk in trading activities was approved by the Bank of Spain in 2006 pursuant to Circular 3/2003. This circular has been repealed for those purposes by Regulation (EU) 575/2013 (**CRR**). The scope of the model covers virtually all the strict treasury positions and the trading derivatives over investees.

Two methodologies are used to obtain this measurement:

- The parametric VaR technique, based on the statistical treatment of parameters such as volatility and matching fluctuations in the prices and interest and exchange rates of the assets comprising the portfolio. In accordance with the recommendations of the Basel Committee on Banking Supervision, it is applied using two time horizons: a 75-day data window, giving more weight to recent observations, and a one-year data window, giving equal weight to all observations.
- The historical VaR technique, which calculates the impact on the value of the current portfolio of historical changes in risk factors. Daily changes over the last year are taken into account and, with a confidence level of 99%, VaR is taken to be the third worst impact on the value of the portfolio.

Historical VaR is an extremely useful system for completing the estimates obtained by the parametric VaR technique, since it does not include any assumptions on the statistical behaviour of risk factors. The parametric VaR technique assumes fluctuations that can be modelled using normal statistical distribution. Historical VaR is also an especially suitable technique since it includes non-linear relationships between the risk factors, although it must be said that the risk associated with options has been a minor risk.

A downgrade in the credit rating of asset issuers can also give rise to adverse changes in quoted market prices. Accordingly, CaixaBank's Risk in Market Operations Division completes the quantification of market risk with an estimate of the losses arising from changes in the volatility of the credit spread on private fixed-income positions (Spread VaR) using the historical methodology, which constitutes an estimate of the specific risk attributable to issuers of securities.

Total VaR results from the aggregation of VaR arising from fluctuations in interest rates, exchange rates (and the volatility of both) and from the Spread VaR, which are aggregated on a conservative basis, assuming zero correlation between the two groups of risk factors, and the addition of Equities

VaR and Commodities VaR, assuming in both cases a correlation of one with the other risk factor groups.

In 2014, the average 1-day VaR at 99% for trading activities was €4.6 million. The highest market risk levels, up to €8.3 million, were reached in January, mainly as VaR anticipates a potentially negative movement in the daily market value of equity positions (mainly transactions with equity derivatives).

At 31 December 2014, structured credit exposure at CaixaBank including the trading portfolio was residual and is measured at market prices.

*C) Structural balance sheet interest rate risk*

Interest rate risk is managed and controlled directly by CaixaBank's management through CaixaBank's Asset-Liability Committee (**ALCO**). Under the scope of the Risk Appetite Framework, the competent bodies monitor and validate that the interest rate risk metrics defined for the CaixaBank Group are commensurate with the established risk tolerance levels.

CaixaBank's management of this type of risk has a two-fold objective: first, to reduce the sensitivity of net interest income to interest rate fluctuations; and second, to preserve the economic value of the balance sheet. To attain these objectives, risk is actively managed by arranging additional hedging transactions on financial markets to supplement the natural hedges generated on its own balance sheet as a result of the complementary nature of the sensitivity to interest rate fluctuations of the deposits and lending transactions arranged with customers or other counterparties.

The Executive Finance Division is responsible for analysing and managing this risk, and proposing hedging transactions, management of the fixed-income portfolio or other appropriate actions to the ALCO to achieve this dual objective.

At 31 December 2014, CaixaBank used fair value macro-hedges as a strategy to mitigate its exposure to interest rate risk and to preserve the economic value of its balance sheet.

In 2013, CaixaBank arranged a macro-hedge against cash flow interest rate risk. By entering into financial derivatives in the market, this macro-hedge hedges the risk of fixing interest rates on CaixaBank's loans indexed to the 12-month Euribor rate. This cash flow macro-hedge was active throughout 2014, with the latest hedge expiring in December 2014.

The sensitivity to interest rates and the expected terms to maturity have been analysed for items without a contractual maturity date (such as demand accounts) on the basis of past experience of customer behaviour, including the possibility that the customer may withdraw the funds invested in this type of product. For other products, in order to define the assumptions for early termination, internal models are used which include behavioural variables of customers, products, seasonality and macro-economic variables to ascertain the future operations of customers.

The table below shows, using a static gap, the breakdown of maturities and interest rate resets at 31 December 2014 of sensitive items on Criteria Group's balance sheet.

(Thousands of euro)	Matrix of maturities and revaluations of the sensitive balance sheet at 31.12.2014					
	1 year	2 years	3 years	4 years	5 years	> 5 years
<b>ASSETS</b>						
Mortgage collateral	96,087,546	14,508,332	1,311,003	1,192,387	1,061,051	8,550,309
Other guarantees	41,476,466	2,245,930	1,215,395	552,506	598,514	2,152,639
Debt securities	18,656,119	2,219,221	1,420,866	512,805	4,014,468	6,339,370
<b>Total assets</b>	<b>156,220,131</b>	<b>18,973,483</b>	<b>3,947,264</b>	<b>2,257,698</b>	<b>5,674,033</b>	<b>17,042,318</b>
<b>LIABILITIES</b>						

(Thousands of euro)	Matrix of maturities and revaluations of the sensitive balance sheet at 31.12.2014					
	1 year	2 years	3 years	4 years	5 years	> 5 years
Customer funds	115,513,226	28,132,001	4,838,721	4,273,501	4,237,304	20,178,914
Issues	18,264,247	6,649,460	6,252,048	4,111,231	3,058,973	11,524,401
Money market, net	4,505,270	883,407	244,917	6,995,803	427,500	375,679
<b>Total liabilities</b>	<b>138,282,743</b>	<b>35,664,868</b>	<b>11,335,686</b>	<b>15,380,535</b>	<b>7,723,777</b>	<b>32,078,994</b>
<b>Assets less liabilities</b>	<b>17,937,388</b>	<b>(16,691,385)</b>	<b>(7,388,422)</b>	<b>(13,122,837)</b>	<b>(2,049,744)</b>	<b>(15,036,676)</b>
<b>Hedges</b>	<b>(27,533,527)</b>	<b>5,807,197</b>	<b>4,006,751</b>	<b>4,522,958</b>	<b>1,308,646</b>	<b>11,887,975</b>
<b>Total difference</b>	<b>(9,596,139)</b>	<b>(10,884,188)</b>	<b>(3,381,671)</b>	<b>(8,599,879)</b>	<b>(741,098)</b>	<b>(3,148,701)</b>

Interest rate risk in the banking book is subject to specific control and includes various risk measures, such as analysis of the sensitivity of net interest income and the present value of future cash flows (impact of 1 basis point), VaR measures and stochastic measures, such as EaR (Earnings at Risk), to changes in interest rates.

The variability of net interest income shows the impact on the review of balance sheet transactions caused by changes in the interest rate curve. This sensitivity is determined by comparing a net interest income simulation, at one or two years, on the basis of various interest rate scenarios. The most likely scenario, which is obtained using the implicit market rates, is compared against other scenarios of rising or falling interest rates and parallel and non-parallel movements in the slope of the curve. The one-year sensitivity of net interest income to sensitive balance sheet assets and liabilities, taking account of scenarios of rising and falling interest rates of 100 basis points each is approximately -0.73% on the rising scenario and -0.59% on the falling scenario. Given the current level of interest rates, it should be pointed out that the scenario of a -100bp fall does not imply the application of negative interest rates.

The sensitivity of equity to interest rates measures the effect of interest rate fluctuations on the economic value of equity items.

As a supplement to these measurements of sensitivity, VaR measures are applied in accordance with treasury-specific methodology.

In accordance with current regulations, Criteria CaixaHolding Group does not use its own funds for the structural interest rate risk assumed, in view of the low risk profile of its balance sheet. The interest rate risk in the banking book assumed by the Criteria CaixaHolding Group is substantially below levels considered significant (outliers) under current regulations. In keeping with regulations, the Issuer continues to work on measures which will improve the monitoring and management of balance sheet interest rate risk.

#### Currency risk

Currency risk is the risk created mainly by potential fluctuations in the value of foreign currency-denominated assets and liabilities.

The equivalent euro value of foreign currency assets and liabilities held by the Criteria CaixaHolding Group at 31 December 2014 is as follows:



(Thousands of euro)	31.12.2014
<b>Total foreign currency assets</b>	<b>6,377,649</b>
Financial assets held for trading	610,697
Loans and receivables	3,545,885
<i>Loans and advances to credit institutions</i>	<i>357,841</i>
<i>Customer loans and advances</i>	<i>3,188,044</i>
Investments <sup>(1)</sup>	2,155,704
Other assets	65,093
<b>Total foreign currency liabilities</b>	<b>7,223,949</b>
Financial liabilities at amortised cost	6,560,310
<i>Deposits from central banks</i>	<i>3,686,863</i>
<i>Deposits from credit institutions</i>	<i>230,051</i>
<i>Customer deposits</i>	<i>1,884,894</i>
<i>Marketable debt securities</i>	<i>595,190</i>
<i>Other</i>	<i>163,312</i>
Other liabilities	663,639

(1) At 31 December 2014, the Criteria CaixaHolding Group had an exposure of €1,455 million in Hong Kong dollars on its ownership interest in The Bank of East Asia, Ltd, and of €1,280 million in Mexican pesos on its ownership interest in GF Inbursa, at market value.

The remaining minor foreign currency positions are chiefly held with credit institutions in major currencies (e.g. dollars, sterling and Swiss francs). The methods for quantifying these positions, which are the same, are applied alongside the risk measurements used for the treasury activity as a whole.

The percentage breakdown, by currency, of loans and receivables and financial liabilities at amortised cost is as follows:

(Percentage)	31.12.2014
<b>Loans and receivables</b>	100
US dollar	69
Pound sterling	11
Mexican peso	4
Swiss franc	3
Japanese yen	7
Canadian dollar	2
Other	4
<b>Investments</b>	100
Mexican peso	34
Hong Kong dollar	66
<b>Financial liabilities at amortised cost</b>	100
US dollar	81

(Percentage)	31.12.2014
Pound sterling	16
Other	3

*D) Liquidity risk*

Criteria CaixaHolding Group manages liquidity in such a way as to ensure that it is always able to meet its obligations on a timely basis and never allows its investment activities to be restricted by a lack of lendable funds.

The ALM (Asset and Liability Management) and Financing Division, which reports to CaixaBank's Executive Finance Division, is responsible for analysis and managing liquidity risk, ensuring that liquid assets are permanently available in the balance sheet, i.e. minimising the liquidity risk in the banking book under the guidelines established by the ALCO. The analysis is performed both under normal market conditions and under extraordinary situations, in which various specific, systemic and combined crisis scenarios are considered, involving different severity assumptions in terms of reduced liquidity.

CaixaBank Group's ALCO is in charge of managing, monitoring and controlling liquidity risk. To do so, it monitors, on a monthly basis, compliance with the Risk Appetite Framework, CaixaBank's long-term funding plan, trends in liquidity, expected gaps in the balance sheet structure, indicators and alerts to anticipate a liquidity crisis so that it can take corrective measures in accordance with the Liquidity Contingency Plan. It also analyses the potential liquidity levels under each of the hypothetical crisis scenarios.

On the basis of the analyses, a Contingency Plan is drawn up and approved by the Board of Directors of CaixaBank. The Contingency Plan provides an action plan for each of the crisis scenarios (systemic, specific and combined) detailing the commercial, institutional and disclosure measures to be taken to deal with each such scenario, including the possibility of using a number of stand-by reserves or extraordinary sources of finance.

The Liquidity Division, which reports to CaixaBank's Executive Finance Division, manages short-term liquidity. To assist with this management process, a daily breakdown of liquidity by due dates is made available by drawing up projections of future flows, providing information on the time structure of liquid assets at all times. This daily monitoring task is performed on the basis of the contractual maturity dates of the transactions.

The detail, by contractual term to maturity of the balances of certain items on the CaixaBank non-consolidated balance sheet at 31 December 2014 (excluding in some cases valuation adjustments) in a scenario of normal market conditions, is as follows:

31.12.2014 (Millions of euro)	Demand	< 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Total
<b>Assets</b>							
Cash and deposits at central banks	4,157	-	-	-	-	-	4,157
Held for trading- Debt securities	-	130	98	230	800	792	2,050
Trading derivatives	-	1,712	82	133	2,892	9,262	14,081
Available-for-sale debt securities	-	778	940	6,297	9,531	6,735	24,281
Loans and receivables:	528	22,669	5,939	20,918	64,340	111,964	226,358

<b>31.12.2014</b> <b>(Millions of euro)</b>	<b>Demand</b>	<b>&lt; 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
<i>Loans and advances to credit institutions</i>	107	1,974	143	66	1,899	106	4,295
<i>Loans and advances to customers</i>	421	20,695	5,616	19,868	61,897	110,737	219,234
<i>Debt securities</i>	-		180	984	544	1,121	2,829
Held-to-maturity investments	-	1,885	268	4,492	2,550	413	9,608
Hedging derivatives	-	42	9	179	1,805	3,139	5,174
<b>Total assets</b>	<b>4,685</b>	<b>27,216</b>	<b>7,336</b>	<b>32,249</b>	<b>81,918</b>	<b>132,305</b>	<b>285,709</b>
<b>Liabilities</b>							
Trading derivatives	-	1,602	74	130	2,088	10,118	14,012
Financial liabilities at amortised cost:	87,792	42,215	20,509	47,415	50,723	12,867	261,521
<i>Deposits from central banks</i>	-	2,243	1,930	1,112	6,868		12,153
<i>Deposits from credit institutions</i>	-	4,837	4,646	551	2,861	526	13,421
<i>Customer deposits</i>	86,545	32,224	10,934	41,510	23,732	1,619	196,564
<i>Marketable debt securities</i>	-	2,654	2,054	3,288	16,757	6,474	31,227
<i>Subordinated liabilities</i>	-	-	-	52	169	4,248	4,469
<i>Other financial liabilities</i>	1,247	257	945	902	336		3,687
<i>Hedging derivatives</i>	-	56	22	141	353	304	876
<b>Total liabilities</b>	<b>87,792</b>	<b>43,873</b>	<b>20,605</b>	<b>47,686</b>	<b>53,164</b>	<b>23,289</b>	<b>276,409</b>
<b>Assets less liabilities</b>	<b>(83,107)</b>	<b>(16,657)</b>	<b>(13,269)</b>	<b>(15,437)</b>	<b>28,754</b>	<b>109,016</b>	<b>9,300</b>

It should be borne in mind that the calculation of the gap in the total balance included in the previous tables projects transaction maturities according to their contractual and residual maturity, irrespective of any assumption that the assets and/or liabilities will be renewed. As a financial entity with a high degree of retail financing, assets have a longer average maturity than liabilities, which produces a negative gap in the short term. The tables also indicate a high degree of stability in customers' demand accounts.

Meanwhile, given the current liquidity climate, the analysis must take into account the influence exerted on this calculation by maturities of repurchase agreements and of deposits obtained through guarantees pledged on the loan with the European Central Bank (**ECB**). In conclusion, a large portion of the liabilities is stable and others are very likely to be renewed, while additional guarantees are available at the ECB, and there is the capacity to generate new deposits through asset securitisation and the issuance of mortgage- and/or public sector-covered bonds. In addition, CaixaBank has access to liquid assets allowing it to immediately obtain liquidity. Also worth noting is the fact that the calculation does not consider growth assumptions, and consequently disregards internal strategies for raising net liquidity, which are especially important in the retail market.

For the insurance business, liquidity that emerges from commitments (liabilities) arising from insurance contracts, mainly life savings insurance, sold by the CaixaBank Group through VidaCaixa, S.A. de Seguros y Reaseguros (**VidaCaixa**), is managed through the actuarial financial estimate of cash flows arising from the aforementioned contracts. Financial immunisation techniques are also

applied based on estimated actuarial financial maturity, i.e. not necessarily contractual, and the financial assets affected.

In this regard, it should be noted that the liquidity of the consolidated balance sheet is managed separately for the insurance business and other businesses, mainly banking, and for this reason, the maturities of the insurance group's portfolio of financial assets, mainly classified as held for sale, are not presented in the matrix of maturities.

Detailed below are the maturities of VidaCaixa's portfolio by carrying amounts after eliminating balances held with Group companies.

<b>Maturities of the Insurance Group's portfolio of financial assets (Thousands of euro)</b>	<b>31.12.2014</b>
Less than 1 month	311,368
1 to 3 months	249,119
3 to 12 months	823,199
Between 1 and 5 years	6,371,408
Over 5 years	35,019,967
<b>Total</b>	<b>42,775,061</b>

#### Financial instruments which include accelerated repayment terms

At 31 December 2014, CaixaBank had instruments containing terms that could trigger accelerated repayment if one or more of the events set out in the agreements occurred. The balance of transactions including accelerated repayment terms at 31 December 2014 stood at €497.5 million, of which €180 million related to transactions in which the term had already expired and was not demanded by the counterparty and €317.5 million to other transactions in which downgrades in credit rating could trigger accelerated repayment. Details of these operations, by nature of the agreement, are as follows:

<b>Instruments with accelerated repayment terms (Thousands of euro)</b>	<b>31.12.2014</b>
Registered mortgage-covered bonds (1)	180,000
Loans received (2)	317,500

(1) The bonds are recognised under "Customer deposits – Time deposits"

(2) The loans are included in "Loans and advances to credit institutions"

#### Composition of liquid assets

The detail of the Criteria CaixaHolding Group's liquid assets at 31 December 2014 is as follows

<b>Liquid assets <sup>(1)</sup> (Thousands of euro)</b>	<b>31.12.2014</b>
Cash and central banks (*)	4,158,462
Balance drawable on the facility (**)	29,156,024
Eligible assets not included in the facility	35,255,179
Other marketable assets not eligible by the central bank (***)	19,573,311
<b>Total liquid assets</b>	<b>88,142,976</b>

(\*) Includes amounts deposited in the marginal deposit facility (1-day deposit with the ECB)

(\*\*) Does not include outstanding assets to be contributed to the European Central Bank facility (€3,636 million in 2013 and €1,584 million 2014). These assets were contributed to the facility in January 2014 and 2015, respectively.

(\*\*\*) Fixed-income with an A or higher rating, equities and investments in mutual funds.

(1) Bank of Spain liquidity criteria.

Banking liquidity, as shown by its cash, the net balance of interbank deposits, public debt net of reverse repos and not included in the policy, and the balance that can be drawn on the credit facility with the ECB, amounted to €56,665 million at 31 December 2014.

#### Liquidity strategy

Formalising and updating the risk appetite presented to the governing bodies delimits and validates that the liquidity risk metrics defined for CaixaBank are commensurate with the established risk tolerance levels.

As part of the approach to manage the liquidity risk and to anticipate potential needs for lendable funds, the Criteria CaixaHolding Group's wide variety of financing programmes cover a number of maturity periods. This allows the Group to maintain adequate levels of liquidity at all times.

As a prudent measure to prepare for potential stress on liquid assets or market crises, i.e. to deal with the contingent liquidity risk, CaixaBank placed a series of guarantee deposits with the ECB which it can use to obtain high levels of liquid assets at short notice.

Financing obtained from the ECB through various monetary policy instruments was €6,868 million at 31 December 2014, compared to €15,480 million at 31 December 2013. The current amount drawn relates to the extraordinary liquidity auctions, known as targeted longer-term refinancing operations (**TLTRO**) (maturity to September 2018), whereas the balance at 31 December 2013 corresponded to the long-term refinancing operations (**LTRO**) extraordinary auctions (maturity between January and February 2015).

At 31 December 2014, the Criteria CaixaHolding Group ensured its long-term access to resources through renewal of the fixed income securities and promissory notes issue programmes, with the following amounts:

<b>Debt issuance capacity (Thousands of euro)</b>	<b>Total issuance capacity</b>	<b>Issued at 31.12.2014</b>
Promissory notes programme (1)	5,000,000	31,424
Fixed-income programme (2)	15,000,000	533,550

(1) Promissory notes programme registered with the CNMV on 15.07.2014.

(2) Base prospectus for non-participating securities registered with the CNMV on 22.7.2014.

<b>Covered bond issuance capacity (Thousands of euro)</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Mortgage-covered bond issuance capacity	4,211,018	
Public sector covered bond issuance capacity	2,147,365	

Wholesale financing maturities (net of own securities acquired), as of 31 December 2014, are as follows:

<b>Wholesale financing maturities (net of own securities acquired) (Thousands of euro)</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Promissory notes	100,000	100,000	0	0	0	200,000
Mortgage covered bonds	0	2,384,742	2,985,453	15,609,470	9,125,068	30,104,733
Public sector covered bonds	0	0	0	50,000	0	50,000
Senior debt	0	886,000	400,000	3,572,851	131,500	4,990,351
Subordinated debt and preference shares	0	0	48,600	159,300	907,756	1,115,656
Convertible bonds	0	0	0	1,314,300	0	1,314,300
<b>Total wholesale issue maturities</b>	<b>100,000</b>	<b>3,370,742</b>	<b>3,434,053</b>	<b>20,705,921</b>	<b>10,164,323</b>	<b>37,775,040</b>

The Group's financing policies take into account a balanced distribution of issue maturities, preventing concentrations and diversifying financing instruments. In addition, its reliance on wholesale markets is limited.

#### *E) Operational risk*

Operational risk covers all events that could give rise to a loss caused by shortcomings in internal processes, human error, malfunctioning of information systems or external events including legal risk. Operational risk rises as the business becomes more reliant on factors such as the intensive use of IT, outsourcing and the utilisation of complex financial instruments.

Operational risk is inherent to all business activities and, although it can never be wholly eliminated, it can be managed, mitigated and, in some cases, insured.

CaixaBank's Corporate Global Risk Management Division defines the strategic lines of action and monitors operational risk profiles, the main loss events, and the steps to be taken to mitigate such events.

The overall objective is to improve the quality of business management based on information concerning operational risks and to comply with the tolerance level established in the Risk Appetite Framework, aiding decision-making to ensure the organisation's long-term continuity and improving processes and the quality of customer service, while complying with the established regulatory framework and optimising the use of capital.

In 2014, a project was developed to move from the current standardised approach to operational risk management to more advanced measurement approaches with a dual objective of implementing best practices in operational risk management and, at the same time, calculating regulatory capital requirements with risk-sensitive approaches. This project entailed, inter alia, the following lines of action:

- Strengthening of the integration in operational risk management:
  - Creation of the Operational Risk Committee
  - Publication of Operational Risk Regulations
  - Integration of operational risk in the Risk Appetite Framework
  - Specific operational risk training initiatives
  - Inclusion of operational risk and operational risk management levers in the Corporate Risk Map
- Implementation and adaptation of a comprehensive risk management tool:
  - Capture, monitoring and management of internal losses

- Performance of operational risk self-assessments
- Monitoring of operational risk indicators (KRIs)
- Inclusion and monitoring of weaknesses and correction plans
- Measurement of capital for operational risk using advanced measurement approaches (2 iterations):
  - Start-up of the calculation engine
  - Workshops on constructing extreme-loss scenarios
  - Development of the AMA

Whereas in 2014 the standardised approach was used to calculate capital, the Group's operational risk, the implemented management and measurement model is designed to support advanced measurement approaches (AMA).

Therefore, according to current regulations, there are two overriding objectives behind the AMA implementation for calculating capital:

- To use of advanced calculation methodologies based on internal operational loss data, scenarios and control factors and the business environment.
- To establish an operational risk model based on policies, processes, tools and methodologies that improve operational risk management in the companies, helping ultimately to reduce operational risk.

The entities must achieve these objectives, subject to current regulations, by basing their operational risk model around two pillars:

#### *Operational Risk Management Framework (ORMF)*

This is the Governance Framework and Management Structure for the operational risk model. This structure defines the Operational Risk Measurement System, based on the policies, procedures and processes used to manage operational risk, in line with the Group's general risk policies.

#### *Operational Risk Measurement System*

This is defined as the system, processes and data the Group uses to measure its operational risk and determine its related regulatory capital requirements. It is a system that integrates operational risk management into the Group's day-to-day activities.

The Group's Operational Risk Measurement System is known as the AMA Measurement Approach.

#### *F) Environmental and social risk*

The Criteria CaixaHolding Group is committed to carrying out its business, projects, products and services in the most environmentally-friendly way possible. To that end, the Group encourages financing projects that take environmental aspects into account, such as energy efficiency and long-term sustainability.

In general, environmental and social risks are included in traditional risk circuits. In particular, project finance is carried out under the Equator Principles, which CaixaBank has adhered to since 2007. Accordingly, an analysis is required of the potential environmental and social risks of the projects, pursuant to the standards established by the International Finance Corporation (IFC) for:

- Project finance entailing an overall investment of more than USD \$10 million.
- Corporate loans linked to investment projects in excess of USD \$100 million overall.
- Project finance bridge loans and advisory services.
- CaixaBank also voluntarily applies this procedure to project bonds exceeding €7 million.

- An internal procedure has been in place for syndicated operations for projects exceeding €7 million.

*G) Reputational risk*

CaixaBank's Corporate Social Responsibility and Reputation Area, in accordance with CaixaBank's Reputation Committee, is entrusted with monitoring reputational risk which, should it arise, could adversely affect CaixaBank's image (understood to be stakeholders' perception of and expectations for the institution).

CaixaBank's reputational risk map identifies the risks with the highest potential impact on its image and the degree to which preventative measures are being applied. For each relevant risk, the map establishes a series of indicators that allow the effectiveness of the preventive measures implemented to be periodically monitored. These indicators are integrated in a scorecard and periodically submitted to CaixaBank's Reputation Committee and CaixaBank's Management Committee.

Some of the main actions carried out in 2014 to improve certain KRIs were the reorganisation of the complaint management service to provide better and swifter responses to customers; closer contact to consumer defence platforms and associations through direct and personalised attention; the start-up of a major communication campaign to raise awareness about and promote the main corporate and business milestones achieved at CaixaBank.

In 2015, the process for defining the indicators for risks with a potentially high impact on reputation is expected to be completed. Another project that began in 2014 and that is expected to conclude in 2015 is the development of a reputation scorecard for use as a global management tool that allows for the continuous monitoring of reputation indicators. The objective is to have a global metric, with both a multi-stakeholder perspective, that allows for the comparison of data over time, and a market perspective.

*H) Actuarial and insurance business risk*

In general, risk of the insurance business is managed in accordance with Spanish insurance law. In particular, according to the regulations on the rules and supervision of private insurance, approved by Royal Decree 2486/1998 of 20 November, as amended (**ROSSP**), and other provisions of the Directorate-General of Insurance and Pension Funds (**DGSFP**), which establishes, among other rules, the framework for managing credit and liquidity risk in the insurance activity, determining the credit rating and level of diversification. In relation to interest rate risk, the Group manages insurance contract commitments and the affected assets jointly using financial immunisation techniques envisaged in the provisions of the Directorate-General of Insurance and Pension Funds.

The insurance business is exposed to subscription or actuarial risk.

According to the EC Solvency II Directive, underwriting or actuarial risk reflects the risk relating to underwriting life and non-life insurance contracts, attending to claims covered and the processes deployed in the exercise of this activity, with the following breakdown.

- **Mortality risk:** Risk of loss or adverse change in the value of liabilities under insurance contract, due to variations in the level, trend or volatility of mortality rates, where an increase in the mortality rate generates a corresponding increase in the value of liabilities under insurance contracts.
- **Longevity risk:** Risk of loss or adverse change in the value of liabilities under insurance contract, due to variations in the level, trend or volatility of mortality rates, where a decrease in the mortality rate generates a corresponding increase in the value of liabilities under insurance contracts.
- **Disability or morbidity risk:** Risk of loss or adverse change in the value of liabilities under insurance contract, due to variations in the level, trend or volatility of disability, illness or morbidity rates.



Therefore, in the life insurance business, the main variables determining actuarial risk are mortality, survival and disability rates while the key variable in the other business lines is the claims rate.

Management of actuarial risk is based on compliance with the regulations established by the DGIFP, from which policies are established, and monitoring of the technical trends of products, which depends mainly on actuarial factors (basically deaths). This stable, long-term management is reflected in the actuarial risk management policies:

- **Subscription:** acceptance of risk based on actuarial variables (age of the policyholder, insured sum and duration of the guarantee) and, in life insurance, additional variables such as the accumulation of risk per person and state of health.
- **Rate-setting:** rates are established using the mortality tables permitted by prevailing legislation. Mortality tables are compared with the Group's own experience.
- **Claims:** stability in claims is managed by diversifying risk among several reinsurance companies with sufficient capacity to absorb unexpected losses.

Insurance companies assume risk towards policyholders and mitigate these risks by taking out insurance with reinsurance companies. By doing so, an insurance company can reduce risk, stabilise solvency levels, use available capital more efficiently and expand its underwriting capacity. However, regardless of the reinsurance taken out, the insurance company is contractually liable for the settlement of all claims with policyholders.

In this respect, the Group has established limits on the net risk retained per business line, by risk or event (or a combination of both). These limits are set in accordance with the risk profile and reinsurance cost.

Handling claims and ensuring the adequacy of the provisions are basic principles of insurance management. The definition and follow-up of the aforementioned policies enables them to be changed, if required, to adapt risks to the Group's global strategy. Moreover, these policies were put before and approved by CaixaBank's Global Risk Committee.

#### *I) Compliance risk*

Compliance risk is defined as risk arising from deficient procedures that generate actions or omissions that are not aligned with the legal, regulatory framework, or with the internal codes and rules, and which could result in administrative sanctions or reputational damage.

All employees and areas of the Group companies manage compliance risk.

The Group's objective is to minimise the probability of occurrence of compliance risk and, if it occurs, to detect, report and address the weaknesses promptly.

Compliance risk is not limited to any specific area, but rather the entire Group. All employees must ensure compliance with prevailing regulations, applying procedures that capture regulations in their activity.

In order to manage compliance risk, the management and governing bodies encourages the dissemination and promotion of the values and principles set out in the Code of Business Conduct and Ethics, and its members, as well as other employees and Senior Management must ensure their compliance as a core criteria guiding their day-to-day activities.

#### *J) Legal and regulatory risk*

Aware of the influence that the regulatory framework can have on the Group's activities and its potential impact on its long-term sustainability, the Criteria CaixaHolding Group regularly monitors all regulatory changes.

Senior Management, especially through CaixaBank's Regulation Committee set up as an offshoot of the Management Committee of CaixaBank, carefully considers the transcendence and scope of new

regulatory measures. Members of this committee, chaired by the Executive Manager of Research and Strategic Planning, are the Chief Executive Officer, the General Secretary of Risks, the Chief Risks Officer, the Chief Insurance and Asset Management Officer, the Chief Commercial Officer, the Chief Finance Officer, the Chief Audit Officer, the Chief Accounting, Management Control and Capital Officer, the Executive Director of Legal Advisory Services and the Corporate Director of Banking Investee Management.

CaixaBank's Regulation Committee is responsible for monitoring the regulatory environment, analysing its impacts, establishing strategic positions in relation to the different regulatory proposals and preliminary regulatory proposals, and setting the key strategic lines to follow in this respect, including the management of the representation of the Group's interests. The aim is to anticipate regulatory changes and facilitate the Group's adaptation to new requirements.

CaixaBank's Regulation Division, belonging to the Legal Advisory Area of CaixaBank, is tasked with continuously monitoring regulatory changes and handling regulatory alerts, in coordination with the different areas.

With the Banking Union in Europe established following approval of Directive 2013/36/EU (CRD IV), dated 26 June 2013 (the Capital Requirements Directive, **CRD IV**), and Regulation 2013/575/EU (the Capital Requirements Regulation, **CRR**), dated 26 June 2013, Directive 2014/59/EU (the Directive on Bank Recovery and Resolution, **RRD**), dated 15 May 2014, and Directive 2014/49/EU (the Directive on Deposit Guarantee Schemes), dated 16 April 2014, regulations continue to progress towards a more detailed and specialised nature with regulatory developments of these regulations taking place through the Delegated Acts of the European Commission and the Regulatory Technical Standards (**RTS**) and the Implementing Technical Standards (**ITS**) of the European authorities.

CRR has been applicable since January 1, 2014 and the CRD IV has been implemented in Spain by Royal Decree-Law 14/2013, of November 29 (RD-L 14/2013) and Law 10/2014, of June 26, on organization, supervision and solvency of credit institutions (*Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de crédito*) (Law 10/2014). In addition to RD-L 14/2013 and Law 10/2014, the Bank of Spain approved on January 31, 2014 its new Circular 2/2014, makes certain regulatory determinations permitted under CRR pursuant to the delegation contained in RD-L 14/2013, including relevant rules concerning the applicable transitional regime on capital requirements and treatment of deductions.

Under CRD IV and CRR, CaixaBank is required, on the basis of both the subconsolidated situation of the Bank and the consolidated situation of Criteria as its holding company, to hold a minimum amount of regulatory capital of 8% of risk-weighted assets of which at least 4.5% must be Common Equity Tier 1 (**CET1**) capital and at least 6% must be tier 1 capital (together, and with the capital buffers that may be imposed to the Group, the "Pillar 1 requirements"). In addition, supervisory authorities may add extra capital requirements to cover risks they believe are not covered or insufficiently covered by the Pillar 1 requirements (the "Pillar 2 requirements"). There can be no assurance as to the manner in which Pillar 2 requirements may be disclosed. Within the Pillar 1 requirements, CRD IV introduces five new capital buffers that are to be met with CET1 capital: (i) the capital conservation buffer, (ii) the institution-specific counter-cyclical buffer, (iii) the global systemically important institutions buffer, (iv) the other systemically important institutions buffer and (v) the systemic risk buffer.

The combination of the capital conservation buffer, the institution-specific counter-cyclical capital buffer and the higher of (depending on the institution), the systemic risk buffer, the global systemically important institutions buffer and the other systemically important institution buffer, in each case (as applicable to the institution) is referred to as the "combined buffer requirement".

Under Article 141 (Restrictions on distribution) of the CRD IV, member states of the EU must require that institutions that fail to meet the "combined buffer requirement" will be subject to restricted "discretionary payments" (which are defined broadly by CRD IV as payments relating to CET1 (dividends), variable remuneration and payments on additional tier 1 instruments). The restrictions

will be scaled according to the extent of the breach of the “combined buffer requirement” and calculated as a percentage of the profits of the institution since the last distribution of profits or “discretionary payment”. Such calculation will result in a “maximum distributable amount” (or “MDA”) in each relevant period. As an example, the scaling is such that in the bottom quartile of the “combined buffer requirement”, no “discretionary distributions” will be permitted to be paid. In the event of a breach of the combined buffer requirement, we will be required to calculate our MDA, and as a consequence it may be necessary for us to reduce discretionary payments.

As analysis and management of these rules and regulations require solid technical skills, above all in respect of solvency, liquidity and risk management, the Group's specialist areas in these areas remain involved, offering expert assessment and allow for a rapid response.

## **RISK FACTORS RELATING TO THE NOTES**

### Market risks

*The credit risk associated with the Notes may be affected by deterioration in the financial position of the Issuer*

Should the Issuer's financial position deteriorate, the credit risk associated with the Notes would rise as the risk related to the Issuer's inability to fulfil its obligations under the Notes would increase. The Issuer's financial position is affected by different risk factors, some of which have been outlined above. An increased credit risk could result in the market pricing the Notes with a higher risk premium, which could adversely affect the value of the Notes. Another aspect of the credit risk is that the deterioration in the Issuer's financial position could result in a reduction of its credit worthiness that could affect the Issuer's ability to refinance the Notes and other existing debt that could in turn adversely affect the Issuer's financial position and results of operations.

*An active secondary market in respect of the Notes may never develop*

Pursuant to the Terms and Conditions, and unless otherwise stated in the applicable Final Terms, the Issuer shall apply for registration of the Notes on Iberclear as the managing entity of the Spanish Central Registry and for admission to listing and trading on AIAF and/or other European securities markets. However, there can be no assurance that the Notes will be approved for admission to trading. A failure to obtain such listing may have a negative impact on the market value of the Notes. Even if admission to listing on AIAF, and/or other European securities markets, is obtained, there can be no assurance that an active secondary market on the Notes will develop following such admission.

*Secondary market liquidity and price fluctuation*

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

No investor should purchase Notes unless such investor understands and is able to bear the risk that certain Notes may not be readily tradable, that the value of Notes will fluctuate over time and that such fluctuations may be significant.

Additionally, the prices at which Zero Coupon Notes, as well as other instruments issued at a substantial discount from their principal amount payable at maturity, trade in the secondary market tend to fluctuate more in relation to general changes in interest rates than do such prices for conventional interest-bearing securities of comparable maturities.

*If the Notes are not denominated in the investor's home currency, the investor will be exposed to movements in exchange rates that could adversely affect the value of his holding*

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

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

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, the market, the additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the European Union 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 restrictions 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.

#### General risks applicable to the Notes

*Risks related to the structure of a particular Tranche of Notes*

#### **Notes subject to optional redemption by the Issuer**

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

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

Additionally, the Issuer may redeem the Notes for the tax reasons specified in Condition 7.2 of the Terms and Conditions, and this is likely to limit their market value. During any period where the Issuer may elect to redeem the Notes for tax reasons, the market value of those Notes is generally unlikely to rise substantially above the price at which they can be redeemed. However, Noteholders may elect not to redeem the Notes pursuant to Condition 7.2 of the Terms and Conditions

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

The value of the Fixed Rate Notes is dependent on several factors, one of the most significant over time being the level of market interest rates. Investment in Fixed Rate Notes involves a risk that the market value of the Fixed Rate Notes could be adversely affected by changes in market interest rates.

## **Floating Rate Notes**

Investments in Notes that bear interest at a floating rate comprise (i) a reference rate and (ii) a margin to be added or subtracted, as the case may be, from such rate. Typically, the relevant margin will not change throughout the life of the Notes but there could be a periodic adjustment (as specified in the applicable Final Terms) of the reference rate (e.g. every three months or six months) which itself will change in accordance with general market conditions. Accordingly, the market value of floating rate Notes may be volatile if changes, particularly short-term changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of such Notes upon the next periodic adjustment of the relevant reference rate.

## **Notes issued at a substantial discount or premium**

The market values of Notes issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing Notes. Generally, the longer the remaining term of the Notes, the greater the price volatility as compared to conventional interest-bearing Notes with comparable maturities.

*Claims of Holders under the Notes are effectively junior to those of certain other creditors*

The Notes 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 Spanish Insolvency Act (*Ley Concursal*), the Notes will rank equally with any of the Issuer's other unsecured and unsubordinated indebtedness. However, the Notes will be effectively subordinated to all of the Issuer's secured indebtedness, if any, to the extent of the value of the assets securing such indebtedness, and other preferential obligations under Spanish law.

*Notes may be subject to bail-in pursuant to the EU Recovery and Resolution Directive*

Bank resolution mechanisms in Spain are established under Law 9/2012. Under the aforementioned law, all bank resolution mechanisms are applicable only to licensed credit institutions.

Accordingly, the mechanisms set forth under Law 9/2012 are not expected to be legally applicable to Criteria CaixaHolding. However, on 15 April 2014, the RRD was approved by the European Parliament and by the European Council on 6 May 2014. The RRD is required to be implemented by 1 January 2015, and the bail in tool must be operational from no later than 1 January 2016.

Unlike Law 9/2012, the RRD applies to the Issuer — despite it not being a credit institution — to the extent that the Issuer holds a controlling stake in CaixaBank.

A draft of the Spanish law implementing the RRD (and superseding Law 9/2012) has been already made public although this draft is not final and further changes may be included. The current draft, in accordance with the RRD, establishes, among other things, resolution mechanisms applicable to non-bank-licensed holding companies that, like the Issuer, have a controlling stake in a bank or other credit institutions.

Resolution mechanisms under the RRD are envisaged to apply to holding companies both (i) when the holding company and the bank subsidiary are failing or likely to fail or when only the bank subsidiary meets the resolution conditions under the RRD and (ii) when, in relation to the holding company, it becomes necessary to use such powers for the resolution of the bank subsidiary or the group as a whole. Accordingly, under the RRD, CaixaBank's failure or likely failure would be considered a trigger that could allow the use of resolution mechanisms on Criteria CaixaHolding.

The powers provided to resolution authorities in the RRD include write down powers to ensure relevant capital instruments (including Tier 2 capital instruments) fully absorb losses at the point of non-viability of the issuing institution, as well as a bail-in tool comprising a more general power for resolution authorities to write down the claims of unsecured creditors of a failing institution and/or to convert unsecured debt claims to equity.

As discussed above, the RRD contemplates that resolution authorities will have the power to write down the claims of unsecured creditors of a failing institution and/or to convert unsecured debt claims to equity (which may include the Notes, subject to certain parameters as to which liabilities could be eligible for the bail-in tool). According to the RRD, Member States shall apply provisions adopted in order to comply with the bail-in tool from 1 January 2016 at the latest.

Under the RRD, credit institutions will at all times have to meet 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 write down or convert liabilities into equity under the bail-in tool.

The obligations of Criteria CaixaHolding under the Notes may, therefore, be subject to bail in, which may result in holders of the Notes losing some or all of their investment. The exercise of any such power or any suggestion of such exercise could, therefore, materially adversely affect the value of the Notes.

Even though the RRD has already been published in the Official Journal of the European Union due to the fact that the Spanish law implementing the RRD has not yet been approved, it is not yet possible to assess the full impact of the RRD in Spain, including the extent to which the application of the resolution tools and requirements will affect Criteria CaixaHolding and the Notes.

#### *Syndicate of Noteholders' meetings*

The Terms and Conditions include certain provisions regarding Noteholders' meetings, which may be held in order to resolve matters relating to the Noteholders' interests. Such provisions allow for designated majorities to bind all Noteholders, including Noteholders who have not participated in or voted at the actual meeting or who have not voted in accordance with the required majority, to decisions that have been taken at a duly convened and conducted Noteholders' meeting.

#### *Clearing and settlement*

The Notes will be registered with Iberclear. Consequently, no global certificates have been or will be issued in respect of the Notes. Clearing and settlement relating to the Notes, as well as payment of interest and redemption of principal amounts, will be performed within Iberclear's account-based system. The investors are therefore dependent on the functionality of Iberclear's account-based system.

Title to the Notes will be evidenced by book-entries, and each person shown in the Spanish Central Registry managed by Iberclear and in the registries maintained by the respective participating entities in Iberclear (the **Iberclear Members**) as being the holder of the Notes shall be considered the holder of the principal amount of the Notes recorded therein.

The Issuer will discharge its payment obligation under the Notes by making payments through Iberclear. Noteholders must rely on the procedures of Iberclear and its participants to receive payments. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, holders of the Notes according to book-entries and registries as described in the previous paragraph.

A summary of clearance and settlement procedures applicable to book-entry notes in Spain is contained under Section 11 of this Base Prospectus.

#### *Legal investment considerations may restrict certain investments*

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 advisors to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisors or the appropriate

regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

*The value of the Notes could be adversely affected by a change in English law or regulation*

Save as established therein, the Terms and Conditions of the Notes are based on English law. No assurance can be given as to the impact of any judicial decision or change to English law or regulation after the date of this Base Prospectus, and any such change could have a material adverse impact on the value of any Notes affected by it.

#### Other risks

##### *Risks Relating to the Insolvency Act*

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

The Insolvency Act 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 of the last official publication of the court order declaring the insolvency (if the insolvency proceeding is declared as abridged, the period 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) accrual of interest (other than interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security) shall be suspended as from the date of the declaration of insolvency and any amount of interest accrued up to such date and outstanding (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.

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

Article 44 of Royal Decree 1065/2007, of 27 July 2007, as amended by Royal Decree 1145/2011, of 29 July 2011, sets out the reporting obligations applicable to preference shares and debt instruments issued under Law 10/2014 of 26 June 2014, on regulation, supervision and solvency of credit entities (*Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de crédito*) (Law 10/2014). The procedures apply to interest deriving from preferred securities (*participaciones preferentes*) and debt instruments to which Law 10/2014 refers, including debt instruments issued at a discount for a period equal to or less than twelve months.

According to the plain wording of section 4 of article 44 of Royal Decree 1065/2007, of 27 July 2007, as amended by Royal Decree 1145/2011, of 29 July 2011, income derived from securities originally registered with Iberclear will be paid by the Issuer net of Spanish withholding tax (at a rate of 20% in 2015 and 19% in 2016 and after) if the recipient of the payment is an individual resident in Spain for tax purposes and subject to Spanish Individual Income Tax. The Issuer will not pay any additional amounts in respect of any such withholding tax.

On the other hand, interest payments made by the Issuer in respect of the Notes for the benefit of non-Spanish tax resident investors, or for the benefit of Spanish Corporate Income Tax taxpayers, will not be subject to Spanish withholding tax, provided that the Iberclear Members that have the Notes registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, if applicable, provide the Issuer, in a timely manner, with a duly executed and completed statement (a Payment Statement), in accordance with section 4 of article 44 of Royal Decree 1065/2007, of 27 July 2007, as amended by Royal Decree 1145/2011, of 29 July 2011, with the following information:

- (i) Identification of the Notes.
- (ii) Total amount of the income paid by the Issuer.



- (iii) Amount of the income corresponding to individuals residents in Spain that are IIT taxpayers.
- (iv) Amount of the income that must be paid on a gross basis.

If the Iberclear Members fail or for any reason are unable to deliver a duly executed and completed Payment Statement to the Issuer in a timely manner in respect of a payment of income made by the Issuer under the Notes, such payment will be made net of Spanish withholding tax, currently at the rate of 20% in 2015 (19% beginning in 2016 and after).

Should this occur, affected beneficial owners would receive a refund of the amount withheld, with no need for action on their part, if the Iberclear Members submit a duly executed and completed Payment Statement to the Issuer no later than the 10th calendar day of the month immediately following the relevant payment date. In addition, beneficial owners may apply directly to the Spanish tax authorities for any refund to which they may be entitled, according to the procedures set forth in the Spanish Non Resident Income Tax Law.

Prospective investors should note that the Issuer does not accept any responsibility relating to the lack of delivery of a duly executed and completed Payment Statement by Iberclear Members in connection with each payment of income under the Notes. Accordingly, the Issuer will not be liable for any damage or loss suffered by any beneficial owner who would otherwise be entitled to an exemption from Spanish withholding tax but whose income payments are nonetheless paid net of Spanish withholding tax because the Payment Statement was not duly delivered to the Issuer. Moreover, the Issuer will not pay any additional amounts with respect to any such withholding tax.

Noteholders must seek their own advice to ensure that they comply with all procedures to ensure the correct tax treatment of their Notes. The Issuer does not assume any responsibility in this regard.

#### *U.S. Foreign Account Tax Compliance Withholding*

Financial institutions may be required to withhold at a rate of up to 30% on all, or a portion of, payments made in respect of any Notes pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (commonly referred to as the Foreign Account Tax Compliance Act or **FATCA**), any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto. If the Issuer is deemed as a foreign financial institution (FFI) for the purposes of FATCA, the Issuer will become obliged to provide certain information on its account holders pursuant to such agreement, imposition, regulation, official interpretation or legislation.

FATCA may also 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, or if 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 that each is compliant with FATCA or other laws or agreements relating to FATCA) and provide each such 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 advisor to obtain a more detailed explanation of FATCA and how FATCA may affect them.

If an amount in respect of FATCA were to be deducted or withheld from interest, principal or other payments on or with respect to the Notes, the Issuer would have no obligation to pay additional amounts or otherwise indemnify a holder for any such withholding or deduction by the Issuer or any other party as a result of the deduction or withholding of such amount. As a result, investors may receive less interest or principal than expected.

Investors should consult their own advisors about the application of FATCA, in particular if they may be classified as financial institutions under the FATCA rules.

#### 4. DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in this Base Prospectus and form part of this Base Prospectus provided however that any statement contained in any document incorporated by reference in, and forming part of, this Base Prospectus shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such statement:

- (i) Criteria CaixaHolding's consolidated audited annual accounts as of and for each of the years ended 31 December 2014 and 2013 prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (**IFRS-EU**) and its corresponding auditor reports (available, together with its corresponding English translation, on Criteria CaixaHolding's website: [www.criteria.com](http://www.criteria.com)) filed with the CNMV (and in respect of the audited consolidated financial statements as of and for the year ended 31 December 2014 available on the CNMV's website; [www.cnmv.es](http://www.cnmv.es)).
- (ii) Criteria CaixaHolding's audited non-consolidated financial statements as of and for each of the years ended 31 December 2014 and 2013 prepared in accordance with the Spanish National Chart of Accounts (*Plan General de Contabilidad*) approved by Royal Decree 1514/2007, of 16 November, and its corresponding auditor reports (available, together with its corresponding English translation, on Criteria CaixaHolding's website: [www.criteria.com](http://www.criteria.com) and, in respect of the audited non-consolidated financial statements as of and for the year ended 31 December 2014, filed with CNMV and also available on the CNMV's website; [www.cnmv.es](http://www.cnmv.es)).
- (iii) CaixaBank's consolidated audited annual accounts as of and for each of the years ended 31 December 2014 and 2013 and its corresponding auditor reports prepared in accordance with **IFRS-EU** and its corresponding auditor reports (available, together with its corresponding English translation, on CaixaBank's website: [www.caixabank.com](http://www.caixabank.com)) filed with the CNMV (and available on the CNMV's website; [www.cnmv.es](http://www.cnmv.es)).

## 5. DESCRIPTION OF THE ISSUER

### 5.1 History and development of the Issuer

#### 5.1.1 Legal status

Criteria CaixaHolding, S.A., Sociedad Unipersonal and its subsidiaries form the **Criteria CaixaHolding Group** or the **Group**, which, in turn, forms part of the "la Caixa" Group. The "la Caixa" Banking Foundation (as defined below) constitutes the parent company of the "la Caixa" Group and Criteria CaixaHolding's sole shareholder (the "**la Caixa**" Group).

The Issuer has its registered office in the city of Barcelona, at Avenida Diagonal, 621, 08028 Barcelona (contact telephone number (+34) 93 409 21 21), with Tax Identification Number (N.I.F.) A-63379135 and is registered in the Barcelona Companies Register volume 44,104, page 143, sheet B-278,796, inscription 167.

Criteria CaixaHolding is governed by Royal Decree Legislative 1/2010, of 2 July 2010, approving the consolidated text of the Spanish Companies Act (*Ley de Sociedades de Capital*) (the **Spanish Companies Act**), and any developing and implementing regulation. Additionally, due to the fact that Criteria CaixaHolding directly controls a credit institution (i.e. CaixaBank), current and proposed EU laws could apply to Criteria CaixaHolding in terms of consolidated capital requirements and banking resolutions. Criteria CaixaHolding is also subject to Law 26/2013, of 27 December, on savings bank and banking foundations (*Ley 26/2013, de 27 de diciembre, de cajas de ahorros y fundaciones bancarias*, the **Savings Banks and Banking Foundations Law**) due to the fact that its sole shareholder is a banking foundation. (See Section 6 Recent developments and facts which may have a material effect on the issuer's prospects).

### 5.2 Business Overview

Following the Spin-Off, the Issuer operates in two main areas:

- (i) Financial services, through its holding in CaixaBank (in which it holds an ownership of approximately 58.9% as of the date hereof, 56.0% fully diluted in 2017). CaixaBank is one of the leading entities in the Spanish market in both the credit and insurance sector. CaixaBank is also diversifying into other complementary activities, such as holdings in international banks and in Spanish "blue chip" companies such as Telefónica and Repsol.
- (ii) Investments in diversified key economic and strategic sectors, including Abertis (transport and communications infrastructure management), Gas Natural Fenosa (energy distribution), Suez Environnement (integral water cycle and waste management) and other non-listed stakes. In addition, Criteria CaixaHolding Group holds, additionally to CaixaBank's real estate portfolio, the real estate portfolio held directly by Criteria CaixaHolding developed as a result of "la Caixa" Group's lending activity until the Reorganisation of the "la Caixa" Group in mid-2011.

As of 31 December 2014, Criteria CaixaHolding's GAV amounts to €28.9 billion, of which 86.7% is listed. Criteria CaixaHolding's GAV is calculated by taking into account the listed assets' market value as at 31 December 2014 and the net book value of non-listed assets as of 31 December 2014.

The GAV is distributed as follows: (i) €4.7 billion corresponds to CaixaBank; (ii) €7.1 billion corresponds to Gas Natural S.D.G., S.A.; (iii) €2.8 billion corresponds to Abertis Infraestructuras, S.A.; (iv) €0.4 billion corresponds to Suez Environnement S.A.; (v) €3.2 billion corresponds to the real estate portfolio; and (vi) €0.7 billion corresponds to other non-listed investments.

As of 31 December 2014, Criteria CaixaHolding's net debt amounted to €9.9 billion, distributed as follows: (i) €4.5 billion corresponds to subordinated debt; (ii) €2.6 billion corresponds to senior unsecured issuances and bank loans (ex CaixaBank) such amount includes Criteria CaixaHolding's non-consolidated plain vanilla bonds (€1 billion), Criteria CaixaHolding's non-consolidated convertible bonds (€0.7 billion) and Criteria CaixaHolding's non-consolidated Interest-bearing loans and borrowings (€0.9 billion); (iii) €2.3 billion corresponds to liabilities with CaixaBank

this amount includes Criteria CaixaHolding's non-consolidated plain vanilla bonds (€1 billion), Criteria CaixaHolding's non-consolidated interest-bearing loans and borrowings (€0.7 billion), interest-bearing loans and borrowings from its wholly-owned subsidiary Els Arbres de la Tardor, S.L. (€0.2 billion) and interest-bearing loans and borrowings from its wholly-owned subsidiary Foment Immobiliari Assequible (€0.1 billion) and Arrendament Immobiliari Assequible (€0.3 billion); and (iv) €0.5 billion corresponds to cash and equivalents.

As of 31 December 2014, Criteria CaixaHolding's NAV amounts to €20.0 billion and the leverage ratio is 30.8%.

### *5.2.1 Banking and insurance business*

CaixaBank's core business is the provision of financial services in the retail market (attracting customer funds and granting credit, together with the provision of all types of banking services: payment methods, securities transactions, currency exchange etc.) adapting its commercial management to the customer's requirements. It also provides services in the insurance sector and carries out a diversification strategy by means of shareholdings in international banks and leading service companies. CaixaBank is a bank that is listed on the stock exchanges of Barcelona, Bilbao, Madrid and Valencia.

CaixaBank operates predominantly in Spain, via a network of bank branches and other complementary channels. As of 31 December 2014, CaixaBank's network included 5,251 Spanish branches and 31,210 employees (5,436 branches and 31,948 employees at 31 December 2013).

At 31 December 2014, CaixaBank's Group total assets amounted to €38,623 million (€40,320 million at 31 December 2013). Gross customer loans totalled €97,185 million and customer funds reached €271,758 million.

The total profit attributable to the CaixaBank Group amounted to €620 million in 2014 (€316 million in 2013).

At 31 December 2014, CaixaBank's CET 1 and Tier Total ratios, on a phase in basis, stood at 13.0% and total eligible capital at 16.1% of risk-weighted assets (12.1% CET 1 fully loaded).

The annual trend in solvency highlights the Group's ability to generate capital organically, on account of both its earnings and its prudent approach to risk management, and the non-recurring transactions carried out in the year, basically conversions of CaixaBank's mandatory bounds Serie I/2011 and I/2012 during the first half-year. Risk-weighted assets (RWA) amounted to €39,729 million at 31 December 2014 (phase in). During the year, RWAs have decreased driven by the reduction in lending activity, coupled with the Group's success in optimising capital.

CaixaBank is a bank listed on the stock exchanges of Barcelona, Bilbao, Madrid and Valencia.

### ***Banking business***

CaixaBank continued consolidating its position as one of the leading banks in Spain in 2014 by continuing to focus on its strategic commitment to its universal banking model. In order to adapt to the varying profiles and needs of its more than 13.4 million customers, CaixaBank structured its value proposition around six different commercial approaches in 2014, tailoring its product and service offering for each. CaixaBank is able to provide this tailoring thanks to a specific catalogue of financial and non-financial solutions and dedicated teams of expert professionals:

- (i) **Individual banking:** Targeted at individuals with a net worth of up to €100,000 and at businesses (retail establishments, self-employed and freelance professionals, microcompanies and farmers) with annual turnover of up to €1 million. The Individual banking arm strives to be the customer's primary financial provider. To this end, it offers a premium multi-channel platform staffed by teams focused on increasing customer interaction opportunities and boosting sales effectiveness.

- (ii) **Personal banking:** Tailored solutions for customers with a net worth of between €100,000 and €500,000. The value proposition is based on the ability to tailor solutions to each customer, leverage the multi-channel platform and ensure homogenous advisory standards.
- (iii) **Private banking:** Targeted at customers with more than €500,000 of assets, which are placed under management through 34 exclusive centres. For high net worth individuals (over €10 million), the dedicated Altium team works with the Private Banking advisors to offer a more sophisticated wealth management service.
- (iv) **SME banking:** This service is targeted at companies with annual turnover of between €1 and €9 million and is coordinated by the general-purpose and specialised branches, which include SME banking specialists among their staff. Both teams are supported by a group of experts (financing and services, cash management, trade financing and corporate financing).
- (v) **Business banking:** a specialist network of business banking centres targeted at companies with annual turnover of between €9 million and €200 million.
- (vi) **Corporate banking:** The banking business for companies with annual turnover in excess of €200 million is managed from several specific centres located in Madrid and Barcelona. These accounts are managed by relationship managers who coordinate with the rest of the Institution's experts and transaction support staff.

In addition, CaixaBank's multi-channel management strategy leverages new technologies to bring quality banking services closer to all users and make them more accessible through innovative services available anywhere, at any time (including an extensive network of ATMs, Internet banking and mobile banking).

### ***Insurance Business***

CaixaBank balances its catalogue of banking products and services with a specialised offering of life insurance, pension plans and general insurance products, through VidaCaixa, SegurCaixa Adeslas and AgenCaixa.

#### VidaCaixa (100%)

The Group offers a wide range of insurance and pension plan products instrumented through VidaCaixa for individual customers and VidaCaixa Previsión Social for large companies and groups. This offering is backed by a personalised service provided through specific offices, CaixaBank branches and electronic channels.

At the end of 2014, VidaCaixa led the Spanish market, with a 19.4 and 21.3% share of the pension and insurance market, respectively, according to INVERCO (Spanish Association of Investment and Pension Funds).

#### SegurCaixa Adeslas (49.9%)

This is the Group's non-life insurance company. It is at the forefront of the Spanish health insurance market, while also enjoying a strong position in home and automobile insurance.

#### AgenCaixa (100%)

The objective of AgenCaixa is to provide insurance products and services to self-employed individuals, micro-enterprises and SMEs.

### ***Specialised financial services and support companies***

The CaixaBank Group includes a set of companies offering a wide range of complementary banking services and specialised financing products (unless otherwise indicated all subsidiaries are fully owned):

- (i) **CaixaCard:** Manages the card business, with a view to extending and improving the products and services currently offered to customers and develop new technologies (such as contactless

NFC, pay-by-mobile, and e-wallets). It includes Money to Pay which specialises in pre-paid cards. The management focus is on extending and improving the pre-paid products and services offering, as well as opening new sales channels.

- (ii) **Comercia Global Payments / Entitat de pago:** Holds a 49% stake and partnered with Global Payments to manage retail-focused electronic payment services.
- (iii) **FinConsum:** Offers consumer financing products, mainly through distributors of goods and services and automobile dealers. As at 31 December 2014, FinConsum manages a portfolio of €1,250 million, with a business volume of €906 million.
- (iv) **CaixaRenting:** Arranges equipment lease financing through the CaixaBank branch network. At 31 December 2014, it managed a portfolio of lease agreements totalling €479 million.
- (v) **MicroBank:** Specialises in offering microcredits and other financial products with the basic aim of fostering productive activity, job creation, personal and family development and encouraging financial inclusion.
- (vi) **InverCaixa Gestión:** The CaixaBank Group's Collective Investment Schemes (CIS) management company. At 31 December 2014, it handled funds totalling around €37,482 million across a diverse range of products, including mutual funds, SICAVs and portfolios.
- (vii) **GestiCaixa:** Manages asset securitisation, handling 20 securitisation funds at 31 December 2014 with a volume of bonds in circulation of approximately €8,754 million.

#### ***Support companies and others***

The CaixaBank Group also encompasses a number of subsidiaries whose main objective is to provide services to CaixaBank. Amongst these support companies, BuildingCenter, S.A.U. holds, since mid-2011, the properties deriving from the lending activity of CaixaBank, with a view to efficiently managing the investment, pursuing recovery and adding value and profitability.

#### ***Investees***

CaixaBank has strategic investments in five major international banking groups.

##### **Banco BPI, S.A. (44.1%)**

Banco BPI, S.A. (**BPI**) is the third-largest private financial group in Portugal in terms of business volume. Its core business is commercial banking targeted at companies, institutions and individuals. Through its investment in Banco Fomento Angola (**BFA**), this entity is also a leading player in this emerging market (*Source:* BPI's 2013 financial statements, p.17).

Together with CaixaBank, BPI provides a specialised service to major groups in Spain and Portugal from shared centres in Madrid and Lisbon. The Iberian business solutions service (a commercial alliance set between CaixaBank and BPI) also provides business customers with preferential collection and payment services and conditions, enabling them to operate between Portugal and Spain as if they were performing domestic transactions. This commercial alliance has been extended to encompass both entities' international operations, complementing each other's offer and providing customers with a better service worldwide.

On 17 February 2015, CaixaBank submitted a notice to the Portuguese stock market regulator, the *Comissão do Mercado de Valores Mobiliários* (**CMVM**), announcing its intention of launching a take-over bid for ordinary shares in BPI.

The offer is voluntary and sets a cash price of €1.329 per share. The price is the weighted average of the last six months' prices and considered to be fair in accordance with Portuguese regulations. The offer is directed at all BPI's share capital not owned by CaixaBank and is conditional upon: (i) obtaining acceptance from more than 5.9% of the shares issued, so that CaixaBank, considering its current stake of 44.1%, will go on to hold more than 50% of BPI's share capital after the operation and

(ii) the removal of the 20% restriction on the voting rights held by a single shareholder established in article 12.4 of BPI's Bylaws at the appropriate shareholders' meeting. For this restriction to be removed 75% of the share capital attending the shareholders' meeting or represented therein must vote in favour of the motion and CaixaBank may only exercise 20% of the voting rights.

CaixaBank expects to continue to support BPI's management team, whose management has protected the bank from the instability affecting the financial system over the years prior to the date of this Base Prospectus.

Additionally, CaixaBank intends for BPI to remain a quoted entity following the take-over bid, with the support of shareholders, including representatives on the bank's Board of Directors, who choose not to sell their shares.

On 3 March 2015, Santoro Finance (one of BPI's significant shareholders) published a letter stating that CaixaBank's offer did not reflect BPI's true value or potential, this was seconded by a report issued by BPI's board of directors on 5 March 2015.

In response to such statements and after carefully considering both the report and the letter, on 6 March 2015, CaixaBank communicated through a significant event (*hecho relevante*) published in the CNMV's website that it considers that the price of the offer is fair and that its project brings benefits to BPI and BPI's shareholders and that it desires and is obliged to continue with the offer until its completion and that, once the offer is completed, CaixaBank will evaluate both the results of the offer and BPI's situation, with the intention of helping to find the best possible outcome for BPI and BPI's shareholders.

The transaction is expected to be completed in the second quarter of 2015. It is expected to be accretive for CaixaBank's earnings per share (**EPS**) from the outset. The impact on CaixaBank's capital base (fully loaded Common Equity Tier 1 (**CET1**)) is estimated to be between 80 basis points (0.80%) and 140 basis points (1.40%) assuming an acceptance level of between 5.9% and 55.9%. CaixaBank's objective is to maintain a capital ratio (fully loaded CET1) of over 11%.

#### Boursorama, S.A. (20.5%)

Boursorama, S.A. (**Boursorama**) is part of the Société Générale group (which owns 80% of the company) and is a key player in online banking in Europe, with a presence in three markets.

Boursorama holds a leading position in France and is also present in Germany and Spain. During 2014 Boursorama reduced its presence in UK.

Since 2009, under the scope of a joint venture with Boursorama, CaixaBank holds a 49% interest in the Spanish online bank, Self Bank.

In 2014 Société Générale launched an exclusion takeover bid on Boursorama with the support of CaixaBank, becoming the only two shareholders of the company.

#### The Bank of East Asia, Ltd. (18.7%)

The Bank of East Asia, Ltd (**BEA**) is a large independent local bank in Hong Kong and one of the best positioned foreign banks in China, where its presence dates back to 1920 and as at the date of this Base Prospectus it has, through its subsidiary BEA China, an expanding network of more than 125 branches. It offers retail, corporate and investment banking services. It also serves the Chinese community abroad through its branches in Southeast Asia, North America and the United Kingdom.

The collaboration between CaixaBank and BEA extends to co-financing projects led by Spanish and Chinese groups and fostering the sharing of know-how. Together with car dealer Brilliance, the entities have also set up a joint venture to extend auto loans from early 2015.

Since 2010, the "la Caixa" Banking Foundation, the Bank of East Asia Charitable Foundation and the Salvation Army Hong Kong and Macau Command have been working together to develop a palliative care program for terminally ill patients in Hong Kong. In 2014, this agreement was renewed until



March 2017 and the program has entered its second phase, mainly focused on the care of terminally ill patients.

Erste Bank, A.G. (9.9%)

Erste Bank, A.G. (**Erste Bank**) is the second largest bank in Austria and a leading bank in Central and Eastern Europe. Its geographic footprint extends to Austria, the Czech Republic, Romania, Slovakia, Hungary, Croatia and Serbia. It is the market leader in most of these countries with 16 million customers and 2,809 branches (September 2014 figures).

CaixaBank has collaborated with Erste Group Bank to co-finance Spanish business groups and develop technological innovations and offer reverse factoring services and prepaid cards, as well as sharing staff and negotiating joint purchases. The Central and Eastern European Solutions platform has been operational since 2011 for the provision of services to each partner's customers in their respective home markets.

Inbursa, S.A.B de C.V. (9.0%)

Grupo Financiero Inbursa (**GFI**) is a Mexican commercial bank and one of the largest financial groups in Mexico in terms of assets under management/custody and number six in terms of total assets; it is also very well-positioned in the insurance and pension fund segments. GFI is also one of the largest financial groups in Mexico by market capitalisation (*Source*: GFI information).

Throughout 2014, CaixaBank has continued to support GFI's retail banking expansion plan for Mexico by providing know-how and sharing best practices in branch office management, the use of sales tools and the implementation of a culture of service excellence that spurs value creation and enhances customer loyalty.

Additionally, in order to diversify its sources of income, CaixaBank also holds equity interests in Repsol, S.A. and Telefónica, S.A. leading companies in their respective sectors, which offer growth and value stories as well as a strong international presence. Both are strategically committed to attractive shareholder remuneration.

Repsol, S.A. (11.9%)

Repsol, S.A. (**Repsol**) is a vertically integrated (exploration & production, refining & marketing) oil and gas company with a presence in more than 30 countries. It had total assets of approximately €52 billion in 2014.

Telefónica, S.A. (5.2%)

Telefónica, S.A. (**Telefónica**) is an integrated telecommunications operator, with a presence in 24 countries in Europe and South America. It generates over 77% of its revenue outside Spain, and is the benchmark carrier in the Spanish and Portuguese-speaking markets. It had over 341 million customers and total assets in excess of €122 billion in December 2014.

Barclays Bank S.A.U. (100%)

CaixaBank and Barclays Bank PLC completed in Madrid on 2 January 2015 the sale of Barclays Bank S.A.U., including the retail banking, asset management and corporate banking business of the UK bank in Spain as announced on 31 August 2014. Following the deal, Barclays Bank S.A.U. becomes a new subsidiary of CaixaBank, adding 550,000 customers mainly in retail and private and personal banking, along with a network of 262 branches and close on 2,400 employees.

CaixaBank paid Barclays Bank PLC the sum of €820 million for Barclays Bank, S.A.U. This amount is based on certain adjustments envisaged in the purchase and sale agreement as to an estimated net equity of Barclays Bank, S.A.U. of €1,714 million as of 31 December 2014. This amount will be raised or lowered accordingly to reflect the final net equity of Barclays Bank, S.A.U. at 31 December 2014.

### *Competitive position*

At 31 December 2014 the financial position of CaixaBank Group as compared with that of other leading banks was as follows:

<b>Banking Groups (Millions of euro)</b>	<b>CaixaBank group</b>	<b>Santander (Spain)<sup>1</sup></b>	<b>BBVA (Spain)<sup>2</sup></b>	<b>Bankia</b>	<b>Banco Popular</b>	<b>Banco Sabadell</b>
Loans and receivables	188,762	160,834	178,030	112,993	100,583	110,836
Customer deposits <sup>3</sup>	180,200	178,565	154,314	105,854	96,036	98,208
Total assets	338,623	323,454	336,287	247,072	161,456	163,346
Attributable Group profit	620	538	152	698	330	372
Number of employees (units)	31,210	24,979	28,620	14,482	15,321	17,529
Number of branches (units)	5,267	3,511	3,112	2,018	2,140	2,320

(1) Data includes both the banking and the run-off real estate activity.

(2) Data includes both the banking and the real estate activity.

(3) Customer Deposits of Public Balance sheet.

**Source:** data derived from the audited financial statements published on the CNMV Web page except for BBVA and Santander whose data derives from their financial quarterly reports published on the CNMV Web page (unaudited).

#### *5.2.2 Industrial portfolio*

Criteria has holdings in strategic industries such as the energy industry, infrastructure and utilities and in the real estate business, which seek to generate value through the active management of its portfolio.

This portfolio includes top-level companies with a sound position of leadership in their various sectors of activity, and which have a significant capacity for generating value and profitability.

Criteria promotes the growth, development and profitability of the industrial companies and businesses in which it has ownership interests through an active management approach. To this end, it has in-depth knowledge of the sectors in which it is present, an extended track record as an investment company and experienced management teams. Criteria identifies, analyses, studies and evaluates new business, investment and divestment opportunities on a daily basis.

Criteria plays an active role in the governing bodies of its investees, collaborating with the management teams of such investees to define their future strategies and contributing to the medium to long-term development of their business activities.

It has a medium to long-term investment time horizon and maximises value using an approach founded on corporate development and commitment to the strategies of the companies in the portfolio, carrying out purchase and sale transactions at the most appropriate time.

Criteria has a consolidated business project combining investments in listed companies, leaders in their respective industries, with ownership interests in unlisted companies, which offer steady returns with controlled levels of risk.

Criteria's industrial portfolio, at 31 December 2014, includes the following companies:

#### Gas Natural S.D.G., S.A. (34.3%)

Gas Natural S.D.G., S.A. (**Gas Natural** or **Gas Natural Fenosa**) is a leading multinational company in the gas and electricity sector, operating in over 25 countries, serving more than 24 million customers and with an installed capacity of approximately 15 GigaWatts.

After the acquisition of Unión Fenosa in 2009 and Chile based Compañía General de Electricidad in 2014, Gas Natural Fenosa became the largest integrated gas and electricity company in Spain and South America, the leader in the natural gas sales market in the Iberian Peninsula and the largest distributor of natural gas in South America. The company is also a benchmark in LNG and natural gas from the Atlantic and Mediterranean basin (*Source: Gas Natural Fenosa's corporate brochure*).

Gas Natural is listed on the Spanish stock markets and is part of the Ibx 35 index and the international FTSEurofirst 300 and Standard & Poor's Europe 350 indices.

#### Abertis Infraestructuras, S.A. (19.3%)

Abertis Infraestructuras, S.A. (**Abertis**) is the leading international group in motorway management with over 7,300 km worldwide and land and satellite telecommunications infrastructure management. As a result of its ongoing international expansion, Abertis is present in 15 countries in Europe and America, which has allowed it to diversify its geographic risk and successfully adjust to global economic cycles. (*Source: Abertis' Annual Report for the year ended 31 December 2014*).

With regard to telecommunications infrastructure, the Group has a leadership position in the land, telecommunications, infrastructure and services segment in Spain and it is an international benchmark operator in the satellite broadcasting sector, after becoming the majority shareholder (57.05%) of Hispasat at year-end 2013 (*Source: Abertis' Annual Report for the year ended 31 December 2014*).

At present, Abertis' activities are developed mainly in Spain, France, Brazil and Chile. Abertis trades on the Spanish stock market and forms part of the Ibx 35 index, as well as of international indexes such as the FTS Eurofirst 300 and Standard & Poor's Europe 350.

#### Suez Environnement, S.A. (5.7%)

On 17 September 2014, Criteria CaixaHolding became the second largest shareholder of the French group Suez Environnement S.A. (**Suez Environnement**). Pursuant to an agreement with Suez Environnement, Criteria CaixaHolding's 24.14% holding in Sociedad General de Aguas de Barcelona, S.A. (**Agbar**) has been exchanged for 22 million newly-issued shares of Suez Environnement, equal to 4.1% of its share capital, plus €299 million. As part of the agreement, Criteria CaixaHolding has the positive intention to allocate a portion of the cash received to the acquisition of shares of Suez Environnement on the stock market.

Suez Environnement is a global benchmark in end-to-end water and waste management. The company has more than 79,550 employees working together on five continents. In the water business, Suez Environnement supplies drinking water and provides wastewater services to 92 million and 65 million people, respectively, as the leading operator in Spain and Chile and the second-largest in France. In the waste business, Suez Environnement manages collection of waste generated by 52 million people, and provides waste treatment and disposal services. Suez Environnement is the leading operator in France and in the Benelux region in this business (*Source: Suez Environnement's press releases*).

#### Aigües de Barcelona, Empresa Metropolitana del Cicle Integral de l'Aigua, S.A. (15%)

Also as part of the sale of the Agbar holding on 13 November 2014, the €50,550 thousand investment in Aigües de Barcelona, Empresa Metropolitana del Cicle Integral de l'Aigua, S.A. (**Aigües de Barcelona**) was carried out, resulting in a shareholder structure comprising Agbar (70%), Àrea Metropolitana de Barcelona (15%) and Criteria (15%).

Aigües de Barcelona manages the end-to-end water cycle, from collection to treatment for drinking, transport and distribution. The company is also entrusted with the waste water treatment and purification service to return this water to the environment or reuse it.

Aigües de Barcelona, with assets close to €700 million, provides drinking water distribution service to 23 towns (2.8 million people), wastewater treatment and purification to a total of 36 towns in the metropolitan area (3.2 million people), and sewer service to another 10 towns.

Among other infrastructures, the company manages over 4,600 km distribution and transport network, five water treatment plants, seven purification plants, 303 km of collection systems and four marine outfalls.

#### Saba Infraestructuras, S.A. (50.1%)

Saba Infraestructuras, S.A. (**Saba**) is a benchmark operator in the car parks and logistics parks sector. Operating in six countries in 2014 (Spain, Italy, Chile, Portugal, France and Andorra), the Saba group manages nearly 190,000 spaces distributed over 350 car parks, following the transactions with Aena, Adif and Bamsa. It also manages a network of seven logistics parks, with a built surface area of more than 730,000 m<sup>2</sup> over nearly 620 hectares and buildable land covering almost 3 million m<sup>2</sup>.

#### Mediterránea Beach & Golf Community, S.A.U. (100%)

Mediterránea Beach & Golf Community, S.A.U., is the owner of a 600,000 square metre developed land reserve and of the three-course Lumine Golf Club designed by Greg Norman and Alfonso Vidaor. Since 2010 the golf courses have been managed by Troon Golf, an international company with more than 20 years' experience and a proven track record in the management, development and marketing of top-level golf complexes.

#### Caixa Capital Risc S.G.E.C.R., S.A. (100%)

Caixa Capital Risc, the venture capital arm of the Group, is a benchmark funds investor providing capital and participating loans for innovative start-up companies. It now has €154 million under management, mainly in Spanish companies operating in the digital technology, life sciences and industrial technology sectors. Caixa Capital Risc uses seven special investment vehicles to invest in the first rounds of funding ("seed" phase) and help companies grow. The management company's team of professionals focus on identifying, analysing, investing in and supporting innovative start-ups in Spain.

#### Vithas Sanidad, S.L. (20%)

Vithas Sanidad, S.L. (**Vithas**), a leading hospital group in Spain, currently has 12 hospitals and a supply platform (PlazaSalud24).

Vithas' 12 hospitals are amongst the benchmark institutions in their respective areas of influence (Alicante, Almeria, Granada, Las Palmas de Gran Canaria, Lerida, Madrid, Malaga, Tenerife, Vigo and Vitoria-Gasteiz), treating patients covered by all healthcare insurers and mutual accident insurance schemes, private patients, and cases handled in conjunction with the national healthcare system.

### *5.2.3 Real estate portfolio*

Following the incorporation on 4 December 2014 of Foment Immobiliari Assequible in the Criteria Group at the date of this Base Prospectus, Criteria's managed real estate portfolio (excluding CaixaBank) amounted to €3,173 million, half of which is rental property.

The origin of this property portfolio is twofold originating: firstly from the property assets that "la Caixa" had at the time of the reorganisation of mid-2011, Criteria's strategy is to manage this real estate portfolio to create long-term value through the selective sale of certain assets in the short term and the exploitation of a portfolio of properties to enhance returns over the long term, and secondly, from the assets of the integration of Foment Immobiliari Assequible.

#### 5.2.4 *Principal markets*

Except for the interest in Suez Environnement, all the Issuer's industrial holdings are in Spanish companies which operate at a national and international level.

CaixaBank is one of Spain's leading retail banks, with a market share of 14.8% and 14.5% in loans and deposits ("**Other resident sectors**"), respectively. Approximately 97% of its income deriving from ordinary activities generated in Spain, the remaining comes, mostly, from its banking institutions holdings in other countries (primarily China, Portugal, Mexico and Central Europe).

Furthermore, Gas Natural's activities in Spain represent 55.3% of its consolidated EBITDA as at 31 December 2014, while its international activities are carried out mainly in South America. In relation to Abertis, its activities in Spain represent 41% of its consolidated EBITDA, while its international activities are essentially carried out in France, Brazil and Chile.

### **5.3 Administration, Management and Supervision bodies**

#### *5.3.1 Members of Administration, Management and Supervision bodies*

##### *Board of Directors of Criteria CaixaHolding*

At the date of registration of this Base Prospectus the members of the Board of Directors are:

**Chairman:**

Isidre Fainé Casas

**First Deputy Chairman:**

Alejandro García-Bragado Dalmau

**Second Deputy Chairman:**

Javier Godó Muntañola

**Third Deputy Chairman:**

Salvador Gabarró Serra

**Directors:**

José Antonio Asiáin Ayala

Jean-Louis Chaussade

Marcos Contreras Manrique

Isabel Estapé Tous

Francisco Javier García Sanz

Víctor Grífols Roura

Josep-Delfí Guàrdia Canela

Heinrich Haasis

Francesc Homs Ferret

Juan José López Burniol

Justo B. Novella Martínez

Josep Joan Simon Carreras

Josep Zaragoza Alba

The business address of the members of the Board of Directors is Avenida Diagonal, 621, 08028 Barcelona, Spain.

*Audit and Control Committee of Criteria CaixaHolding*

At the registration date of this Base Prospectus the members of the Audit and Control Committee are:

**Chairman:**

Isabel Estapé Tous

**Directors:**

Salvador Gabarró Serra

Marcos Contreras Manrique

The business address of the members of the Audit and Control Committee is Avenida Diagonal, 621, 08028 Barcelona, Spain

*Appointments and Remuneration Committee of Criteria CaixaHolding*

At the registration date of this Base Prospectus the members of the Appointments and Remuneration Committee are:

**Chairman:**

Isabel Estapé Tous

**Directors:**

José Antonio Asiáin Ayala

Juan José López Burniol

The business address of the members of the Audit and Control Committee is Avenida Diagonal, 621, 08028 Barcelona, Spain

*Senior Management of Criteria CaixaHolding*

At the registration date of this Base Prospectus the members of the Senior Management Committee are:

**Managing Director**

Marcelino Armenter Vidal

**Executive Communications Director**

Jaume Giró Ribas

**Executive Corporate strategic planning and Development Director**

Jordi Gual Solé

**Head of the Tax Department**

Javier Paso Luna

**General Deputy Director**

Francesc Bellavista Auladell

**General Assistant Director**

Óscar Valentín Carpio Garijo

**General Assistant Director / Chief Financial Officer**

Xavier Moragas Freixa

**General Secretary:**

José Antonio Alepuz Sánchez

The business address of the members of the Senior Management Committee is Avenida Diagonal, 621, 08028 Barcelona, Spain.

*Principal activities engaged in by those persons outside Criteria CaixaHolding*

**Isidro Fainé Casas:**

Fundación Bancaria "la Caixa" (Trustee Chairman)  
CaixaBank, S.A. (Chairman)  
Confederación Española de Cajas de Ahorros (CECA) (Chairman)  
Abertis Infraestructuras, S.A. (Director)  
Banco BPI, S.A. (Director)  
Repsol YPF, S.A. (First Deputy Chairman)  
Telefónica, S.A. (Deputy Chairman)  
The Bank of East Asia (Director)

**Alejandro García-Bragado Dalmau**

Fundación Bancaria "la Caixa" (Trustee Deputy Chairman and Deputy Secretary)

**Salvador Gabarró Serra:**

CaixaBank, S.A. (Director)  
Gas Natural, S.D.G., S.A. (Chairman)  
Fundación Gas Natural Fenosa (Chairman)

**Javier Godó Muntañola:**

Fundación Bancaria "la Caixa" (Trustee)  
Servihabitat Servicios Inmobiliarios, S. L. (Director)  
Grupo Godó de Comunicación, S.A. (Chairman and CEO)

**Marcos Contreras Manrique**

Banco Europeo de Finanzas, S.A. (Deputy Chairman)  
Marcos Consulting Management Firm, S.L. (Sole Director)  
Contrener, S.L. (Sole Director)

**Josep-Delfí Guàrdia Canela**

VidaCaixa, S.A. de Seguros y Reaseguros (Director)

**Francesc Homs Ferret**

Fundación Bancaria "la Caixa" (Trustee)  
Foment Immobiliari Assequible, S.A.U. (Deputy Chairman)

**Juan-José López Burniol**

Fundación Bancaria "la Caixa" (Trustee)  
CaixaBank, S.A. (Director)

**Justo Bienvenido Novella Martínez**

Nuevo Micro Bank, S.A.U. (Director)

**Josep Joan Simón Carreras**

Servihabitat Servicios Inmobiliarios, S.L. (Director)  
Ayuntamiento de Manresa (Legal Counsel)

**José Antonio Asiáin Ayala**

None

**Jean-Louis Chaussade**

Suez Environnement Company (France) (Director and General Manager)  
Suez Environnement España, S.L. (Managing Director)  
Hisusa Holding de Infraestructuras y Servicios Urbanos, S.A. (Chairman)  
Sino French Holdings Ltd (China-HK) (Chairman)  
Lyonnaise des Eaux France (Chairman)  
Sita France (Chairman)  
Sociedad General de Aguas de Barcelona (individual representative of the Director Suez Environment España, S.L.)

**Isabel Estapé Tous**

Triana 88, S.L. (Joint and Several Director)

**Francisco Javier García Sanz**

Seat, S.A. (Chairman)  
FAW Volkswagen Automotive Company Ltd (Director)  
Porsche Holding Stuttgart GmbH (Director)  
Scania AB (Director)  
Scania CV AB (Director)  
Shanghai Volkswagen Automotive Company Ltd (Director)  
vfl Wolfsburg Fußball GmbH (Chairman)  
Volkswagen China Investment Company Ltd (Director)  
Volkswagen Group of America, Inc. (Director)  
Dr. Ing. H.c.F. Porsche AG (Director)  
Hochtief AG (Director)

**Víctor Grífols Roura**

Grífols, S.A. (Chairman and Managing Director)

**Heinrich Haasis**

World Saving and Retail Banking Institute, Brüssel (Chairman)  
German Saving Bank Foundation for International Cooperation (Chairman)

**Josep Francesc Zaragoza Alba**

None

**Marcelino Armenter Vidal**

Caixa Capital Risc, S.G.E.I.C., S.A. (Executive Chairman)  
Abertis Infraestructuras, S.A. (Director)

Banco BPI, S.A. (Director)

Ahorro Corporación, S.A. (Third Deputy Chairman, Natural Person Representative of the Director ESTUGEST, S.A.U.)

**Jaume Giró Ribas**

”la Caixa” Banking Fundation (Managing Director)

**Jordi Gual Solé**

CaixaBank Head of the Corporate strategic planning and Development

**Francesc Bellavista Auladell**

Aigües de Barcelona, Empresa Metropolitana de Gestió del Cicle Integral de l’Aigua, S.A. (Director)



Caixa Capital Risc, S.G.E.I.C., S.A. (Director)

Mediterránea Beach & Golf Community, S.A.U. (Director)

Grupo Isolux Corsán, S.A. (Director, Natural Person Representative of the Director Inversiones Corporativas Digitales, S.L.)

### **Óscar Valentín Carpio Garijo**

Caixa Capital Risc, S.G.E.I.C., S.A. (Director)

Foment Immobiliari Assequible, S.A.U. (Director)

### **Xavier Moragas Freixa**

Hiscan Patrimonio, S.A.U.(Sole Administrator)

Inversiones Autopistas, S.L. (Chairrman)

Bodega Sarría, S.A. (Director, Natural Person Representative of the Director Inversiones Corporativas Digitales, S.L.)

There are no other administrative, management and supervisory bodies.

#### *5.3.2 Conflicts of interests of the administration, management and supervision bodies*

##### *Conflicts of interest*

Article 229.3 of the Spanish Companies Act., recently amended by Law 31/2014 of 3 December modifying the Spanish Companies Act. to improve corporate governance, in force since 24 December 2014, introduces, among other duties applicable to directors, the duty to report to the Board of Directors any situation of conflict of interest, direct or indirect, incurred in by each of the Directors or related parties in respect of Criteria CaixaHolding.

In this connection and due to the fact that Mr. Jean-Louis Chaussade is both a director in Suez Environnement and Agbar, Criteria CaixaHolding's Directors disclosed the following at 31 December 2014:

- Jean-Louis Chaussade did not attend the meeting of the Board of Directors on 17 July 2014, the first agenda point of which was to discuss a corporate action agreed with the Suez Group. He did not attend to abstain from the discussions and voting on the said agreement.

## **5.4 Main shareholders**

Criteria CaixaHolding is a wholly-owned subsidiary of "la Caixa" Banking Foundation.

### *5.4.1 Description of the relationship between the "la Caixa" Banking Foundation, Criteria and CaixaBank*

In order to strengthen the Group's transparency, autonomy and good governance, as well as to limit and regulate conflicts of interest, "la Caixa" and CaixaBank signed an internal relations protocol on 1 July 2011. According to the Protocol, any new intragroup service or transaction shall always be made in writing and shall be governed by the general principles contained therein.

As a result of its transformation into a banking foundation and the conclusion of the indirect exercise of banking activity through CaixaBank, and in accordance with the provisions of Law 26/2013, of 27 December, governing savings banks and banking foundations, on 24 July 2014, the foundation's Board of Trustees approved a protocol for managing its ownership interest in the financial institution which primarily regulates the following aspects:

- The basic strategic lines governing the "la Caixa" Foundation's management of its stake in CaixaBank.
- Relations between the Board of Trustees and CaixaBank's governing bodies.
- The general criteria governing transactions between the "la Caixa" Foundation and CaixaBank, and the mechanisms to be introduced to prevent potential conflicts of interest.
- The mechanisms to avoid the emergence of conflicts of interest.
- The basic criteria relating to the assignment and use of distinctive signs and domain names owned by the "la Caixa" Banking Foundation by CaixaBank and the companies in its Group.
- The provision for the "la Caixa" Banking Foundation to have a right of pre-emptive acquisition in the event of transfer by CaixaBank of Monte de Piedad, which it owns.
- The basic principles for a possible collaboration so that (a) CaixaBank may implement corporate social responsibility policies through the "la Caixa" Banking Foundation, and, at the same time (b) the "la Caixa" Banking Foundation may disseminate its welfare projects through the CaixaBank branch network, and where appropriate, through other material means.
- The flow of adequate information to allow the "la Caixa" Banking Foundation and CaixaBank to prepare their financial statements and to comply with periodic reporting and supervisory duties with the Bank of Spain and other regulatory bodies.

Under the scope of this new protocol, a new protocol shall be signed that replaces the internal relations protocol signed between "la Caixa" and CaixaBank on 1 July 2011. "la Caixa" and CaixaBank agreed to renew the Internal Relations Protocol between the two under all the terms and conditions that were not affected by the end of the indirect exercise by "la Caixa" as a credit institution through CaixaBank until the new relations protocol is adopted.

## **5.5 Financial information concerning the Issuer's assets and liabilities, financial position and profit and loss**

### *5.5.1 Historical financial information*

Criteria CaixaHolding's consolidated audited annual accounts as at and for the years ended 31 December 2014 and 31 December 2013 are incorporated by reference in this Prospectus (please see Section 4 *Documents Incorporated by Reference*).

The auditor of Criteria CaixaHolding has expressed an unqualified opinion on the consolidated audited annual accounts of Criteria CaixaHolding as of and for each of the years ended 31 December 2014 and 2013.

The annual accounts, the management reports of the Issuer for the years 2014 and 2013 together with the corresponding auditor reports can be consulted during the term of validity of the Base Prospectus via the website of Criteria CaixaHolding ([www.criteria.com](http://www.criteria.com)). Similarly, these annual accounts and the corresponding audit reports have been deposited and can be consulted at the CNMV.

### *5.5.2 Comparative information in the context of the Reorganisation*

As explained in Section 1 of this Base Prospectus (*Criteria CaixaHolding's Incorporation and Reorganisation Process*), the ownership interest of "la Caixa" in CaixaBank together with other assets and liabilities were transferred to Criteria CaixaHolding by means of the Spin Off, effective as of 14 October 2014 (1 January for Accounting Purposes). Accordingly, Criteria CaixaHolding's audited consolidated financial information corresponding to the year 2013 does not include either its current holding in CaixaBank or the rest of the transferred assets and liabilities.

Therefore, with the sole purpose of providing financial information on how the Reorganisation has affected the Group this Section provides a comparative analysis of the Group's consolidated balance sheet and consolidated income statement at 31 December 2014 and the information provided in Note 1

of Criteria CaixaHolding's audited consolidated annual accounts for the year ended 31 December 2014 this includes: (i) an unaudited detailed disclosure of the adaptation of the Group's consolidated balance sheet as of 31 December 2013 to the consolidated balance sheet as of 1 January 2014, date of the Reorganisation for accounting purposes, that includes the most significant line items of the balance sheet of the Group, with the purpose of presenting the main variations caused by the Reorganisation; and (ii) an unaudited combined income statement for the Group for the year ended as of 31 December 2013 reflecting an estimation of the profit or loss for the Group should the Reorganisation had been effective as of 1 January 2013.

Additionally, IFRS-EU require that the information presented in the consolidated financial statements be consistent with the information shown in the immediately preceding consolidated annual accounts. In this sense, as a result of the Reorganisation, the banking business attributed to the Criteria CaixaHolding Group represents the main activity of the new consolidated group. Consequently, taking Rule One of Circular 4/2004 the balance sheet must be presented, in respect of the level of liquidity of the assets and liabilities, and the income statement, taking into consideration the financial statement formats contained in Circular 4/2004, which adapts the IFRS-EU to the credit institution sector in Spain. Consequently, to adequately present the comparative information contained in Criteria CaixaHolding's consolidated annual accounts as at and for the year ended 31 December 2014, the unaudited financial statements at 31 December 2013 included therein have been adapted, for comparative reasons, to the financial statement formats included in Bank of Spain Circular 4/2004 as detailed in the consolidated audited annual accounts for the year ended 31 December 2014 that are incorporated by reference, and form part of, this Base Prospectus.

The audited consolidated financial statements of the Group at 31 December 2013 were presented in accordance with IFRS-EU. New IFRS-EU had been published at the date of preparation of the 31 December 2013 audited consolidated financial statements of the Group, which effectively came into force after 31 December 2013. Although, in some cases, the European Union permits the early adoption prior to the entry into force of this new standards, the Group did not adopt the mentioned standards for the year ended 31 December 2013 (the mandatory adoption of these standards by the European Union was 1 January 2014). New IFRS-EU standards were applied in 2014, and Criteria has restated 2013 comparative financial information included in the 2014 annual accounts for that reason.

Subsequently, the audited consolidated financial statements of the Group at 31 December 2014 have been prepared and presented under IFRS-EU applying such new standards (specifically, establishing that joint ventures shall be accounted for in the consolidated financial statements using the equity method and will no longer be accounted for by the proportionate consolidation method).

Although the mentioned new accounting standards were not applied in preparing the audited consolidated financial statements at 31 December 2013, the Group has provided (as included for comparative reasons in the audited consolidated financial statements at 31 December 2014) the restated unaudited consolidated financial statements of the Group at 31 December 2013, considering the effects that the mentioned new and revised standards as of 31 December 2014 would have in the consolidated financial statements at 31 December 2013.

**(A) Impact of the Reorganisation of the "la Caixa" Group's activities on the composition of the Criteria CaixaHolding Group's assets and liabilities: preparation of a consolidated balance sheet for the Criteria CaixaHolding Group at 1 January 2014**

The tables below, presented for information purposes only, illustrate the conversion of the Criteria CaixaHolding Group's consolidated balance sheet at 31 December 2013 to the Criteria CaixaHolding Group's consolidated balance sheet at 1 January 2014, the date of the Group Reorganisation for accounting purposes and includes, for comparative purposes, Criteria CaixaHolding Group's consolidated balance sheet at 31 December 2014. The consolidated balance sheet is presented with the breakdown of the main items to show the principal differences arising from the Reorganisation process.

The column “Criteria CaixaHolding Group at 31 December 2013” corresponds to the Group’s consolidated balance sheet presented in accordance with the specific format for credit institutions and restated due to adoption of IFRS 11.

ASSETS (thousands of euro)	Criteria CaixaHolding Group 31.12.2013 (restated unaudited) (*)	Impact of the Reorganisation				Criteria CaixaHolding Group 1.1.2014	Criteria CaixaHolding Group 31.12.2014 (audited)
		Contribution		Adjustments			
		CaixaBank Group 31.12.2013 (restated unaudited) (**)	Other contributed assets and liabilities	Intercompany eliminations	Other consolidation adjustments		
Cash and deposits at central banks	1,453	6,967,808		(1)		6,969,260	4,158,462
Financial assets held for trading		10,002,443		(1)		10,002,442	12,256,760
Other financial assets at fair value through profit or loss		450,206				450,206	937,043
Available-for-sale financial assets	15,441	56,450,038		367		56,465,846	71,527,174
Loans and receivables	486,933	206,846,199	1,011,166	(3,168,761)	165	205,175,702	193,561,624
Held-to-maturity investments		17,830,752				17,830,752	9,608,489
Adjustments to financial assets - macro-hedges		80,001				80,001	138,812
Hedging derivatives	733	4,572,762	484,424	(522,334)		4,535,585	5,148,173
Non-current assets held for sale	1,243,924	6,214,572			(2,001)	7,456,495	8,514,613
Investments	7,369,005	8,773,670	107	(40)		16,142,742	15,993,617
Reinsurance assets		519,312				519,312	451,652
Tangible assets	1,216,686	5,517,560				6,734,246	8,003,134
Intangible assets	612,314	3,629,300		(1)		4,241,613	4,864,162
Tax assets	1,074,862	9,764,598	2,016	(331)	(165,665)	10,675,480	11,085,305
Other assets	934,134	2,700,918	78,020	(7,611)	1,868	3,707,329	3,304,228
<b>Total assets</b>	<b>12,955,485</b>	<b>340,320,139</b>	<b>1,575,733</b>	<b>(3,698,713)</b>	<b>(165,633)</b>	<b>350,987,011</b>	<b>349,553,248</b>

(\*) Adjusted to format for credit institutions and restated due to adoption of IFRS 11

(\*\*) Restated due to early adoption of IFRIC 21.

LIABILITIES (thousands of euro)	Criteria CaixaHolding Group 31.12.2013 (restated unaudited) (*)	Impact of the Reorganisation				Criteria CaixaHolding Group 1.1.2014	Criteria CaixaHolding Group 31.12.2014 (audited)
		Contribution		Adjustments			
		CaixaBank Group 31.12.2013 (restated unaudited) (**)	Other contributed assets and liabilities	Intercompany eliminations	Other consolidation adjustments		
Financial liabilities held for trading		7,890,643	6,375		(6,375)	7,890,643	11,974,880
Other financial liabilities at fair value through profit or loss		1,252,065				1,252,065	1,442,391
Financial liabilities at amortised cost	3,222,687	263,201,003	8,259,392	(3,175,843)	13,646	271,520,885	254,720,594
Adjustments to financial liabilities - macro-hedges		2,195,517				2,195,517	3,242,925
Hedging derivatives	12,897	1,487,432	34,081	(522,334)		1,012,076	896,653
Liabilities under insurance contracts		32,028,006				32,028,006	40,434,093
Provisions	170,708	4,321,261	7,116	1	(1)	4,499,085	4,559,614
Tax liabilities	326,858	2,352,815		(2)	(515,427)	2,164,244	1,802,514
Other liabilities	21,432	1,644,825	101,269	(536)	(41,959)	1,725,031	2,189,026
<b>Total liabilities</b>	<b>3,754,582</b>	<b>316,373,567</b>	<b>8,408,233</b>	<b>(3,698,714)</b>	<b>(550,116)</b>	<b>324,287,552</b>	<b>321,262,690</b>

(\*) Adjusted to format for credit institutions and restated due to adoption of IFRS 11.

(\*\*) Restated due to early adoption of IFRIC 21.

EQUITY (thousands of euro)	Criteria CaixaHolding Group 31.12.2013 (restated unaudited) (*)	Impact of the Reorganisation				Criteria CaixaHolding Group 1.1.2014	Criteria CaixaHolding Group 31.12.2014 (audited)
		Contribution		Contribution			
		CaixaBank Group 31.12.2013 (restated unaudited) (**)	Other contributed assets and liabilities	Intercompany eliminations	Other consolidation adjustments		
Shareholders' equity	8,947,356	23,258,485			(16,100,282)	16,105,559	16,468,857
Valuation adjustments	(126,508)	704,013			(250,810)	326,695	956,778
Non-controlling interests	380,055	(15,926)			9,903,076	10,267,205	10,864,923
<b>Total equity</b>	<b>9,200,903</b>	<b>23,946,572</b>	<b>0</b>	<b>0</b>	<b>(6,448,016)</b>	<b>26,699,459</b>	<b>28,290,558</b>

(\*) Adjusted to format for credit institutions and restated due to adoption of IFRS 11.

(\*\*) Restated due to early adoption of IFRIC 21.

**(B) Unaudited combined income statement of the Criteria CaixaHolding Group for the year ended 31 December 2013 and audited consolidated income statement for the year ended 31 December 2014**

The table below, presented for information purposes only, shows the combined consolidated income statement of the Criteria CaixaHolding Group for the year ended 31 December 2013 (reflecting the estimated results the Group would have obtained if the Reorganisation had occurred on 1 January 2013) and includes, for comparative purposes, the consolidated income statement of the Criteria CaixaHolding Group for the year ended 31 December 2014.

(Thousands of euro)	Criteria CaixaHolding Group 31.12.2013 (restated unaudited) (*)	Impact of the Reorganisation				Combined Criteria CaixaHolding Group 31.12.2013 (unaudited)	Criteria CaixaHolding Group 31.12.2014 (audited)
		Contribution		Adjustments			
		CaixaBank Group 31.12.2013 (restated unaudited) (**)	Retrospective application of contribution 1.1.2013	Intercompany eliminations	Other consolidation adjustments		
Interest and similar income	11,629	9,300,809	1,139	(134,861)		9,178,716	8,731,982
Interest expense and similar charges	(158,346)	(5,346,052)	(208,261)	134,862	4,681	(5,573,116)	(4,897,406)
<b>NET INTEREST INCOME</b>	<b>(146,717)</b>	<b>3,954,757</b>	<b>(207,122)</b>	<b>1</b>	<b>4,681</b>	<b>3,605,600</b>	<b>3,834,576</b>
Return on equity instruments		106,882	691,939	1	(691,939)	106,883	185,374
Share of profit/(loss) of entities accounted for using the equity method	680,506	338,838				1,019,344	979,519
Fee and commission income		1,912,333	331	(3,137)		1,909,527	1,972,578
Fee and commission expense	(2,132)	(152,368)	(410)	3,137		(151,773)	(147,515)
Gains/(losses) on financial assets and liabilities (net)	4,081	674,311				678,392	732,155
Exchange differences (net)	(280)	4,666		(1)		4,385	65,936
Other operating income	329,356	972,905	9	(148,426)		1,153,844	1,279,458
Other operating expenses	(153,554)	(1,447,470)		76,451		(1,524,573)	(1,347,758)
<b>GROSS INCOME</b>	<b>711,260</b>	<b>6,364,854</b>	<b>484,747</b>	<b>(71,974)</b>	<b>(687,258)</b>	<b>6,801,629</b>	<b>7,554,323</b>



(Thousands of euro)	Criteria CaixaHolding Group 31.12.2013 (restated unaudited) (*)	Impact of the Reorganisation				Combined Criteria CaixaHolding Group 31.12.2013 (unaudited)	Criteria CaixaHolding Group 31.12.2014 (audited)
		Contribution		Adjustments			
		CaixaBank Group 31.12.2013 (restated unaudited) (**)	Retrospective application of contribution 1.1.2013	Intercompany eliminations	Other consolidation adjustments		
Administrative expenses	(88,982)	(4,365,655)	(26,348)	30,992	0	(4,449,993)	(3,508,361)
Personnel expenses	(73,783)	(3,421,549)	(14,986)	(1)		(3,510,319)	(2,648,742)
Other general expenses	(15,199)	(944,106)	(11,362)	30,993		(939,674)	(859,619)
Depreciation and amortisation	(63,456)	(419,882)				(483,338)	(424,457)
Provisions (net)	205	(135,066)	(6,001)	1		(140,861)	(384,674)
Impairment losses on financial assets (net)	(3,323)	(4,193,601)		1		(4,196,923)	(2,194,400)
<b>NET OPERATING INCOME/(LOSS)</b>	<b>555,704</b>	<b>(2,749,350)</b>	<b>452,398</b>	<b>(40,980)</b>	<b>(687,258)</b>	<b>(2,469,486)</b>	<b>1,042,431</b>
Impairment losses on other assets (net)	(104,498)	(276,551)		(1)		(381,050)	(168,680)
Gains/(losses) on disposal of assets not classified as non-current assets held for sale	205,703	363,377	121,665	4,477	(121,666)	573,556	11,657
Negative goodwill in business combinations		2,289,074				2,289,074	
Gains/(losses) on non-current assets held for sale not classified as discontinued operations	(213,361)	(606,303)		35,613		(784,051)	(318,520)
<b>CONSOLIDATED PROFIT/(LOSS) BEFORE TAX</b>	<b>443,548</b>	<b>(979,753)</b>	<b>574,063</b>	<b>(891)</b>	<b>(808,924)</b>	<b>(771,957)</b>	<b>566,888</b>
Income tax	47,228	1,288,358	65,075	891	(36,433)	1,365,119	184,885
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>490,776</b>	<b>308,605</b>	<b>639,138</b>	<b>0</b>	<b>(845,357)</b>	<b>593,162</b>	<b>751,773</b>

(Thousands of euro)	Criteria CaixaHolding Group 31.12.2013 (restated unaudited) (*)	Impact of the Reorganisation				Combined Criteria CaixaHolding Group 31.12.2013 (unaudited)	Criteria CaixaHolding Group 31.12.2014 (audited)
		Contribution		Adjustments			
		CaixaBank Group 31.12.2013 (restated unaudited) (**)	Retrospective application of contribution 1.1.2013	Intercompany eliminations	Other consolidation adjustments		
Profit/(loss) from discontinued operations (net)							
<b>CONSOLIDATED PROFIT FOR THE YEAR</b>	<b>490,776</b>	<b>308,605</b>	<b>639,138</b>	<b>0</b>	<b>(845,357)</b>	<b>593,162</b>	<b>751,773</b>
Profit attributable to the Parent	470,736	315,872	639,138		(919,070)	506,676	622,334
Profit/(loss) attributable to non-controlling interests	20,040	(7,267)			73,713	86,486	129,439

(\*) Adjusted to format for credit institutions and restated due to adoption of IFRS 11.º

(\*\*) Restated due to early adoption of IFRIC 21.

### 5.5.3 *Age of latest financial information*

The most recent audited financial information included in this Base Prospectus corresponds to the fiscal year ended on 31 December 2014. Consequently, this information has been prepared within 18 months of the date of registration of this Base Prospectus.

## **5.6 Legal and arbitration proceedings**

As at the year ended 31 December 2014, certain lawsuits and proceedings were on-going involving the Criteria CaixaHolding Group and arising from the ordinary course of its operations.

As at the date of this Base Prospectus, CaixaBank and the other Group companies are subject to claims. Therefore, they are party to certain legal proceedings arising from the normal course of their business, including claims in connection with lending activities, relationships with employees and other commercial or tax matters. Accordingly, the outcome of court proceedings must be considered uncertain.

Based on available information, the Group considers that at 31 December 2014 and 2013, it had reliably estimated the obligations arising from each proceeding and had recognised, where appropriate, sufficient provisions to reasonably cover the liabilities that may arise as a result of these tax and legal situations. It also considers that any responsibility arising from these procedures will not, as a whole, have a material adverse effect on the Group's businesses, financial position or results of operations.

The provision covering obligations that may arise from various ongoing legal proceedings amount to €70 million, of which €55 million correspond to legal proceedings deriving from Banca Cívica and the remainder to other legal proceedings, whose individual amounts are not material. Given the nature of these obligations, the expected timing of outflows of resources embodying economic benefits, should they arise, is unknown.

At 31 December 2014, certain lawsuits and proceedings were ongoing involving the Criteria CaixaHolding Group arising from the ordinary course of its operations.

The Criteria CaixaHolding Group's legal advisers and directors consider that the outcome of such lawsuits and proceedings will not have a material effect on equity in the years in which they are settled.

Following the entry into force of Law 26/2013, of 27 December, governing savings banks and banking foundations, and given that in 2013 the stake held by "la Caixa" in CaixaBank was reduced to below 70%, CaixaBank assumed the position of Parent of the tax group and "la Caixa" (currently "la Caixa" Banking Foundation) became a subsidiary, with effect from 1 January 2013, Criteria forms part of the tax group as a subsidiary.

Furthermore, Criteria CaixaHolding and some of these companies also belong to a consolidated tax group for value added tax (VAT) whose parent company has been "la Caixa" since 2008.

The companies in the tax group have the last four years open for review for the main taxes applicable.

The main tax proceedings ongoing at 31 December 2014 are as follows:

- In 2011, the tax authorities began an inspection of "la Caixa" for the main taxes applicable between 2007 and 2009. This inspection was completed in 2013 and assessments were issued, mainly in relation to temporary differences arising from divergences between accounting and tax standards. Assessments signed in agreement were paid, while those signed under protest are still awaiting a ruling by the Central-Economic Administrative Tribunal. For the latter, CaixaBank has recognised provisions at 31 December 2014 amounting to €10,963 thousand.
- In 2008, the tax authorities began an inspection of "la Caixa" for the main taxes applicable between 2004 and 2006. This inspection was completed in 2010 and assessments were issued,

mainly in relation to temporary differences arising from divergences between accounting and tax standards. The Group has allocated provisions for €3,171 thousand, as at 31 December 2014, to cover the maximum contingencies that may arise in relation to assessments assigned under protest as yet unresolved by the National High Court (*Audiencia Nacional*).

Furthermore, as the successor of Banca Cívica and the Savings Banks that formerly contributed their gains from financial activities to Banca Cívica, information is shown below on the reviews and inspections carried out for the main taxes and obligations, which generally cover the following tax years:

- a) Caja Burgos, to 2007; Cajasol, to 2006; Caja Canarias, to 2008 and Caja Navarra, to 2009.
- b) On 18 July 2012, the tax authorities notified Cajasol of the beginning of an inspection for the main taxes applicable to it for the years 2007 to 2010, inclusive. The inspections were completed in 2014 and the assessments issued and signed in agreement. The tax payable was paid.
- c) Subsequently, on 20 March 2013, the tax authorities notified Caja Canarias of the beginning of an inspection for the main taxes applicable to it for the years 2009 and 2010. The inspections were completed in 2014 and the assessments issued and signed in agreement. The tax payable was paid.
- d) In addition, on 11 July 2013, the tax authorities notified Caja de Burgos of the beginning of an inspection for the main taxes applicable to it for the years 2008 to 2010, inclusive. At 31 December 2014 the inspections had not been completed although no significant adjustment of the tax expense is expected.

Finally, in 2013, the tax authorities completed the inspection of Banco de Valencia for the main taxes applicable to it from 2006 to 2009 and the assessments issued and signed in agreement.

The various interpretations which can be made of the tax regulations applicable to transactions carried out by financial institutions may give rise to certain contingent tax liabilities that cannot be objectively quantified. CaixaBank's management considers that the provision under "Provisions for taxes and other legal contingencies" in the balance sheet is sufficient to cover these contingencies.

## **5.7 Significant change in the Issuer's financial position**

Except for the changes indicated in this Base Prospectus and, in particular, the changes pursuant to the Reorganisation and Spin-Off, no material change has occurred that might affect Criteria CaixaHolding Group's individual or consolidated financial position or solvency since the last audited financial information, which relates to the year ended 31 December 2014.

## **5.8 Material contracts**

Except for the changes indicated in this Base Prospectus and, in particular, the changes pursuant to the Reorganisation and Spin-Off, there are no material contracts entered into outside the ordinary course of business by any member of the Criteria CaixaHolding Group which could result in any member of the Criteria CaixaHolding Group being under an obligation or entitlement that adversely affects the Issuer's ability to meet its obligations to Noteholders in respect of the Notes.

## **6. RECENT REGULATORY DEVELOPMENTS AND FACTS WHICH MAY HAVE A MATERIAL EFFECT ON THE ISSUER'S PROSPECTS**

### **6.1 New regulatory framework for solvency purposes**

In December 2010, the Basel Committee on Banking Supervision reached an agreement on comprehensive changes to the capital adequacy framework and published three proposals ("Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer"). The proposals include new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for institutions (such as credit institutions). These include, without limitation, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the liquidity coverage ratio and net stable funding ratio, respectively). The changes in Basel III are intended to be phased in gradually between January 2013 and January 2022. The European Parliament and the Council adopted a new set of legislation to implement these amendments in the European Union. The relevant legislation encompasses a new directive, CRD IV governing, amongst other things, the basic rules and requirements for the banking business and its supervision and a new regulation, CRR, containing detailed requirements regarding liquidity, capital base, leverage and counterparty credit risks. The CRR is directly applicable from 1 January 2014 and the CRD IV Directive has been implemented in Spain by Royal Decree Law 14/2013 of 29 November and by Law 10/2014 of 26 June 2014, on regulation, supervision and solvency of credit entities (*Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de crédito*). RD-L 14/2013 has repealed, with effect from 1 January 2014, any Spanish regulatory provisions that may be incompatible with CRR.

In addition to RDL 14/2013, the Bank of Spain approved on 31 January 2014 its new Circular 2/2014, which overrides its previous Circular 7/2012, and makes certain regulatory determinations contained in CRR pursuant to the delegation contained in RD L 14/2013, including, relevant rules concerning the applicable transitional regime on capital requirements and the treatment of deductions.

### **6.2 Capital adequacy**

At 31 December 2014, Criteria's CET1 and Tier Total ratios, on a phase in basis, stood at 12.1% and total eligible capital at 17.0% of risk-weighted assets, implying a buffer of €14,495 million above the minimum capital requirements of CRR.

The annual trend in solvency highlights the Group's ability to generate capital organically, on account of both its earnings and its prudent approach to risk management, and the non-recurring transactions carried out in the year, basically conversions of CaixaBank's mandatory bounds Serie I/2011 and I/2012 during the first half-year.

Risk-weighted assets (**RWA**) amounted to €160,886 million at 31 December 2014. During the year 2014, RWAs decreased driven by the reduction in lending activity, coupled with the Group's success in optimising capital.

### **6.3 Banking supervision and resolution regime to Criteria CaixaHolding**

#### *6.3.1 General*

The Issuer has been recently notified of the ECB's decision establishing the prudential consolidated perimeter of the banking group at the Criteria CaixaHolding level. Therefore, and even though it is not a credit institution, certain EU regulations could apply to Criteria CaixaHolding in relation to banking recovery and resolution requirements, the ECB's supervision and as a part of the perimeter of consolidated institutions.

### *6.3.2 Capital requirements on a consolidated basis at Criteria CaixaHolding level*

According to article 11 (2) of Regulation (EU) no. 575/2013, credit institutions being controlled by certain non-bank-licensed holding companies shall comply with minimum capital requirements on the basis of the consolidated situation of their parent holding company.

As of 31 December 2014, supervisory authorities required CaixaBank to comply with capital requirements on the basis of the consolidated situation of Criteria CaixaHolding and CaixaBank fully complied with these requirements.

### *6.3.3 Bank resolution legislation*

Bank resolution mechanisms in Spain are established under Law 9/2012. Under the aforementioned law, all bank resolution mechanisms are applicable only to licensed credit institutions.

Accordingly, the mechanisms set forth under Law 9/2012 are not expected to be legally applicable to Criteria CaixaHolding.

Directive 2014/49/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms requires implementation by 1 January 2015, and the bail in tool must be operational from no later than 1 January 2016.

However, unlike Law 9/2012, the RRD could apply to the Issuer, despite it not being a credit institution, to the extent that the Issuer is holding a controlling stake in CaixaBank.

The Spanish Government has approved a bill of Law implementing the RRD (and superseding Law 9/2012). Although this bill has to follow the corresponding proceedings to be definitively approved by the Parliament and become law and further changes may be included during this process, the current bill of Law, establishes, in accordance with the RRD and among other things, resolution mechanisms applicable to non-bank-licensed holding companies that, like the Issuer, have a controlling stake in a bank or other credit institutions.

Resolution mechanisms under the RRD are envisaged to apply to holding companies both when the holding company and the bank subsidiary are failing or likely to fail or when only the bank subsidiary meets the resolution conditions under the RRD and the use of resolution tools and powers in relation to the holding company become necessary for the resolution of the bank subsidiary or the group as a whole. Accordingly, under the RRD, CaixaBank's failure or likely failure would be considered a trigger that allowed the use of resolution mechanisms on Criteria CaixaHolding.

Under the RRD, resolution authorities are required to prepare resolution plans at a group level. Moreover, the RRD requires parent holding companies to hold a certain amount of own funds and eligible securities at a group level, only if consolidated capital requirements are also required.

Even though the RRD is already in force, due to the fact that the Spanish law implementing the RRD has not yet been approved, it is not yet possible to assess the full impact of the RRD, including the extent to which the application of the resolution tools and requirements will affect Criteria CaixaHolding.

## 7. INFORMATION CONCERNING THE SECURITIES TO BE ADMITTED TO TRADING. TERMS AND CONDITIONS OF THE NOTES.

*The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be applicable to the Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Final Terms.*

Criteria CaixaHolding, S.A., Sociedad Unipersonal (the **Issuer** or **Criteria CaixaHolding**) has established a programme (the **Programme**) for the issuance of up to €3,000,000,000 in aggregate principal amount of notes (the **Notes**) in accordance with the threshold authorised by Criteria CaixaHolding's Board of Directors' resolution passed on 26 February 2015 on the basis of the authorisation granted by a decision of the sole shareholder of the Issuer taken on 9 October 2014. Notes issued pursuant to the Programme will be in dematerialised, book-entry form (*anotaciones en cuenta*).

The Notes have the benefit of a deed of covenant (the **Deed of Covenant**) executed by the Issuer on 26 March 2015 to which these terms and conditions (the **Conditions**) will be affixed. In the Deed of Covenant, the Issuer has covenanted in favour of each Holder (as defined below) that it will duly perform and comply with the obligations expressed to be undertaken by it in these Terms and Conditions (the **Conditions**). Copies of the Deed of Covenant are available for inspection during normal business hours at the specified office of the corresponding Paying Agent (as defined below) indicated in the applicable Final Terms. A certified copy of this Deed of Covenant may be obtained by any Holder from the Commissioner at its specified office at the expense of such Holder.

The Notes are also the subject of a paying agency agreement dated 26 March 2015 (the **Agency Agreement**) between the Issuer and CaixaBank, S.A. as agent bank (the **Paying Agent**, which expression includes any successor agent appointed from time to time in connection with the Notes).

Notes issued under the Programme are issued in series (each a **Series**) and each Series may comprise one or more tranches (each a **Tranche**) of Notes. Each Tranche is the subject of Final Terms (the **Final Terms**) which complete these terms and conditions (the **Conditions**). All references to "**Notes**" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms will be available for viewing on [www.cnmv.es](http://www.cnmv.es). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms. According to the legislation in force, the Notes will grant no present and/or future voting and other non-financial rights in Criteria CaixaHolding. The investor's economic and financial rights associated to the acquisition and holding of Notes will be those resulting from the interest rate, yield and redemption amount conditions as set out in the respective Final Terms and in Conditions 5 (*Interest*), 6 (*Payments*) and 7 (*Redemption and purchase*) below.

### 1 FORM, SPECIFIED DENOMINATION AND TITLE

#### 1.1 *Form and denomination*

The Notes will be issued in uncertificated, dematerialised book-entry form (*anotaciones en cuenta*) in the aggregate nominal amount (the **Aggregate Nominal Amount**), specified denomination (the **Specified Denomination**) and specified currency (the **Specified Currency**) shown in the relevant Final Terms provided that the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

#### 1.2 *Registration, clearing and settlement*

The Notes will be registered with the Spanish Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., Sociedad Unipersonal (**Iberclear**) as managing entity of the central registry of the Spanish clearance and settlement system (the **Spanish Central Registry**) with its registered office at Plaza de la Lealtad, 1, 28014, Madrid, Spain. Holders of a beneficial interest in the Notes who do not have, directly or indirectly through their custodians, a participating account with Iberclear may hold the Notes through bridge accounts maintained by each of Euroclear

Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme, Luxembourg (**Clearstream Luxembourg**) with Iberclear.

Iberclear will manage the settlement and clearing of the Notes, notwithstanding the Issuer's commitment to assist, when appropriate, on the clearing and settlement of the Notes through Euroclear and Clearstream Luxembourg.

The information concerning the International Securities Identification Number Code of the Notes (the **ISIN Code**) which will be provided by the Spanish National Numbering Agency (*Agencia Nacional de Codificación de Valores Mobiliarios*) will be stated in the Final Terms.

### 1.3 Title and transfer

Title to the Notes will be evidenced by book-entries and each person shown in the Spanish Central Registry managed by Iberclear and in the registries maintained by the respective participating entities (*entidades participantes*) in Iberclear (the **Iberclear Members**) as being the holder of the Notes shall be considered the holder of the principal amount of the Notes recorded therein. In these Conditions, the **Holder** of a Note means the person in whose name such Note is for the time being registered in the Spanish Central Registry managed by Iberclear or, as the case may be, the relevant Iberclear Member accounting book and **Noteholder** shall be construed accordingly.

One or more certificates (each, a **Certificate**) attesting to the relevant Noteholder's holding of the Notes in the relevant registry will be delivered by the relevant Iberclear Member or, where the Holder is itself an Iberclear Member, by Iberclear (in each case, in accordance with the requirements of Spanish law and the relevant Iberclear Member's or, as the case may be, Iberclear's procedures) to such Holder upon such Holder's request.

The Notes are issued without any restrictions on their free transferability. Consequently, the Notes may be transferred and title to the Notes may pass (subject to Spanish law and to compliance with all applicable rules, restrictions and requirements of Iberclear or, as the case may be, the relevant Iberclear Member) upon registration in the relevant registry of each Iberclear Member and / or Iberclear itself, as applicable. Each Holder will be treated as the legitimate owner (*titular legítimo*) of the relevant Notes for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the Holder.

## 2 ISSUE AND MATURITY DATE

The Notes will be issued and will mature on the respective date set forth in the relevant Final Terms (the **Issue Date** and the **Maturity Date**, respectively).

## 3 LISTING, ADMISSION TO TRADING AND STATUS OF THE NOTES

Unless another European securities market is stated in the applicable Final Terms, the Issuer undertakes to make or cause to be made an application on its behalf for the Notes to be admitted to listing and admitted to trading on AIAF within 30 days after the Issue Date

The Notes constitute (subject to the provisions of Condition 4 (*Negative Pledge*)) direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all time rank *pari passu* and without any preference among themselves except for any applicable legal and statutory exceptions. Upon insolvency of the Issuer, the obligations of the Issuer under the Notes shall (except for any applicable legal and statutory exceptions) at all times rank at least equally with all other unsecured and unsubordinated obligations of the Issuer (unless they qualify as subordinated claims pursuant to article 92 of Act 22/2003 (*Ley Concursal*) dated 9 July 2003 (the **Insolvency Act**) or equivalent legal provisions which replace it in the future).

In the event of insolvency (*concurso*) of the Issuer, under the Insolvency Act, claims relating to the Notes (which are not subordinated pursuant to article 92 of the Insolvency Act) will be ordinary credits (*créditos ordinarios*) as defined in the Insolvency Act. Ordinary credits rank junior to credits



against the insolvency state (*créditos contra la masa*) and credits with a privilege (*créditos privilegiados*). Ordinary credits rank senior to subordinated credits and the rights of shareholders.

Pursuant to article 59 of the Insolvency Act, the accrual of interest shall be suspended as from the date of declaration of the insolvency of the Issuer. Interest on the Notes 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 Act.

#### 4 NEGATIVE PLEDGE

So long as any Notes remain outstanding, the Issuer will not create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a **Security Interest**) (other than any Permitted Security Interest), upon the whole or any part of its undertakings, assets, property or revenues (including uncalled capital), present or future, to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto granting to the Notes (i) the same security as is created or outstanding to secure any such Relevant Indebtedness, guarantee or indemnity, or (ii) such other security as shall be approved by the Syndicate of Noteholders.

In these Conditions:

**Permitted Security Interest** means:

- (i) a Security Interest arising by operation of law; or
- (ii) any Security Interest which secures any Relevant Indebtedness or any guarantee or indemnity in respect of any Relevant Indebtedness which exists on any asset or undertaking of the Issuer which is acquired after the Issue Date of the Notes, provided that: (a) such Security Interest existed at the date of such acquisition; (b) such Security Interest was not created in contemplation of such acquisition; and (c) the amount thereby secured has not been increased in contemplation of, or since the date of, such acquisition, and any Security Interest over the same undertaking or asset which is given for the purpose of, and to the extent of, the refinancing of any such Relevant Indebtedness; 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 provided that any of the aforementioned obligations are listed on or have the capacity of being admitted by any listing authority to listing on, are quoted on, or are ordinarily dealt in or on, any stock exchange, 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).

#### 5 INTEREST

##### 5.1 *Interest on Fixed Rate Notes*

This Condition 5.1 is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable (the **Fixed Rate Notes**).

Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5.6.

If a Fixed Coupon Amount or a Broken Amount is specified in the relevant Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and, in the case of the Broken Amount, will be payable on the applicable Interest Payment Date(s).

## 5.2 *Interest on Floating Rate Notes*

This Condition 5.2 is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable (the **Floating Rate Notes**).

### (i) Interest Payment Dates

Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5.6. Such Interest Payment Date(s) is/are either shown in the relevant Final Terms or, if no Specified Interest Payment Date(s) is/are specified in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period specified as the Interest Period in the relevant Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

### (ii) Business Day Convention

If any date referred to in these Conditions which is specified in the Final Terms to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified in the Final Terms is (i) the Floating Rate Convention, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (a) such date shall be brought forward to the immediately preceding Business Day and (b) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day which is a Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

### (iii) Rate of Interest for Floating Rate Notes

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms as being applicable. In any case, the Rate of Interest determined for any Interest Accrual Period according to either ISDA Determination or Screen Rate Determination shall be subject to a floor of zero to ensure that the Rate of Interest on any Interest Accrual Period for Floating Rate Notes is not negative.

#### (a) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (a), ISDA Rate for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified in the relevant Final Terms;
- (y) the Designated Maturity is a period specified in the relevant Final Terms; and

- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms;

For the purposes of this sub-paragraph (a), Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity, Reset Date and Swap Transaction have the meanings given to those terms in the ISDA Definitions.

(b) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will be equal to the Screen Rate. For the purposes of this sub-paragraph (b), the Screen Rate, subject as provided below, shall be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

- (x) if the Relevant Screen Page is not available or, if sub paragraph (b)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (b)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (y) if paragraph (x) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case

may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

### *5.3 Interest on Zero Coupon Notes*

This Condition 5.3 is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable (the **Zero Coupon Notes**).

Where a Note the interest basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (calculated in accordance with Condition 7.3)).

### *5.4 Accrual of Interest*

Interest shall cease to accrue on each Note on the due date for redemption unless payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in this Condition 5 (*Interest*)).

### *5.5 Margin, Maximum/Minimum Interest Rates and Redemption Amounts, and Rounding*

- (i) If any Margin is specified in the Final Terms (either (a) generally, or (b) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (a), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (b), calculated in accordance with Condition 5.2 above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin subject always to the next paragraph.
- (ii) If any Maximum or Minimum Interest Rate or Redemption Amount is specified in the Final Terms, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (b)

all figures will be rounded to seven significant figures (with halves being rounded up) and (c) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes unit means, with respect to any currency other than Euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to Euro, means 0.01 Euro.

#### 5.6 *Calculations*

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest applied to the Calculation Amount specified in the relevant Final Terms, multiplied by the relevant Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

#### 5.7 *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts*

The Calculation Agent shall, as soon as practicable on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quote or make any determination or calculation, determine the Rate of Interest and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or the Optional Redemption Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Issuer, each of the Paying Agents, the Holders, any other Calculation Agent appointed in respect of the Notes which is to make a further calculation upon receipt of such information and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of a Rate of Interest, the Interest Amount, the Interest Payment Date, the Final Redemption Amount, Early Redemption Amount and Optional Redemption Amount, or (ii) in all other cases, as soon as practicable but in no event later than the fourth Business Day after such determination. The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10 (*Events of default*), the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amounts so calculated need be made. The determination of each Rate of Interest, Interest Amount, Final Redemption Amount, the Early Redemption Amount and the Optional Redemption Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

#### 5.8 *Definitions*

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**Day Count Fraction** means, in respect of the calculation of an amount of interest on any Note for any period of time (whether or not constituting an Interest Period, the **Calculation Period**):

- (i) if **Actual/Actual** or **Actual/Actual (ISDA)** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if **Actual/365 (Fixed)** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if **Actual/360** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360;
- (iv) if **30/360, 360/360** or **Bond Basis** is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

- "Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;
- "Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- "M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- "M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- "D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and
- "D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (v) if **30E/360** or **Eurobond Basis** is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

- "Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;
- "Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- "M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- "M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- "D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vi) if **30E/360 (ISDA)** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

- (vii) if **Actual/Actual (ICMA)** is specified in the relevant Final Terms:

(a) where the Calculation Period is equal to or shorter than the Determination Period during which it falls, the actual number of days in the Calculation Period divided by the product of (A) the actual number of days in such Determination Period and (B) the number of Determination Periods in any year;

(b) where the Calculation Period is longer than one Determination Period, the sum of:

- (1) the actual number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (I) the actual number of days in such Determination Period and (II) the number of Determination Periods in any period of one year; and
- (2) the actual number of days in such Calculation Period falling in the next Determination Period divided by the product of (I) the actual number of days in such Determination Period and (II) the number of Determination Periods in any period of one year.

**Determination Period** means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

**Determination Date** means the date specified as such in the relevant Final Terms or, if none is so specified, the Interest Payment Date.

**Euro-zone** means the member states of the European Union that are participating in the third stage of European Monetary Union.

**Interest Accrual Period** means the period beginning on, and including, the Interest Commencement Date and ending on, but excluding, the first Interest Period Date and each successive period beginning on an Interest Period Date and ending on, but excluding, the next succeeding Interest Period Date.

**Interest Amount** means the amount of interest payable and, in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be.

**Interest Commencement Date** means the date of issue of the Notes (the Issue Date) or such other date as may be specified in the relevant Final Terms.

**Interest Determination Date** means, with respect to an Interest Rate and Interest Accrual Period, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is sterling or (ii) the day falling two Business Days in London prior to the first day of such Interest Accrual Period if the specified currency is not sterling, or (iii) the day falling two TARGET2 Business Days prior to the first day of such Interest Accrual Period if the specified currency is euro.

**Interest Period** means the period beginning on, and including, the Interest Commencement Date and ending on, but excluding, the first Interest Payment Date and each successive period beginning on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date.

**Interest Period Date** means each Interest Payment Date unless otherwise specified in the relevant Final Terms.

**ISDA Definitions** means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the relevant Final Terms.

**Rate of Interest** means the rate of interest payable from time to time in respect of the Notes and which is either specified, or calculated in accordance with the provisions, in the relevant Final Terms.

**Reference Banks** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent.

**Reference Rate** means the rate specified as such in the relevant Final Terms.

**Business Day** means:

- (i) a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in such jurisdictions as shall be specified as Financial Centres in the relevant Final Terms; and
- (ii) if the currency of payment is euro, any day which is a TARGET2 Business Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (iii) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

**Relevant Date** means the date on which any payment of principal or interest in respect of the Notes first becomes due, except that, if the full amount of the money payable has not been duly received by the Paying Agent on or prior to such due date, it means the date on which, the full amount of such money having been so received and notice to that effect is duly given to the Noteholders in accordance with Condition 13.1 (*Notices*).

**Relevant Screen Page** means such page, section, caption, column or other part of a particular information service as may be specified in the relevant Final Terms.

**Specified Currency** means the currency specified as such in the relevant Final Terms or, if none is specified, the currency in which the Notes are denominated.

**TARGET2 Business Day** means a day on which the TARGET2 System is operating.

**TARGET2 System** means the Trans European Automated Real Time Gross Settlement Express Transfer system (TARGET2) which was launched on 19 November 2007 or any successor thereto.



### 5.9 *Change of Interest Basis*

If Changes of Interest Basis is specified in the relevant Final Terms as being applicable, the Final Terms will indicate the relevant Interest Periods to which the Fixed Rate Note provisions, Floating Rate Note provisions and/or Zero Coupon Note provisions shall apply.

### 5.10 *Calculation Agent*

The Issuer will procure that there shall at all times be one or more Calculation Agents if provision is made for them in the Conditions applicable to the Notes and for so long as any Notes are outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for any Interest Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

## 6 PAYMENTS

### 6.1 *Principal and Interest*

Payments in respect of the Notes (in terms of both principal and interest) will be made by transfer to the registered account of the relevant Holder maintained by or on behalf of it with a bank that processes payments in a city in which banks have access to the TARGET2 System, details of which appear in the records of Iberclear or, as the case may be, the relevant Iberclear Member at close of business on the day immediately preceding the Business Day on which the payment of principal or interest, as the case may be, falls due. Holders must rely on the procedures of Iberclear or, as the case may be, the relevant Iberclear Member to receive payments under the relevant Notes. None of the Issuer, the Paying Agent or, if applicable, any of the Dealers will have any responsibility or liability for the records relating to payments made in respect of the Notes.

### 6.2 *Payments subject to fiscal laws*

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*).

### 6.3 *Payment Day*

If the date for payment of any amount in respect of any Note is not a Business Day, the holder thereof shall not be entitled to payment until the next following Business Day and shall not be entitled to further interest or other payment in respect of such delay provided that, if such following Business Day falls in the next succeeding calendar month, the date for payment will be advanced to the Business Day immediately preceding such date for payment.

## 7 REDEMPTION AND PURCHASE

### 7.1 *Redemption at maturity*

Unless previously redeemed, purchased and cancelled as provided below, each Note will be redeemed at its Final Redemption Amount (which, unless otherwise provided in the relevant Final Terms, is its principal amount) on the Maturity Date specified in the Final Terms. In any case, Notes shall not be redeemed below par.

### 7.2 *Redemption for tax reasons*

Provided that Noteholders do not exercise their right, as stated hereunder in this Condition 7.2, to elect that its Notes shall not be redeemed for tax reasons, the Notes may be redeemed at the option of the Issuer in whole, but not in part, if required, at any time on giving not less than 30 and not more than 60 days of notice (the **Tax Redemption Notice**) to the Paying Agent and, in accordance with Condition

13 (*Notices*), to the Noteholders (which notice shall be irrevocable) on the date specified in the Tax Redemption Notice (the **Tax Redemption Date**), if:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*), in each case as a result of any change in, or amendment to, the laws or regulations of Spain or any political subdivision or any authority or agency thereof or therein, as defined in Condition 8 (*Taxation*), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Agreement Date; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

At least 15 days prior to the publication of a Tax Redemption Notice, the Issuer shall deliver to the Commissioner, as defined in Condition 12 (*Syndicate of Noteholders and Modification*), a certificate signed by any Director of the Issuer or any other person or persons notified in writing to the Commissioner and signed by any such Director as being authorised to sign the aforementioned certificate which will state that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred.

If the Issuer gives a notice of redemption pursuant to this Condition 7.2 (*Redemption and Purchase - Redemption for tax reasons*) each Noteholder will have the right to elect that its Notes shall not be redeemed and that the provisions of Condition 8 (*Taxation*) shall not apply in respect of any payment to be made on such Notes which falls due after the relevant Tax Redemption Date, whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 8 (*Taxation*) and payment of all amounts on such Notes shall be made subject to the deduction or withholding of any Spanish taxation required to be withheld or deducted. To exercise such right, the holder of the relevant Note must complete, sign and deposit at the specified office of the Paying Agent a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of the Paying Agent on or before the day falling 19 days prior to the Tax Redemption Date.

Notes redeemed pursuant to this Condition 7.2 (*Redemption and Purchase - Redemption for tax reasons*) will be redeemed at their Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### 7.3 *Early Redemption of Zero Coupon Notes*

- (i) The Early Redemption Amount payable in respect of any Note which does not bear interest prior to the Maturity Date upon redemption of such Note pursuant to Condition 7.4, Condition 7.5 and Condition 7.6 or upon it becoming due and payable upon the occurrence of any event of default as established in the applicable Final Terms of the Notes, shall be the **Amortised Face Amount** (calculated as provided below) of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is specified in the Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their Issue Price on the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the relevant Final Terms.

- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant Condition 7.4, Condition 7.5 and Condition 7.6 or upon it becoming due and payable upon the occurrence of any event of default as established in the applicable Final Terms of the Notes, is not paid when due, the Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (both before and after judgment), until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5.4.

#### *7.4 Redemption at the option of the Issuer*

If Call Option is specified in the relevant Final Terms as being applicable, the Issuer may, on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem, all or, if so provided some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at the Optional Redemption Amount together with interest accrued (if any) to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the relevant Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the relevant Final Terms.

The aforementioned notice will be addressed to the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*, the **CNMV**) as a price-sensitive information (*hecho relevante*) notice, the Commissioner, each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation, Iberclear and the Noteholder, the latter exclusively under the Issuer's sole discretion and in accordance with applicable law, through the publication of the relevant notice in the corresponding official bulletins of the listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation. Such notice must include the following information:

- (i) The Tranche of the Notes subject to redemption;
- (ii) the aggregate nominal amount that will be redeemed; and
- (iii) the Optional Redemption Amount.

Such notice shall be irrevocable and will bind the Issuer according to the terms contained thereof.

#### *7.5 Redemption at the option of the Noteholder*

If Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any such Note, upon the Holder of such Note giving not less than 30 nor more than 60 days' notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms) redeem such Note on the Optional Redemption Dates at its Optional Redemption Amount together with interest accrued (if any) to the date fixed for redemption.

To exercise such option the Holder must, within the notice period, deliver a duly completed option exercise notice (**Exercise Notice**) in the form obtainable from the Paying Agent at its registered office which will, in turn, forward the Exercise Notice to the Issuer. The Paying Agent shall deliver a duly completed notice receipt to the relevant Holder. No such notice, once delivered in accordance with this Condition 7.5 may be withdrawn.

#### *7.6 Other Notes*

The Early Redemption Amount payable in respect of any Note (other than Notes described in 7.3(i)), upon it becoming due and payable upon the occurrence of any Event of Default as established in the

applicable Final Terms of the Notes, shall be the Final Redemption Amount unless otherwise specified in the relevant Final Terms.

#### 7.7 Purchases

The Issuer may at any time purchase the Notes at any price in the open market or otherwise. The Notes may be held, resold or, at the option of the Issuer, cancelled.

#### 7.8 Cancellation

All Notes which are redeemed will forthwith be cancelled. All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 7.7 (*Purchases*) above cannot be resold.

### 8 TAXATION

All payments of principal and interest in respect of the Notes by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Spain or any political subdivision or any authority thereof or therein having power to tax (**Tax Jurisdiction**) unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Notes:

- (i) to, or to a third party on behalf of, a holder who is liable for such taxes or duties in respect of such Notes by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note;
- (ii) to a holder who is (or is deemed as) an entity or individual resident for tax purposes in a Tax Jurisdiction or acts (or is deemed as acting) with respect of the Notes through a permanent establishment located in a Tax Jurisdiction; or
- (iii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day, as defined in Condition 6.3 (*Payments – Payment Day*); or
- (iv) to, or to a third party on behalf of, a holder in respect of whom 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 Note to be made free and clear of withholding tax or deduction on account of any taxes imposed by a Tax Jurisdiction, including when the Issuer (or an agent acting on behalf of the Issuer) does not receive such information concerning such Noteholder's identity and tax residence as may be required in order to comply with the procedures that may be implemented to comply with the interpretation of Royal Decree 1065/2007 eventually made by the Spanish Tax Authorities; or
- (v) where taxes are imposed by a Tax Jurisdiction that are (a) payable otherwise than by withholding from a payment under, or with respect to, the Notes; or (b) any estate, inheritance, gift, sales, transfer, personal property or similar taxes imposed by a Tax Jurisdiction; or (c) solely due to the appointment by an investor in the Notes, or any person through which an investor holds Notes, of a custodian, collection agent, person or entity acting on behalf of the investor of the Notes or similar person in relation to such Notes; or
- (vi) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC as amended on the taxation of savings income, as amended, or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (vii) any withholding or deduction required to be made from a payment from the Notes pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) (the **Code**), any current or future regulations or official interpretations thereof, any law or regulations adopted pursuant to an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing or any agreements entered into pursuant to section 1471(b) of the Code; or
- (viii) any combination of items (i) through (vii) above

## 9 PRESCRIPTION

Claims in respect of the principal amount or interest on Notes will become void unless made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date, as defined in Condition 5 (*Interest*).

Claims in respect of any other amounts payable in respect of the Notes will become void unless made within 10 years following the due date for payment thereof.

## 10 EVENTS OF DEFAULT

If any one or more of the following events (each an **Event of Default**) has occurred and is continuing:

- (A) **Non-payment:** the Issuer fails to pay any amount of principal in respect of the Notes within 14 days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 21 days of the due date for payment thereof; 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 Notes or as the case may be, the Agency Agreement, or as the case may be, the Deed of Covenant, and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer by any Noteholder, 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 €50,000,000 (or its equivalent in any other currency or currencies); or

- (D) **Winding up:** an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any Relevant Subsidiary and such order or resolution is not discharged or cancelled within 30 days, or the Issuer or any Relevant Subsidiary ceases or threatens to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation either (i) on terms previously approved by a resolution of the Syndicate of Noteholders or (ii) is on a solvent basis or (iii) where in the case of a reconstruction, amalgamation, reorganisation, merger or consolidation of the Issuer, the surviving entity has a rating for long-term senior debt assigned by one of the rating agencies equivalent to or higher than the long-term senior debt of the Issuer prior to such reconstruction, amalgamation, reorganisation, merger or consolidation, except where (a) there

is a downgrading due to a change in the valuation methodology of the Issuer by such rating agency as a consequence of such reconstruction, amalgamation, reorganisation, merger or consolidation, or (b) after the downgrading the surviving entity has a rating for a long term senior debt equivalent or higher of the long term rating, of the Issuer at the Issue Date; and effectively assumes the entire obligations of the Issuer under the Notes; or (c) the Issuer is substituted according to Condition 15; or

- (E) **Enforcement and Insolvency proceedings:** (i) 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 (unless the exception stated in the aforementioned Condition 10 (D) applies); or (ii) an encumbrancer takes possession of the whole or any substantial part of the undertaking or assets of the Issuer (or any of its Relevant Subsidiaries); or (iii) 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 in any case the event or events mentioned in this Condition 10 (E) is or are not discharged within 30 days; or
- (F) **Unsatisfied judgment:** one or more final judgment(s) or order(s) for the payment of any amount which individually or in the aggregate exceeds €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
- (G) **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 €50,000,000 (or its equivalent in any other currency or currencies); or
- (H) **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
- (I) **Failure to take action etc.:** any action, condition or thing at any time required to be taken, fulfilled or done in order to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes is not taken, fulfilled or done, save to the extent that any lack of such action, condition or thing would not be material in the context of the issue of, and performance of the Issuer's obligations under the Notes;
- (J) **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 Notes,

then (i) the Commissioner may, acting upon a resolution of the Syndicate of Noteholders, in respect of all the Notes, or (ii) unless there has been a resolution to the contrary by the Syndicate of Noteholders (which resolution shall be binding on all Noteholders), any Noteholder in respect of the Notes held by such Noteholder, declare such Notes immediately due and payable whereupon the Notes shall, when permitted by applicable Spanish law, become immediately due and payable at their principal amount, together with accrued interest, without further formality.

When related to a Relevant Subsidiary, an Event of Default shall only be considered as such when the creditworthiness of the Issuer is materially weaker immediately after the occurrence of such event, where: **materially weaker** shall mean that the Issuer's sole credit rating agency modifies at least by at least three lower notches the rating previously applied to the Issuer. Should the Issuer be rated by two or more credit rating agencies, **materially weaker** shall mean that at least two of these credit rating agencies modify by three lower notches the rating previously applied to the Issuer.

For the purpose of this Condition 10 (*Events of default*):

**Days** mean calendar days;

**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 stock, securities or other indebtedness by way of loan capital;

**Relevant Subsidiaries** means at any time, a Subsidiary of the Issuer if the non-consolidated total assets and non-consolidated profits before tax of that Subsidiary equals or exceeds 10 per cent. of the consolidated total assets and of the consolidated profits before tax of the Issuer and weighted accordingly to the stake of Voting Rights held by the Issuer in that Subsidiary from time to time.

For this purpose:

- (a) subject to paragraph (b) below:
  - (i) the non-consolidated total assets and non-consolidated profits before tax of a Subsidiary of the Issuer will be determined from its latest non-consolidated financial statements; and
  - (ii) the consolidated total assets and consolidated profits before tax of the Issuer will be determined from the latest audited consolidated financial statements of the Issuer;
- (b) if an entity becomes a Subsidiary of the Issuer after the date on which the latest audited non-consolidated financial statements of the Issuer were prepared:
  - (i) the non-consolidated total assets and non-consolidated profits before tax of that Subsidiary will be determined from its latest non-consolidated financial statements; and
  - (ii) the consolidated total assets and consolidated profits before tax of the Issuer will be determined from the latest audited consolidated financial statements of the Issuer, but adjusted to take account of such Subsidiary.
- (c) a Subsidiary which is or becomes a Relevant Subsidiary will remain a Relevant Subsidiary until the next audited consolidated financial statements of the Issuer show otherwise under paragraph (a) above;

**Subsidiary** means, in relation to an entity (the **first person**), any entity directly controlled by that first person where control is determined by: (i) holding the majority of the Voting Rights; (ii) having the power to appoint or dismiss the majority of the members of the governing body; (iii) being able to dispose, by virtue of agreements entered into with third parties, of the majority of the Voting Rights; and (iv) having employed its votes to appoint the majority of the members of the governing body who hold office at the moment when the consolidated accounts must be drawn up and during the two business years immediately preceding. Additionally, the Voting Rights of the controlling company shall be added to those it holds through other dependent companies, or through persons acting in its own name, but on account of the controlling company, or other dependent ones, or those with which it has made arrangements through any other person; and

**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).

## 11 PAYING AGENT

The name of the initial Paying Agent and their initial specified offices are set out below. In any case, the corresponding Paying Agent as well as the Calculation Agent (if any) will be specified in the relevant Final Terms. The Issuer is entitled to vary or terminate the appointment with the Paying Agent, in its role of paying agent, and/or appoint additional or other paying agents (the **Paying Agents**) or Calculation Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) there will at all times be a Paying Agent;
- (ii) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (iii) so long as the Notes are listed on any secondary market, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant secondary market; and
- (iv) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any variation, termination, appointment or change regarding the Paying Agent will be given to the Noteholders promptly by the Issuer in accordance with Condition 12.1 (*Notices*).

In acting under the Agency Agreement and in connection with the Notes, the Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Holders.

## 12 SYNDICATE OF NOTEHOLDERS AND MODIFICATION

### 12.1 *Syndicate of Noteholders*

The Noteholders of the relevant Series shall meet in accordance with the regulations governing the Syndicate of Noteholders (the **Regulations**). The Regulations shall contain the rules governing the functioning of the Syndicate and the rules governing its relationship with the Issuer. A set of Regulations is included in Condition 18 (*Regulations of the Syndicate of Noteholders*).

A temporary Commissioner will be appointed for each Syndicate. The name of the temporary Commissioner and its initial specified offices shall be set out in the relevant Final Terms. Noteholders shall, by virtue of purchasing and/or holding Notes, be deemed to have agreed to: (i) the appointment of the temporary Commissioner; and (ii) become a member of the Syndicate of Noteholders in respect of such Series of Notes. Upon the subscription of the Notes, the temporary Commissioner will call a general meeting of the Syndicate of Noteholders to ratify or reject its acts, confirm its appointment or appoint a substitute Commissioner for it and to ratify the Regulations.

Provisions for meetings of the Syndicate of Noteholders will be contained in the Regulations. Such provisions shall have effect as if incorporated herein.

Every Noteholder of each Series will be deemed to have granted full power and authority to the Paying Agent with respect to act as its proxy to vote at the first meeting of the Syndicate of Noteholders of such Series in favour of ratifying the Regulations, the designation and appointment of the Commissioner of such Syndicate of Noteholders and the actions of the Commissioner performed prior to such first meeting of such Syndicate of Noteholders.

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



For the purposes of these Conditions:

- (i) **Commissioner** means the *comisario* as this term is defined under the Royal Decree Legislative 1/2010, of 2 July 2010, approving the consolidated text of the Spanish Companies Act (*Ley de Sociedades de Capital*) (the **Spanish Companies Act**) of the Syndicate of Noteholders; and
- (ii) **Syndicate of Noteholders** means the *sindicato* as this term is described under the Spanish Companies Act.

In accordance with Spanish law article 425 of the Spanish Companies Act, a general meeting of the Syndicate of the Noteholders shall be validly constituted upon first being convened provided that the Noteholders holding or representing two-thirds of the Notes 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 validly constituted regardless of the number of the Noteholders who attend. A resolution shall be passed by the Noteholders holding an absolute majority in principal amount of Notes present or duly represented at any properly constituted meeting.

#### *12.2 Notification to the Noteholders*

Any modification, waiver or authorisation in accordance with this Condition 12 (*Syndicate of Noteholders and Modification*) shall be binding on the Noteholders and shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 13 (*Notices*).

### 13 NOTICES

#### *13.1 Notice to Noteholders*

So long as the Notes are listed on AIAF, notices to the Noteholders will be published in the official bulletin of AIAF (*Boletín Diario de AIAF Mercado de Renta Fija*) and, where applicable, through the filing by the Issuer of a price-sensitive information notice (*comunicación de hecho relevante*) with the CNMV. Any such notice will be deemed to have been given on the date of the first publication. In addition, so long as the Notes are represented by book-entries, all notices to Noteholders shall be made through Iberclear for on transmission to their respective accountholders.

#### *13.2 Notice of a General Meeting of the Syndicate of Noteholders*

Notice of a general meeting of the Syndicate of Noteholders must be given in accordance with the Regulations (see Condition 12 (*Syndicate of Noteholders and Modification*)).

#### *13.3 Notice to Commissioners*

Copies of any notice given to any Noteholders will be also given to the Commissioner of the Syndicate of Noteholders.

### 14 FURTHER ISSUES

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

### 15 SUBSTITUTION OF THE ISSUER

- (A) The Issuer (or any substitute thereof in accordance hereto, and any reference in this Condition to the Issuer shall include a reference to any substitute thereof in accordance hereto) may, with respect to any Series of Notes issued by it (for the purpose of this Condition 15, the **Relevant Notes**), without the further consent of the Noteholders, be replaced and substituted by a wholly owned Subsidiary (either directly or indirectly) of the Issuer as the principal debtor in respect of the Notes and the Deed of Covenant (for the purpose of this Condition 15; the **Substitute Debtor**), provided that:

- (i) the Issuer is not in default in respect of any amount payable under any of the Relevant Notes;
- (ii) the Substitute Debtor has entered into a deed poll and such other documents (for the purpose of this Condition 15; the **Documents**) as are necessary to give effect to the substitution and in which the Substitute Debtor has undertaken in favour of each Noteholder of the Notes to be bound by the Deed of Covenant and these Conditions and the provisions of the Agency Agreement as the principal debtor in respect of the Relevant Notes as if it were the original issuer of the Notes;
- (iii) the obligations of the Substitute Debtor under the Deed Poll and the Notes have been unconditionally and irrevocably guaranteed by the Issuer by means of a deed of guarantee (the **New Guarantee**);
- (iv) if the Substitute Debtor is resident for tax purposes in a territory (for the purpose of this Condition 15; the New Residence) other than that in which the Issuer prior to such substitution was resident for tax purposes (for the purpose of this Condition 15; the Former Residence), the Documents contain an undertaking and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of an undertaking equivalent to that in Condition 8 (Taxation), with, where applicable, the substitution of references to the Former Residence with references to the New Residence. The Documents also contain a covenant by the Substitute Debtor and the Issuer to indemnify and hold harmless each Noteholder against all taxes or duties which arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred or levied against such Noteholder as a result of any substitution pursuant to this Condition 15 (*Substitution of the Issuer*) and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, any and all taxes or duties which are imposed on any such Noteholder by any political sub-division or taxing authority of any country in which such Noteholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);
- (v) the Documents contain a warranty and representation by the Substitute Debtor and the Issuer that (x) the Substitute Debtor and the Issuer have obtained all necessary governmental approvals and consents for such substitution and for the giving by the Issuer of the New Guarantee in respect of the obligations of the Substitute Debtor and for the performance by each of the Substitute Debtors and the Issuer of their respective obligations under the Documents and that all such approvals and consents are in full force and effect and (y) the substitution complies with all applicable requirements established under the applicable laws;
- (vi) each stock exchange on which the Relevant Notes are listed has, expressly or implicitly, confirmed that, following the proposed substitution of the Substitute Debtor, the Relevant Notes will continue to be listed on such stock exchange (or the Substitute Debtor is otherwise satisfied of the same);
- (vii) a legal opinion shall have been delivered to the Commissioner (from whom copies will be available) from lawyers of recognised standing in the country of incorporation of the Substitute Debtor, confirming, as appropriate, that upon the substitution taking place the Relevant Notes are legal, valid and binding obligations of the Substitute Debtor enforceable in accordance with their terms;
- (viii) a legal opinion shall have been delivered to the Commissioner (from whom copies will be available) from lawyers of recognised standing in England that upon the substitution taking place the Documents (including the New Guarantee given by the

Issuer in respect of the Substitute Debtor) constitute legal, valid and binding obligations of the parties thereto under English law;

- (ix) any rating agency which has issued a rating in connection with the Relevant Notes shall have indicated that following the proposed substitution of the Issuer (or any substitute, as aforesaid), the credit rating of such Relevant Notes shall either (1) remain equivalent or higher with respect to the rating of such Relevant Notes immediately prior to such proposed substitution, or (2) either (I) decrease by no more than three notches or (II) decrease to a rating level that is equal to the rating of such Relevant Notes on the Issue Date, whichever rating level in (I) or (II) is higher; and
  - (x) if applicable, the Substitute Debtor has appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Relevant Notes and the Documents.
- (B) Upon the execution of the Documents and the delivery of the legal opinions, the Substitute Debtor shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer under the Notes, the Deed of Covenant and the Agency Agreement with the same effect as if the Substitute Debtor had been named as the principal debtor in place of the Issuer herein, and the Issuer shall, upon the execution of the Documents, be released from its obligations and liabilities under the Relevant Notes, the Deed of Covenant and the Agency Agreement.
  - (C) After a substitution pursuant to Condition 15 (A) the Substitute Debtor may, without the further consent of any Noteholder, effect a further substitution. All the provisions specified in Condition 15 (A) and 15 (B) shall apply, *mutatis mutandis*, and references in these Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substitute Debtor.
  - (D) After a substitution pursuant to Condition 15 (A) or 15 (C) any Substitute Debtor may, without the further consent of any Noteholder, reverse the substitution, *mutatis mutandis*.
  - (E) The Documents shall be delivered to, and kept by, the Commissioner for so long as any Relevant Notes remain outstanding and for so long as any claim made against the Substitute Debtor by any Noteholder in relation to the Relevant Notes or the Documents shall not have been finally adjudicated or settled or discharged. Copies of the Documents will be available free of charge at the specified office of the Commissioner.
  - (F) Not later than 15 Business Days after the execution of the Documents, the Substitute Debtor shall give notice thereof to the Noteholders in accordance with Condition 13 (Notices).

## 16 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## 17 GOVERNING LAW AND SUBMISSION TO JURISDICTION

### *17.1 Governing law*

The Notes 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. Title to the Notes and transfer of the Notes as described in Condition 1.3 (*Title and transfer*), the status of the Notes as described in Condition 3 (*Listing, Admission to Trading and Status of the Notes*), the provisions of Condition 12 (*Syndicate of Noteholders and Modification*) relating to the appointment of the Commissioner and the Syndicate of Noteholders, the Regulations of the Syndicate of Noteholders, (a set of which is included in Condition 18 (*Regulations of the Syndicate of Noteholders*)) once incorporated in the relevant Final Terms and the Agency Agreement are governed by, and shall be construed in accordance with, Spanish law.

*17.2 Submission to jurisdiction*

- (A) The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and accordingly any legal action or proceedings arising out of or in connection the Notes (**Proceedings**) may be brought in such courts.
- (B) 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.
- (C) This submission is made for the benefit of each of the Noteholders 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).

*17.3 Appointment of Process Agent*

The Issuer appoints **CaixaBank London** at its registered office for the time being, currently at 63 St Mary Axe, London EC3A 8AA, United Kingdom (the **Process Agent**) as its agent for service of process in any Proceedings in England. Nothing herein or in the Agency Agreement shall affect the right to serve process in any other manner permitted by law.

## 18 REGULATIONS OF THE SYNDICATE OF NOTEHOLDERS

### ESTATUTOS DEL SINDICATO DE BONISTAS

#### EMISIÓN DE BONOS SENIOR SIMPLES

En caso de discrepancia, la versión española prevalecerá

#### **TÍTULO I: CONSTITUCIÓN, DENOMINACIÓN, OBJETO, DOMICILIO, DURACIÓN Y GOBIERNO DEL SINDICATO BONISTAS**

Artículo 1.- Constitución. El Sindicato de Bonistas de la emisión de Bonos Senior Simples por importe de [●] de euros con vencimiento en [●] emitidos por Criteria CaixaHolding, S.A., Sociedad Unipersonal (en adelante, respectivamente el “**Emisor**” y los “**Bonos**”) quedará constituido una vez se suscriban y desembolsen los Bonos.

Este Sindicato se regirá por los presentes Estatutos y por el Texto Refundido de la Ley de Sociedades de Capital y demás disposiciones legales vigentes en cada momento.

Artículo 2.- Denominación. El Sindicato se denominará “Sindicato de Bonistas de la Emisión de Bonos Senior Simples con vencimiento en [●] de Criteria CaixaHolding”.

Artículo 3.- Objeto. El Sindicato de Bonistas tendrá por objeto la defensa de los legítimos intereses de los titulares de Bonos (los “**Bonistas**”) en relación con el Emisor, mediante el ejercicio de los derechos que se les reconoce en la ley por la que se rigen y en estos Estatutos.

Artículo 4.- Domicilio. El domicilio del Sindicato se fija en Barcelona, Avenida Diagonal, número 621. La Asamblea General de Bonistas podrá, sin embargo, reunirse en cualquier otro lugar, siempre que así se exprese en la correspondiente convocatoria.

Artículo 5.- Duración. El Sindicato de Bonistas estará vigente hasta que se haya producido la amortización de todos los Bonos o su extinción por cualquier otro motivo.

Artículo 6.- Órganos del sindicato. El gobierno del Sindicato de Bonistas corresponderá:

- a) A la Asamblea General de Bonistas; y
- b) Al Comisario.

#### **Título II: LA ASAMBLEA GENERAL DE BONISTAS**

Artículo 7.- Naturaleza jurídica. La Asamblea General de Bonistas, debidamente convocada y constituida, es

### REGULATIONS OF THE SYNDICATE OF NOTEHOLDERS

#### ISSUE OF SENIOR UNSECURED NOTES

In case of discrepancy, the Spanish version shall prevail.

#### **TITLE I: INCORPORATION, NAME, PURPOSE, ADDRESS, DURATION AND GOVERNANCE OF THE SYNDICATE OF NOTEHOLDERS**

Article 1.- Incorporation The syndicate of noteholders of the issue of the €[●] Senior Unsecured Notes due [●] issued by Criteria CaixaHolding, S.A., Sociedad Unipersonal (hereinafter, respectively, the “**Issuer**” and the “**Notes**”) shall be incorporated once the Notes have been fully subscribed and paid.

This Syndicate shall be governed by these regulations and by the Spanish Companies Act and other applicable legislation from time to time.

Article 2.- Name. The Syndicate shall be named “Syndicate of Noteholders of the Issue of Senior Unsecured Notes due [●] of Criteria CaixaHolding”.

Article 3.- Purpose. This Syndicate of Noteholders is formed for the purpose of protecting the lawful interest of the holders of the Notes (the “**Noteholders**”) vis-à-vis the Issuer, by means of the exercise of the rights granted by the applicable laws and the present regulations.

Article 4.- Address. The address of the Syndicate shall be located in Barcelona, Avenida Diagonal, number 621. However, the Noteholders General Meeting is also authorised to hold a meeting in any other place, provided that it is specified in the notice convening the meeting.

Article 5.- Duration. This Syndicate of Noteholders shall exist until all of the Notes have been redeemed, or until its cancellation for any other reason.

Article 6.- Syndicate management bodies. The Management bodies of the Syndicate of Noteholders are:

- a) The General Meeting of Noteholders; and
- b) The Commissioner.

#### **Title II: THE NOTEHOLDERS GENERAL MEETING**

Article 7.- Legal nature. The Noteholders General Meeting, duly called and constituted, is the body of

el órgano de expresión de la voluntad de los Bonistas y sus acuerdos vinculan a todos los Bonistas en la forma establecida en la ley.

Artículo 8.- Legitimación para convocatoria. La Asamblea General de Bonistas será convocada por el Consejo de Administración del Emisor o por el Comisario, siempre que lo estimen conveniente. No obstante lo anterior, el Comisario deberá convocarla cuando lo soliciten por escrito, con indicación del objeto de la convocatoria, un número de Bonistas que represente, al menos, la vigésima parte del importe total de los Bonos emitidos y no amortizados o, de ser distinto, aquel otro porcentaje establecido al efecto en la ley. En tal caso, la Asamblea deberá ser convocada para su celebración dentro del mes siguiente a aquél en que el Comisario hubiere recibido la solicitud.

Artículo 9.- Forma de convocatoria. La convocatoria de la Asamblea General de Bonistas se hará mediante anuncio que se publicará con la antelación prevista al efecto en la normativa vigente o, en ausencia de esta, con al menos un mes de antelación a la fecha fijada para su celebración, en la página web del Emisor. El anuncio deberá expresar el lugar y la fecha de la reunión, los asuntos que hayan de tratarse, la forma de acreditar la titularidad de los Bonos para tener derecho de asistencia a la misma y cualesquiera otros aspectos exigidos en su caso en la normativa vigente.

En los supuestos previstos en el artículo 423.2 de la Ley de Sociedades de Capital, la convocatoria de la Asamblea General de Bonistas se hará de acuerdo con los requisitos previstos en dicho artículo y en la forma establecida en dicho cuerpo legal para la junta general de accionistas.

Artículo 10.- Derecho de asistencia. Tendrán derecho de asistencia a la Asamblea los Bonistas que hayan adquirido dicha condición con al menos cinco días hábiles de antelación a aquel en que haya de celebrarse la reunión. Los miembros del Consejo de Administración del Emisor podrán asistir a la Asamblea aunque no hubieren sido convocados.

Artículo 11.- Derecho de representación. Todo Bonista que tenga derecho de asistencia a la Asamblea podrá hacerse representar por medio de otra persona. La representación deberá conferirse por escrito y con carácter especial para cada Asamblea.

Artículo 12.- Quórum de asistencia y adopción de acuerdos. La Asamblea podrá adoptar acuerdos siempre que los asistentes representen a las dos terceras partes del importe total de los Bonos en circulación o aquel otro porcentaje inferior que en su caso se fije en la normativa vigente en cada momento para la adopción de acuerdos. Los acuerdos se adoptarán por mayoría absoluta calculada sobre los

expression of the Noteholders' will and its resolutions are binding for all the Noteholders in the way legally stated.

Article 8.- Standing for convening meetings. The Noteholders General Meeting shall be convened by the Board of Directors of the Issuer or by the Commissioner, whenever they may deem it convenient. Nevertheless, the Commissioner shall convene a General Meeting, expressly indicating the purpose of the calling, when Noteholders holding at least the twentieth part of the outstanding amount of the Notes issued and not redeemed or, if different, any other percentage set forth in the applicable law, request it in writing. In such case, the General Meeting shall be convened to be held in the following month of receipt of the written notice by the Commissioner.

Article 9.- Procedure for convening meetings. The Noteholders General Meeting shall be convened by notice published in accordance with the applicable legislation or, in absence of this legislation, with at least a month before the date set for the meeting, on the web page of the Issuer. The notice shall state the place and the date for the meeting, the agenda for the meeting, the way in which ownership of the Notes shall be proved in order to have the right to attend the General Meeting and any other aspects that may be required by the applicable legislation.

In the events established in article 423.2 of the Spanish Companies Act, the convening of the Noteholders General Meeting shall be made in accordance with the requirements set out in the abovementioned article and in the manner set out in the abovementioned legal text regarding the shareholders general meeting.

Article 10.- Right to attend meetings. Noteholders who have been so at least five days prior to the date on which the General Meeting is scheduled, shall have the right to attend the meeting. The members of the Board of Directors of the Issuer shall have the right to attend the Meeting even if they have not been requested to attend.

Article 11.- Right to be represented. All Noteholders having the right to attend the Meeting also have the right to be represented by another person. Appointment of a proxy must be in writing and only for each particular Meeting.

Article 12.- Quorum for meetings and to pass resolutions. The Meeting shall be entitled to pass resolutions if Noteholders representing at least two thirds of the principal amount of the Notes in issue, or any other lower percentage that the applicable legislation may establish to pass resolutions, are present or represented. The resolutions shall be approved by an absolute majority of the votes

votos correspondientes a dicho importe, salvo aquellas materias para las que la normativa vigente en su caso exija un porcentaje superior. Cuando no se lograse la concurrencia de titulares de Bonos necesaria para la celebración en primera convocatoria, la Asamblea podrá celebrarse en segunda convocatoria según lo previsto al efecto por la normativa vigente, pudiéndose entonces tomarse los acuerdos por mayoría absoluta calculada sobre los votos correspondientes a los asistentes. No obstante lo anterior, la Asamblea se entenderá convocada y quedará válidamente constituida para tratar de cualquier asunto siempre que estén presentes o debidamente representados todos los Bonistas y acepten por unanimidad la celebración de la Asamblea.

Artículo 13.- Derecho de voto. En las reuniones de la Asamblea, cada Bono conferirá derecho a un voto, salvo que de acuerdo con la normativa vigente se prevea una fórmula de cálculo distinta.

Artículo 14.- Presidencia de la Asamblea. La Asamblea estará presidida por el Comisario, quien dirigirá los debates, dará por terminadas las discusiones cuando lo estime conveniente y someterá los asuntos a votación.

Artículo 15.- Lista de asistencia. El Comisario elaborará, antes de entrar en el orden del día, la lista de los asistentes, expresando la representación de cada uno de ellos, en su caso, y el número de Bonos propios o ajenos con que concurren.

Artículo 16.- Facultades de la Asamblea General.

La Asamblea General de Bonistas podrá acordar lo necesario para:

- a) la mejor defensa de los legítimos intereses de los Bonistas respecto del Emisor;
- b) destituir o nombrar al Comisario y, en su caso, al Comisario suplente;
- c) ejercer, cuando proceda, las acciones judiciales correspondientes;
- d) aprobar los gastos ocasionados por la defensa de los intereses comunes;
- e) modificar, de acuerdo con el Emisor, los términos y condiciones de los Bonos u otorgar cualquier dispensa o consentimiento en relación con éstos; y
- f) cualesquiera otras que le confiera la normativa vigente.

Artículo 17.- Actas. El acta de las reuniones de la Asamblea General de Bonistas será aprobada por la propia Asamblea tras su celebración o, en su defecto, dentro del plazo de los 15 días siguientes, por el Comisario y dos Bonistas designados al efecto por la

corresponding to such amount, except for those decisions in which the applicable legislation requires a higher percentage. If the quorum of Noteholders at the first meeting is not reached, the Meeting may be held at second call in accordance with the applicable legislation, and the resolutions may be passed by an absolute majority of the Noteholders present or represented. Nevertheless, the Meeting shall be deemed called and validly constituted to pass any resolution if Noteholders representing the entire Notes in issue are present and provided that the Noteholders present unanimously approve the holding of such Meeting.

Article 13.- Voting rights. In Meeting, each Note shall have the right to one vote, unless a different calculation methodology is established by applicable law.

Article 14.- President of the Meeting. The Commissioner shall be the president of the Meeting, shall chair the discussions and shall have the right to bring the discussions to an end when he considers it convenient and shall put the matters to vote.

Article 15.- Attendance list. Before discussing the agenda for the meeting, the Commissioner shall form the attendance list, stating the nature and representation of each of the Noteholders present and the number of Notes at the meeting, both directly owned and/or represented.

Article 16.- Power of the General Meeting.

The Noteholders General Meeting may pass resolutions necessary for:

- a) the best protection of Noteholders' lawful interest vis-à-vis the Issuer;
- b) the dismissal or appointment of the Commissioner and, if applicable, the provisional Commissioner;
- c) the exercise, if appropriate, of corresponding legal claims;
- d) the approval of expenses relating to the defence of the Noteholders' interests;
- e) the modification, as agreed with the Issuer, of the terms and conditions of the Notes or the granting of any waiver or consent in relation thereto; and
- f) any other that may be established by the applicable legislation.

Article 17.- Minutes. The minutes of the meetings of the Noteholders General Meeting shall be approved by the Meeting after the meeting has been held, or, if not, within 15 days, by the Commissioner and, two Noteholders appointed for such purpose by the

Asamblea General.

Artículo 18.- Certificaciones. Las certificaciones de las actas serán expedidas por el Comisario.

Artículo 19.- Ejercicio individual de acciones. Los Bonistas solo podrán ejercitar individualmente las acciones judiciales o extrajudiciales que les correspondan cuando no contradigan los acuerdos del Sindicato dentro de su competencia y sean compatibles con las facultades que al mismo se le hayan conferido.

Artículo 20.- Ejercicio colectivo de acciones. Los procedimientos o actuaciones que afecten al interés general o colectivo de los Bonistas solo podrán ser dirigidos en nombre del Sindicato en virtud de la autorización de la Asamblea General de Bonistas, y obligarán a todos ellos, sin distinción, quedando a salvo el derecho de impugnación de los acuerdos de la Asamblea establecido por la Ley.

Todo Bonista que quiera promover el ejercicio de una acción de esta naturaleza, deberá someterla al Comisario del Sindicato, quien, si la estima fundada, convocará la reunión de la Asamblea General.

Si la Asamblea General rechazara la proposición del Bonista, ningún tenedor de Bonos podrá reproducirla en interés particular ante los Tribunales de Justicia, a no ser que hubiese contradicción clara con los acuerdos y la reglamentación del Sindicato.

### **Título III: EL COMISARIO**

Artículo 21.- Naturaleza jurídica del Comisario. El Comisario ostentará la representación legal del Sindicato de Bonistas y actuará de órgano de relación entre este y el Emisor.

Artículo 22.- Nombramiento y duración del cargo. Sin perjuicio del nombramiento contenido en el acuerdo de emisión de los Bonos adoptado por el Consejo de Administración del Emisor, el cual deberá ser ratificado por la Asamblea General de Bonistas, corresponderá a esta última la facultad de nombrar al Comisario, quien deberá ejercer el cargo en tanto dure el Sindicato y no sea sustituido por la Asamblea.

Artículo 23.- Facultades. Serán facultades del Comisario:

- a) Concurrir al otorgamiento del contrato de emisión y suscripción en nombre de los Bonistas y tutelar sus intereses comunes;
- b) convocar y presidir las Asambleas Generales de Bonistas;
- c) informar al Emisor de los acuerdos del Sindicato;
- d) vigilar el pago de la remuneración, así como de cualesquiera otros pagos que deban realizarse a los

General Meeting.

Article 18.- Certificates. Certified copies of the minutes shall be issued by the Commissioner.

Article 19.- Individual exercise of actions. The Noteholders will only be entitled to individually exercise judicial or extra judicial claims in each case when such claims do not contradict the resolutions previously adopted by the Syndicate, are within their powers, and are compatible with the competencies conferred upon the Syndicate.

Article 20.- Collective exercise of actions. The proceedings or actions that affect the general or collective interest of the Noteholders shall only be made on behalf of the Syndicate in accordance to the authorisation of the Noteholders General Meeting, and will be binding to all of them, without exception. Nevertheless, the right to impugn the resolutions of the Meeting established by law is not altered.

Any Noteholder who wants to exercise a right of such nature shall submit it to the Commissioner, who, if appropriate, will convene the General Meeting.

In the event the General Meeting refuses the proposal of the Noteholder, no holder of Notes may reproduce it in its particular interest before the Courts of Justice, provided there is no clear contradiction with the resolutions and regulations of the Syndicate.

### **Title III: THE COMMISSIONER**

Article 21.- Nature of the Commissioner. The Commissioner shall bear the legal representation of the Noteholders Syndicate and shall be the body for liaison between the Syndicate and the Issuer.

Article 22.- Appointment and duration of the office. Notwithstanding the appointment established in the issue agreement of the Notes adopted by the Board of Directors of the Issuer, which will require the ratification of the Noteholders General Meeting, the latter shall have the faculty to appoint the Commissioner, who shall exercise his office while the Syndicate exists and the General Meeting does not dismiss him.

Article 23.- Faculties. The Commissioner shall have the following faculties:

- a) Be present at the execution of the issue agreement and subscribe on behalf of the Noteholders and protect their common interests;
- b) to call and act as president of the Noteholders General Meeting;
- c) to inform the Issuer of the resolutions passed by the Syndicate;
- d) to control the payment of the compensation, and any other payments that shall be made by the



Bonistas por cualquier concepto;

- e) ejecutar los acuerdos de la Asamblea General de Bonistas;
- f) ejercitar las acciones que correspondan al Sindicato; y
- g) en general, las que le confieran la ley y los presentes Estatutos.

Artículo 24.- Comisario suplente. La Asamblea General podrá nombrar un comisario suplente que sustituirá al Comisario en caso de ausencia en el desempeño de tal función.

El Emisor podrá nombrar con carácter provisional un comisario suplente en el momento de adopción del acuerdo de emisión de los Bonos, el cual deberá ser ratificado por la Asamblea General de Bonistas.

#### **Título IV: JURISDICCIÓN**

Artículo 25.- Sumisión a fuero. Para cuantas cuestiones relacionadas con el Sindicato pudieran suscitarse, los Bonistas se someten, con renuncia expresa a cualquier otro fuero, a la jurisdicción de los Juzgados y Tribunales de la ciudad de Barcelona. Esta sumisión se entenderá sin perjuicio de los fueros imperativos que pudieran ser de aplicación de acuerdo con la legislación vigente.

Noteholders by any concept;

- e) to execute the resolutions of the Noteholders General Meeting;
- f) to exercise the actions corresponding to the Syndicate; and
- g) in general, the ones granted to him in the Law and the present regulations.

Article 24.- Substitute Commissioner. The General Meeting shall appoint a substitute commissioner which will substitute the Commissioner in the event of absence in the performance of such position.

The Issuer may provisionally appoint a substitute commissioner when adopting the issue agreement of the Notes, which shall be ratified by the Noteholders General Meeting.

#### **Title IV: JURISDICTION**

Article 25.- Jurisdiction. For any disputes that may arise regarding the Syndicate, the Noteholders shall submit, with express waiver of their own forum, to the jurisdiction of the Courts and Tribunals of the city of Barcelona. This submission is subject to the existing forums that may apply according to the current legislation.

## 8. FORM OF FINAL TERMS

*The Final Terms in respect of each Tranche of Notes will be in the following form, duly completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of Final Terms but denotes directions for completing the Final Terms.*

Final Terms dated [ ]

### **Criteria CaixaHolding, S.A., Sociedad Unipersonal**

*(incorporated as a public limited company)*

Issue of

[Aggregate Nominal Amount of Tranche] [Title of Notes]

Under the €3,000,000,000

### **Euro Medium Term Note Programme**

#### **PART A- CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [ ] [and the supplemental Base Prospectus[es] dated [ ]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**), as amended. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. For the purpose of article 14 of the Prospectus Directive, the Base Prospectus and these Final Terms are published on the website of the CNMV ([www.cnmv.es](http://www.cnmv.es)).

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]*

- |    |   |   |
|----|---|---|
| 1. | Issuer:   | Criteria CaixaHolding, S.A., Sociedad Unipersonal   |
| 2. | (i) Series Number:  | [ ]   |
|    | (ii) Tranche Number:  | [ ]   |
|    | [(iii) Date on which the Notes will be consolidated and form a single Series: | [Not applicable. / The Notes will be consolidated and form a single Series with [identify earlier Tranches] on [the Issue Date.]] |

3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:
- (i) Series: [ ]
- (ii) Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [•]]
6. (i) Specified Denominations: [ ]
- (ii) Calculation Amount: [ ]
7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [[•]/Issue Date/Not Applicable]
8. Maturity Date: [•]
9. Interest Basis: [[ ] per cent. Fixed Rate]  
[[[ ] month [LIBOR/EURIBOR]]  
+/- [ ] per cent. Floating Rate]  
[Zero Coupon]  
(see paragraph 14/15/16 below)
10. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ] per cent. of their nominal amount. *[In any case, no Notes shall be redeemed below par.]*
11. Change of Interest Basis: *[Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify there]*[Not Applicable]
12. Put/Call Options: [Investor Put] [Issuer Call]  
[Not Applicable]  
[(see paragraph 17/18 below)]
13. (i) Status of the Notes: Senior Unsecured
- (ii) Date [Board] approval for issuance of Notes obtained: [ ] [and [ ] respectively]] / [Not Applicable]

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

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

14. Fixed Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate(s) of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [ ] in each year [up to and including the Maturity Date]  
*(Amend appropriately in the case of irregular coupons)*
- (iii) Fixed Coupon Amount(s): [ ] per Calculation Amount
- (iv) Broken Amount(s): [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]  
*(Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount)*
- (v) Day Count Fraction: [ ]
- (vi) [Determination Date(s): [[ ] in each year][Not Applicable]  
*(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
15. Floating Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Interest Period(s) [ ]

- (ii) Interest Payment Dates: [ ]
- (iii) Interest Period Date: [ ]  
(Not applicable unless different from Interest Payment Date)
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
- (v) Manner in which the Rate(s) of Interest is / are to be determined [Screen Rate Determination/ISDA Determination]
- (vi) Calculation Agent: [ ]
- (vii) Description of the Reference Rate: [ ]
- (viii) Screen Rate Determination:
- Reference Rate: [ ] month [LIBOR/EURIBOR]
  - Interest Determination Date(s): [ ]
  - Relevant Screen Page: [ ]
- (ix) ISDA Definitions: means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association [*include alternative definitions, if applicable.*]
- (x) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]  
(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)

- (xi) Margin(s): [ +/- ] [ ] per cent. per annum
  - (xii) Minimum Rate of Interest: [ ] per cent. per annum
  - (xiii) Maximum Rate of Interest: [ ] per cent. per annum
  - (xiv) Day Count Fraction: [ ]
16. Zero Coupon Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Amortisation Yield: [ ] per cent. per annum
  - (ii) Day Count Fraction in relation to Early Redemption Amounts: [ ]

#### PROVISIONS RELATING TO REDEMPTION

17. Call Option: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount(s) of [ ] per Calculation Amount each Note:
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount: [ ]
    - (b) Maximum Redemption Amount: [ ]
  - (iv) Notice periods: Minimum period: [ ] days  
Maximum period: [ ] days  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing, as well as any other notice requirements which may apply.)*
18. Put Option: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount: [ ] per Calculation Amount
- (iii) Notice periods: Minimum period: [ ] days  
Maximum period: [ ] days  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing, as well as any other notice requirements which may apply.)*
19. Final Redemption Amount: [ ] per Calculation Amount
20. Early Redemption Amount payable on [ ] per Calculation Amount redemption for taxation reasons or upon the occurrence of an Event of Default:

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

21. Form of Notes:
- (i) Form: Book-Entry Notes: Uncertificated, dematerialised book-entry form notes (*anotaciones en cuenta*) registered with Iberclear as managing entity of the Spanish Central Registry.
22. Financial Centre(s): [Not Applicable/give details]
- (i) Principal Financial Centre: [ ]
- (ii) Additional Financial Centre(s): [ ]

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [AIAF/other regulated market] with effect from [ ].] [Application is expected to be made by the issuer (or on its behalf) for the Notes to be admitted to trading on [AIAF/other regulated market] with effect from [30 days after the Issue Date/ other time period].]  
*(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*
- (ii) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

- Ratings: [Not Applicable] [The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:
- [insert details]] by [insert the legal name of the relevant credit rating agency entity(ies), and associated defined terms].*
- [Each of *[insert defined terms for rating agencies]* is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**).]

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

[Save for any fees payable to [●], as far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. [●] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business] – *[Amend as appropriate and include if there are other interests or none at all.]*



#### 4. YIELD

Indication of yield: [ ]  
[Fixed Rate Notes only:] [The yield is calculated at the Issue Date by [insert method of yield calculation] on the basis of [insert yield calculation hypothesis]. It is not an indication of future yield.]]

#### 5. OPERATIONAL INFORMATION

- (i) ISIN Code: [ ]
- (ii) Common Code: [Not Applicable/give details]
- (iii) Any clearing system(s) other than, [Not Applicable/give name(s) and number(s)]  
Iberclear and the relevant  
identification number(s):
- (iv) Delivery: [Delivery against payment]

#### 6. DISTRIBUTION

- (i) Method of Distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated:
- (A) Names of Dealers: [Not Applicable/give names]
- (B) Stabilisation Manager(s), if any: [Not Applicable/give names]
- (iii) If non-syndicated, name of Dealer: [Not Applicable/give names]
- (iv) U.S. Selling Restrictions: [Reg S Compliance Category 1/2]

#### 7. NOTEHOLDERS' SYNDICATE AND APPOINTMENT OF THE COMMISSIONER

In accordance with Condition 12 (*Syndicate of Noteholders and Modification*) of the Base Prospectus, and for this issue of securities, [ ], of legal age, holding Tax Identification Number (*NIF*) [ ] and with domicile at [ ] is hereby appointed as Commissioner. [ ] appears in his/her own name for the sole purposes of accepting such appointment.

#### 8. REGULATIONS OF THE SYNDICATE OF NOTEHOLDERS

(*N.B. attach Regulations for the Syndicate of Noteholders included in the Terms and Conditions of the Base Prospectus.*)

All the pages of these Final Terms have been duly initialled and signed in [ ], this [ ].

Signed on behalf of Criteria CaixaHolding, S.A.,  
Sociedad Unipersonal:

\_\_\_\_\_  
 *[Insert position of signee 1]*

\_\_\_\_\_  
 *[Insert position of signee 2, if applicable]*

\_\_\_\_\_  
 Commissioner

## 9. TAXATION

The following summary is a general description of certain tax considerations relating to the Notes. It does not constitute tax advice and does not purport to be a complete analysis of all tax considerations relating to the Notes, as applicable, whether in Spain or elsewhere, and does not 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 under the tax laws of Spain of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes.

This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date. As a result, this description is subject to any changes in such laws or interpretations occurring after the date hereof, including changes having retroactive effect.

References in this section to Holders include the beneficial owners of the Notes. Investors should also note that the appointment by an investor in the Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. Investors should consult their own tax advisors in relation to the tax consequences for them of any such appointment.

### Spanish tax considerations

The following summary describes the main Spanish tax implications related to the holding or transfer of the Notes by certain individuals or entities that are the beneficial owners of the Notes.

The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in Spain, and it is not intended to be, nor should it be construed to be, legal or tax advice, and does not address all the tax consequences applicable to all categories of investors, some of which (such as look through entities or holders of the Notes by reason of employment) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisors as to the tax consequences, including those under the tax laws of the country of which they are resident, of purchasing, owning and disposing of Notes. This tax section is based on Spanish law as in effect on the date of this Base Prospectus as well as on administrative interpretations thereof, and is subject to any change in such law or interpretations that may take effect after such date, including changes with retroactive effect.

The information provided below has been prepared in accordance with the following Spanish tax legislation in force at the date of this Base Prospectus:

- (i) of general application, Additional Provision One of Law 10/2014, along with Royal Decree 1065/2007, of 27 July 2007, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes, as amended by Royal Decree 1145/2011, of 29 July 2011;
- (ii) for individuals with tax residency in Spain who are individual income tax (“**IIT**”) tax payers, Law 35/2006, of 28 November 2006, on IIT and on the partial amendment of the Corporate Income Tax Law, Non Residents Income Tax Law and Wealth Tax Law, as well as Royal Decree 439/2007, of 30 March 2007, promulgating the IIT Regulations, along with Law 19/1991, of 6 June 1991, on the Net Wealth Tax and Law 29/1987, of 18 December 1987, on the Inheritance and Gift Tax (“**IGT**”);
- (iii) for legal entities resident for tax purposes in Spain which are subject to the Spanish Corporate Income Tax (“**CIT**”), Law 27/2014, of November 27, on CIT and Royal Decree 1777/2004, of 30 July 2004, promulgating the CIT Regulations as long as they do not oppose the provisions contained in the Law 27/2014, of November 27;

- (iv) for individuals and entities who are not resident for tax purposes in Spain which are subject to the Spanish Non-Resident Income Tax (“NRIT”), Royal Legislative Decree 5/2004, of 5 March 2004, promulgating the Consolidated Text of the NRIT Law, as amended, and Royal Decree 1776/2004, of 30 July 2004, promulgating the NRIT Regulations, along with Law 19/1991, of 6 June 1991, on the Net Wealth Tax and Law 29/1987, of 18 December 1987, on IGT.

Whatever the nature and residence of the beneficial owners of the Notes, the acquisition and transfer of Notes 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 taxes promulgated by Royal Legislative Decree 1/1993, of 24 September 1993, and exempt from VAT, in accordance with Law 37/1992, of 28 December 1992, regulating such tax.

The Issuer understands that the Notes should be deemed as financial assets with an explicit yield for Spanish tax purposes, as such yield arising from the Notes exceeds the thresholds set out in article 91 of the IIT Regulations and article 61 of the CIT Regulations.

#### *Individuals with Tax Residency in Spain*

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

Both interest periodically received and income derived from the transfer, redemption or repayment of the Notes constitute income obtained from the transfer of a person’s own capital to third parties in accordance with the provisions of Section 25.2 of the IIT Law, and must be included in the investor’s IIT savings taxable base, which is taxed in 2015 at a flat rate of 20% for the first €6,000, 22% between €6,001 and €50,000 and 24% for any amount in excess of €50,000. In 2016 and onwards, the flat rate applicable to the investor’s IIT savings taxable base will be 19% for the first €6,000, 21% between €6,001 and €50,000 and 23% for any amount in excess of €50,000.

A 20% (19% in 2016 and onwards) withholding on account of IIT will be imposed by the Issuer on interest payments as well as on income derived from the redemption or repayment of the Notes, by individual investors subject to IIT.

However, with certain exceptions, income derived from the transfer of the Notes should not be generally subject to withholding on account of IIT provided that the Notes are:

- (i) registered by way of book-entries (*anotaciones en cuenta*); and
- (ii) negotiated in a Spanish official secondary market (*mercado secundario oficial*), such as AIAF.

In any event, the individual holder may credit the withholding tax applied by the Issuer against his or her final IIT liability for the relevant tax year.

##### Reporting Obligations

The Issuer will comply with the reporting obligations set forth in the Spanish tax laws with respect to beneficial owners of the Notes that are individuals resident in Spain for tax purposes.

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

For tax year 2015, Spanish resident tax individuals are subject to Spanish Net Wealth Tax, which imposes a tax on property and rights in excess of €700,000 held on the last day of any year.

Spanish tax resident individuals whose net worth is above €700,000 and who hold Notes on the last day of any year would therefore be subject to Spanish Net Wealth Tax for such year at marginal rates varying between 0.2% and 2.5% of the average market value of the Notes during the last quarter of such year, as published by the Spanish Ministry of Revenues on an annual basis.

However, those rates may vary depending on the autonomous region of residency of the investor. As such, prospective holders of the Notes should consult their tax advisers.

From 2016 onwards, a general 100% tax relief will apply as set forth by article 61 of Law 36/2014 of

December 26 approving the General State Budget for 2015.

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

Individuals who are resident in Spain for tax purposes and who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to the Spanish IGT in accordance with the applicable Spanish regional and state rules. The applicable tax rates range between 7.65% and 81.6% for 2015, depending on various factors, such as the amount of the gift or inheritance, the net wealth of the heir or beneficiary of the gift, and the kinship with the deceased or the donor.

#### *Legal Entities with Tax Residency in Spain*

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

Both interest periodically received and income derived from the transfer, redemption or repayment of the Notes are subject to CIT at the general flat tax rate of 28% for CIT periods starting in 2015, and 25% for CIT periods starting as of 2016, in accordance with the rules for such tax.

No withholding on account of CIT will be imposed on interest payments or on income derived from the redemption or repayment of the Notes by Spanish CIT taxpayers which is paid by the Issuer, provided that certain requirements are met (including that the Iberclear Members that have the Notes registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, provides the Issuer, in a timely manner, with a duly executed and completed Payment Statement, as defined below). See “—Compliance with Certain Requirements in Connection with Income Payments.”

With regard to income derived from the transfer of the Notes, in accordance with article 59.q of the CIT regulations, there is no obligation to withhold on income obtained by Spanish CIT taxpayers (which include Spanish tax resident investment funds and Spanish tax resident pension funds) provided that the Notes are:

- (i) registered by way of book-entries (*anotaciones en cuenta*); and
- (ii) negotiated in a Spanish official secondary market (*mercado secundario oficial*), such as AIAF.

#### Reporting Obligations

The Issuer will comply with the reporting obligations set forth in the Spanish tax laws with respect to beneficial owners of the Notes that are legal persons or entities resident in Spain for tax purposes.

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

Legal entities resident in Spain for tax purposes that acquire ownership or other rights over the Notes are not subject to Spanish Wealth Tax.

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

Legal entities resident in Spain for tax purposes that acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the IGT but generally must include the market value of the Notes in their taxable income for CIT purposes.

#### *Individuals and Legal Entities that Are Not Tax Resident in Spain*

- 1) *Investors that Are Not Resident in Spain for Tax Purposes, Acting in Respect of the Notes Through a Permanent Establishment in Spain*

#### Non-resident Income Tax (*Impuesto sobre la Renta de no Residentes*)

If the Notes form part of the assets affected to a permanent establishment in Spain of a person or legal entity that is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes are, generally, the same as those set forth above for Spanish CIT taxpayers. See “—Legal

*Entities with Tax Residency in Spain-Corporate Income Tax (Impuesto sobre Sociedades)."*

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

#### Reporting Obligations

The Issuer will comply with the reporting obligations set forth under Spanish tax laws with respect to beneficial owners of the Notes that are individuals or legal entities not resident in Spain for tax purposes and that act with respect to the Notes through a permanent establishment in Spain.

2) *Investors that Are Not Resident in Spain for Tax Purposes, Not Acting in Respect of the Notes Through a Permanent Establishment in Spain*

(A) *Non-resident Income Tax (Impuesto sobre la Renta de no Residentes).*

Both interest payments periodically received under the Notes and income derived from the transfer, redemption or repayment of the Notes, obtained by individuals or entities who are not resident in Spain for tax purposes and who do not act, with respect to the Notes, through a permanent establishment in Spain, are exempt from NRIT and therefore no withholding on account of NRIT will be levied on such income provided certain requirements are met, including that, in respect of interest payments from the Notes carried out by the Issuer, the Iberclear Members that have the Notes registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, provide the Issuer, in a timely manner, with a duly executed and completed Payment Statement, as defined below, as set forth in article 44 of Royal Decree 1065/2007 of 27 July 2007, as amended by Royal Decree 1145/2011 of 29 July 2011. See "*—Compliance with Certain Requirements in Connection with Income Payments.*"

If the Iberclear Members fail or for any reason are unable to deliver a duly executed and completed Payment Statement to the Issuer in a timely manner in respect of a payment of interest under the Notes, the Issuer will withhold Spanish withholding tax at the then-applicable rate (20% in 2015 and 19% in 2016 and after) on such payment of income on the Notes and the Issuer will not pay additional amounts with respect to any such withholding tax.

A beneficial owner who is not resident in Spain for tax purposes and is entitled to exemption from NRIT, but to whom payment was not exempt from Spanish withholding tax due to a failure on the delivery of a duly executed and completed Payment Statement to the Issuer, will receive a refund of the amount withheld, with no need for action on the beneficial owner's part, if the Issuer receives a duly executed and completed Payment Statement no later than the 10th calendar day of the month immediately following the relevant payment date.

In addition, beneficial owners of the Notes may apply directly to the Spanish tax authorities for any refund to which they may be entitled, according to the procedures set forth in the NRIT Law and its regulations.

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

For tax year 2015, Spanish non-resident tax individuals are subject to Spanish Net Wealth Tax, which imposes a tax on property and rights in excess of €700,000 that are located in Spain, or can be exercised within the Spanish territory, as the case may be, on the last day of any year.

However, to the extent that income derived from the Notes is exempt from NRIT, individual beneficial owners not resident in Spain for tax purposes that hold Notes on the last day of any year will be exempt from Spanish Net Wealth Tax regarding the holding of the Notes. Furthermore, beneficial owners who benefit from a treaty for the avoidance of double taxation with respect to wealth tax that provides for taxation only in the beneficial owner's country of residence will not be subject to Spanish Net Wealth Tax.

If the provisions of the foregoing paragraph do not apply, non-Spanish tax resident individuals whose net worth related to property located, or rights that can be exercised, in Spain is above €700,000 and who hold Notes on the last day of any year would therefore be subject to Spanish Net Wealth Tax for such year at marginal rates varying between 0.2% and 2.5% of the average market value of the Notes during the last quarter of such year, as published by the Spanish Ministry of Revenues on an annual basis.

Non-Spanish tax resident individuals who are resident in an EU or European Economic Area member State may apply the rules approved by the autonomous region where the assets and rights with more value are situated. As such, prospective holders of the Notes should consult their tax advisers.

From 2016 onwards, a general 100% tax relief applies (as set forth by article 61 of Law 36/2014 of December 26 approving the General State Budget for 2015).

#### 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 Notes by inheritance, gift or legacy, will be subject to IGT in accordance with the applicable Spanish state rules, unless they reside in a country for tax purposes with which Spain has entered into a treaty for the avoidance of double taxation in relation to IGT. In such case, the provisions of the relevant treaty for the avoidance of double taxation will apply.

If no treaty for the avoidance of double taxation in relation to IGT applies, applicable IGT rates would range between 7.65% and 81.6% for 2015, depending on various factors, such as the amount of the gift or inheritance, the net wealth of the heir or beneficiary of the gift, the kinship with the deceased or the donor and the qualification for tax benefits. These factors may vary depending on the application of the state or the autonomous regions IGT governing laws. Generally, non-Spanish tax resident individuals are subject to Spanish state rules. However, if the deceased or the donee, as the case may be, is resident in an EU or European Economic Area member State, the applicable rules will be those corresponding to the relevant autonomous regions as per the rules set out in the law. As such, prospective holders of the Notes should consult their tax advisers.

Non-Spanish tax resident legal entities that acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to IGT. Such acquisitions may be subject to NRIT as capital gains (as described above), unless otherwise applicable under the provisions of any applicable treaty for the avoidance of double taxation entered into by Spain. In general, treaties for the avoidance of double taxation provide for the taxation of this type of income in the country of tax residence of the beneficiary owner.

#### *Compliance with Certain Requirements in Connection with Income Payments*

As described under “—Individuals and Legal Entities that Are Not Tax Resident in Spain,” “—Legal Entities with Tax Residency in Spain—Corporate Income Tax (*Impuesto sobre Sociedades*)”, provided the conditions set forth in Law 10/2014 are met, interest payments made by the Issuer in respect of the Notes for the benefit of non-Spanish tax resident investors, or for the benefit of Spanish CIT taxpayers, will not be subject to Spanish withholding tax, provided that the Iberclear Members that have the Notes registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, if applicable, provide the Issuer, in a timely manner, with a duly executed and completed statement (a **Payment Statement**), in accordance with section 4 of article 44 of Royal Decree 1065/2007, of 27 July 2007, as amended by Royal Decree 1145/2011, of 29 July 2011, containing the following information:

1. Identification of the Notes.
2. Total amount of the income paid by the Issuer.
3. Amount of the income corresponding to individuals residents in Spain that are IIT taxpayers.

4. Amount of the income that must be paid on a gross basis.

If the Iberclear Members fail or for any reason are unable to deliver a duly executed and completed Payment Statement to the Issuer in a timely manner in respect of a payment of income made by the Issuer under the Notes, such payment will be made net of Spanish withholding tax, at the rate of 20% (19% in 2016 and after).

If this were to occur, affected beneficial owners will receive a refund of the amount withheld, with no need for action on their part, if the Iberclear Members submit a duly executed and completed Payment Statement to the Issuer no later than the 10th calendar day of the month immediately following the relevant payment date. In addition, beneficial owners may apply directly to the Spanish tax authorities for any refund to which they may be entitled, according to the procedures set forth in the Spanish NRIT Law.

**Prospective investors should note that the Issuer does not accept any responsibility relating to the lack of delivery of a duly executed and completed Payment Statement by the Iberclear Members in connection with each payment of income under the Notes. Accordingly, the Issuer will not be liable for any damage or loss suffered by any beneficial owner who would otherwise be entitled to an exemption from Spanish withholding tax but whose income payments are nonetheless paid net of Spanish withholding tax because the Payment Statement was not duly delivered to the Issuer. Moreover, the Issuer will not pay any additional amounts with respect to any such withholding tax.**

**The proposed Financial Transactions Tax (FTT)**

On 14 February 2013, the European Commission published a proposal (the Commission's Proposal) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States).

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

**However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.**

**European Union Directive on the Taxation of Savings Income**

Under Council Directive 2003/48/EC on the taxation of savings income (the "Directive"), Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

The Council Directive 2003/48/EC has been amended by the Council Directive 2014/48/EU which was adopted on 24 March 2014 and published on 15 April 2014 (the "Amending Directive"). The



Amending Directive broadens the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also apply a “look through approach” to certain payments where an individual resident in a Member State is regarded as the beneficial owner of that payment for the purposes of the Directive. This approach will apply to payments made to or by, or secured for or by, persons, entities or legal arrangements (including trusts), where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments deducting tax at a rate of 35 per cent. The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

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Investors who are in any doubt as to their position should consult their professional advisers.

#### **U.S. Foreign Account Tax Compliance Withholding**

The U.S. “Foreign Account Tax Compliance Act” (or FATCA) imposes a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) “foreign passthru payments” made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Whilst the Notes are held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. 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.

**FATCA is particularly complex and its application is uncertain at this time. Prospective investors should consult their tax advisers on how these rules may apply to payments they may receive in connection with the Notes.**

## 10. SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Morgan Stanley & Co. International plc (the **Arranger**), Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Barclays Bank PLC, BNP Paribas, CaixaBank, S.A., Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, Nomura International plc and Société Générale (together with the Arranger, the **Dealers**). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and subscribed by, Dealers are set out in a Dealer Agreement dated 26 March 2015 (the **Dealer Agreement**) and made between the Issuer and the Dealers. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and a single Dealer for that Tranche to be issued by the Issuer and subscribed by that Dealer, the method of distribution will be "Non-Syndicated" and the name and address of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Final Terms. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be "Syndicated" and the obligations of those Dealers to subscribe the relevant Notes will be joint and several and, additionally, the names and addresses of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers will be set out in the relevant Final Terms.

Any such agreement will, inter alia, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be subscribed by the Dealer(s) and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

### **United States of America**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has agreed, and each Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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

## Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) *Fewer than 100 offerees*: at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) *Other exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive.

**provided that** no such offer of Notes referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

## United Kingdom

Each Dealer has represented, warranted and agreed that:

- (i) **No deposit-taking:** in relation to any Notes having a maturity of less than one year:
  - (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and:
  - (b) it has not offered or sold and will not offer or sell any Notes other than to persons:
    - whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act (**FSMA**) by the Issuer;
- (ii) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## General

Each Dealer has represented, warranted and agreed, and each Dealer appointed under the Programme will be required to represent and agree, that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.

Selling restrictions may be modified with the agreement of the Issuer. Any such supplement or modification may be set out in a supplement to this Base Prospectus.

## 11. SUMMARY OF CLEARANCE AND SETTLEMENT PROCEDURES APPLICABLE TO BOOK-ENTRY NOTES

Below is a brief summary of the Spanish clearance and settlement procedures applicable to book-entry notes such as the Notes.

Notwithstanding this summary, it should be noted that the Spanish clearing, settlement and registry system of securities transactions is expected to undergo a significant reform to align it with the practices and standards of its European neighbours and prepare it for the implementation of future integration projects.

In this sense, Act 32/2011, of 4 October which amends Act 24/1988, of 28 July on the Securities Market (*Ley 32/2011, de 4 de octubre, por la que se modifica la Ley 24/1988, de 28 julio, del Mercado de Valores*) (“**Act 32/2011**”), anticipates and sets the master plan of the future Spanish clearing, settlement and registry system providing for certain changes that are yet to be implemented and that will modify the system and allow for the integration of the post trading Spanish systems into the TARGET System (TARGET2), that is scheduled to be fully implemented in February 2017.

Even though Act 32/2011 is the starting point of a set of reforms that will change the systems and procedures applied for the last two decades in this area, it should be emphasised that, as of the date of this Base Prospectus, the procedures remain practically unaltered, and there is no clear timeframe in which the reform will be implemented effectively.

Additionally, Regulation (EU) No. 909/2014 of the European Parliament and of the Council of July 23, on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 provides that the maximum settlement period as regards transactions in transferable securities which are executed on trading venues shall be no later than on the second business day after the relevant trade takes place subject to certain exemptions.

On 24 September 2014 the CNMV issued a release on the status of the reform of the Spanish securities settlement system where it stated that it expects that the new T+2 settlement standard will be introduced in the fourth quarter of 2015 for the equity platform and in the first quarter of 2017 for the debt platform.

In this respect, in December 2014 the Ministry of Economy and Competitiveness published the draft law that is expected to further amend Act 24/1988, of 28 July on the Securities Market (*Anteproyecto de Ley xx/2015, de XX de XX, por la que se modifica la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de compensación, liquidación y registro de valores*), adapting Act 24/1988 to the provisions set forth in Regulation (EU) No. 909/2014 to further the reform of the Spanish clearing, settlement and registry system of securities transactions and adjust Spanish legislation to Regulation (EU) No. 909/2014 (the **Draft Law**).

The project to reform Spain's clearing, settlement and registry system and its connection to the TARGET System (the **Reform**) introduces significant new features that affect all classes of securities and all post-trade activities. In any case, the Reform is still an on-going process and until the aforementioned Draft Law and other necessary legislation is approved it is still subject to changes and modifications both in the expected timetable for its implementation and in the content and scope of the measures to be adopted and implemented in the Spanish clearing, settlement and registry system.

In particular, this Reform would introduce three fundamental changes that, in turn, involve a number of operating modifications. Such changes are as follows:

- (i) A new registry system based on balances.
- (ii) The introduction of a new Central Clearing Counterparty (BME Clearing, the **CCP**)
- (iii) Integration of the current CADE (*Central de Anotaciones de Deuda Pública*) and SLCV (*Servicio de Compensación y Liquidación de Valores*) into a unique platform.

The Reform is expected to be implemented in two phases:

- (i) The first phase that is envisaged to take place at the third quarter of 2015 will involve setting up a new system for equities to include all the changes envisaged in the Reform, including the creation of the CCP, for post-trade operations the design of which must be compatible with the TARGET System (messages, account structure, definition of operations, etc.). Accordingly, the SCLV platform will be discontinued.

That system will continue to settle by the current deadline of T+3, although that should be reduced to T+2 within a period of 2-3 months since that is the settlement period in the proposed regulation on improving securities settlement in the European Union and on central securities depositories (CSDs).

The CADE platform will continue to operate unchanged and cash settlements in the new system will be made in the TARGET2-Bank of Spain cash accounts, as at present.

- (ii) The second phase will be implemented to coincide with Iberclear's connection to the TARGET System, scheduled for the first quarter of 2017. At that time, fixed-income securities will be transferred to the new system, and CADE will be discontinued.

Equities will also be settled in accordance with the procedures and time periods of the TARGET System, so that the interim settlement procedure used in the first phase will be discontinued.

The second phase will entail unifying the registry and settlement approach for both equities and fixed-income.

As a result of these changes, various operating modifications are expected to take place. To mention a few:

- (i) Entities (financial institutions) will be able to be members of one, two or even three of the new infrastructures (i.e. the trading platform (SIBE), the CCP (BME Clearing), and the central securities depository (Iberclear).
- (ii) Each Stock Exchange member will need to sign a contract with a General Clearing Member of the CCP (with the exception of the same entity being member of both infrastructures).
- (iii) Each CCP Member will need to sign a contract with, at least, an Iberclear Settlement Participant (with the exception of the same entity being member of both infrastructures).
- (iv) There will be Individual Accounts, in both the CCP and the Central Securities Depository,
- (v) The CCP will make the netting of transactions (trades) possible before generating settlement instructions.
- (vi) Iberclear will implement and manage an optimisation procedure that will enable the maximisation of settled transactions in the exceptional occasions in which a delay of delivery of securities occurs.
- (vii) The current Collective Deposit will be replaced by the CCP guarantee system (Default Fund).
- (viii) Communications between Participants and infrastructure members will be managed by an ancillary system (named "PTI" Post-Trading Interface) that will simplify their requirements and work.
- (ix) The system will be more flexible, for example:
  - It will be possible to settle in the CCP accounts in gross or net value.
  - There will be different classes of Members, with the possibility to become Ordinary Trading Member or Segregated Trading Member.

The market model, in relation to the trading platforms, would not experience any modifications as a consequence of the Reform, though it would imply some changes in the Trading Members systems:

- (i) Change in the trading procedures: modifications in the communication protocols of the trades to the trading platform to add new optional information on the clearing side.
- (ii) Change in the post-trading procedures: the procedures will be adapted to enable the new functionalities and contents that must be incorporated due to the reform.
- (iii) It might be necessary to put controls in place over the activity between Trading and Clearing Members.

### **Iberclear**

Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., Sociedad Unipersonal (Iberclear) is the Spanish central securities depository in charge of both the register of securities held in book-entry form, and the clearing and settlement of all trades from the Spanish Stock Exchanges, Latibex (the Latin American stock exchange denominated in Euro), the Book-Entry Public Debt Market (*Mercado de Deuda Pública en Anotaciones*) and the Spanish AIAF Fixed Income Securities Market (*AIAF Mercado de Renta Fija*). To achieve this, Iberclear uses two technical platforms, SCLV (for the Spanish Stock Exchanges and Latibex) and CADE (for the Book-Entry Public Debt Market and AIAF).

Iberclear is owned by *Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.*, a holding company, which holds a 100% interest in each of the Spanish official secondary markets and settlement systems.

### **Iberclear Securities Registration System**

Iberclear and the Iberclear Members (*entidades participantes*) have the function of keeping the book-entry register of securities traded on AIAF.

The book-entry register structure is divided into: (i) the Spanish Central Registry managed by Iberclear, that reflects the aggregate balance of the securities held by each of the Iberclear Members (segregated into the Iberclear Members' own account and accounts held on behalf of third parties), and (ii) an itemised individual register managed by each of the Iberclear Members, in which securities are listed under the security owner's name.

Spanish law considers the legal owner of the securities to be:

- (i) the Iberclear Member appearing in the records of Iberclear as holding the relevant securities in its own name; or
- (ii) the investor appearing in the records of the Iberclear Member as holding the securities.

### **Iberclear Settlement of securities traded in AIAF**

Securities traded in AIAF are private fixed income securities, including corporate bonds (for example, medium term notes and mortgage bonds), represented either in a dematerialised form or by certificates.

In the AIAF settlement system, transactions may be settled spot, forward (settlement date more than five days after the relevant trade date), with a repurchase agreement on a fixed date and double or simultaneous transactions (two trades in opposite directions with different settlement dates).

The settlement system used for securities admitted for trading in AIAF is the Model 1 delivery versus payment system, as per the classification of the Bank for International Settlements: that is, it is a "transaction-to-transaction" cash and securities settlement system with simultaneity in its finality.

Transactions are settled on the business day agreed by participants at the moment of the trade.

### **Settlement Cycles: The CADE Platform**

The process of settling all reported trades with a value date on a specific day, is to be carried out in three phases:

- (i) First settlement cycle,
- (ii) Real-time settlement, and
- (iii) Session close

The first cycle includes all transactions reported to CADE up to 6 p.m. (Madrid time) of D-1, and these are settled if sufficient funds and an adequate securities balance are available in the pertinent accounts.

The real-time settlement process is carried out between 7 a.m. (Madrid time) and 4 p.m. (Madrid time) of the settlement day, and the system first checks if a sufficient securities balance is available. If it is available, but the buyer of the securities does not have available funds, the order is rejected and returned to CADE, and placed in a queue. The process is periodically activated until enough balance is available in the relevant accounts to settle outstanding orders with finality. If the balance in the seller's securities account is insufficient, the transaction is placed in a queue. When a credit is lodged in a securities account, the system checks whether queued orders can be processed.

At the end of the day, the system tries one last time to settle all transactions not settled in the first cycle or during the process in real time. The settlement cycle at the end of the day takes place at 5 p.m. (Madrid time).

If the seller's securities account has sufficient balance, the system checks - by means of a comparison with the payment side - if there is also sufficient balance in the buyer's cash account. That is, securities and cash are not immediately blocked. Once the transfers of securities and cash have been executed, each of the transactions is considered final.



## 12. ADDITIONAL INFORMATION

Below are the disclosure requirements of Annex IX and XIII of Regulation EC 809/2004 which have not been covered in the preceding sections of this Base Prospectus:

### *Authorisation*

The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 26 February 2015 on the basis of the authorisation granted by a decision of the sole shareholder of the Issuer taken on 9 October 2014.

The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes, at the time of each issuance of Notes. In particular, Notes issued after 31 December 2015 shall require a new authorisation that must be granted by a decision of the sole shareholder of the Issuer.

### *Principal amount of securities available for issue under the Programme.*

Up to €3,000,000,000 (or the equivalent in other currencies at the date of issue) in aggregate nominal amount of Notes outstanding at any one time in accordance with the threshold authorised by Criteria CaixaHolding's Board of Directors' resolution passed on 26 February 2015 on the basis of the authorisation granted by a decision of the sole shareholder of the Issuer taken on 9 October 2014.

The nominal value and the number of securities to be issued is not fixed beforehand and will depend on the nominal amount of the individual securities of each issue made under this Base Prospectus, and on the total nominal amount of each single issue.

However, unit nominal amounts of Notes to be issued under this Base Prospectus will not be lower than €100,000.

### *Key information. Interest of natural and legal persons involved in the issue*

There are no private interests since this Base Prospectus does not include any specific issue of Notes. Any interest of natural or legal persons in any issue under this Base Prospectus shall be included in its relevant Final Terms.

### *Validity Period and supplements to the Base Prospectus*

The Base Prospectus will be valid for one year after its registration in the official registers of the CNMV provided, when applicable, it is duly supplemented in accordance with Article 16 of the Prospectus Directive. In particular, this Base Prospectus shall be duly supplemented with the most recent audited consolidated annual accounts of Criteria CaixaHolding when available.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus.

### *Statement of the capacity in which the advisors have acted*

In addition to the Dealers, the following entities have provided advisory services in relation with the Programme:

- (i) Clifford Chance, S.L. has acted as legal adviser to the Dealers on Spanish and English law;
- (ii) Slaughter and May has acted as legal adviser to Criteria CaixaHolding on English law; and
- (iii) Uría Menéndez Abogados, S.L.P. has acted as legal adviser to Criteria CaixaHolding on Spanish law.

### *Information on trends*

Since the date of the last audited financial statements published, no significant changes have occurred in the financial or trading position of the Issuer.

No trend, uncertainty, demand, commitment or any other fact are known that could reasonably and significantly affect the forecasts of the Issuer during the following years.

*Profit forecasts or estimates.*

Criteria CaixaHolding has opted not to include any profit forecast or estimate.

*Third party information and statement by experts*

This Base Prospectus does not include any statements or reports attributed to a person as an expert.

*Auditors*

The Issuer's consolidated and non-consolidated annual accounts corresponding to the years ended 31 December 2014 and 31 December 2013 were audited by the external auditors Deloitte, S.L., whose registered office is at Plaza de Pablo Ruiz Picasso 1, Torre Picasso, 28020, Madrid, and registered with the *Registro Oficial de Auditores de Cuentas* under number S0692.

Since its appointment as Criteria CaixaHolding's external auditors and up to the date of this Base Prospectus, Deloitte, S.L., has not withdrawn or been removed from its engagement.

The auditor of Criteria CaixaHolding has expressed an unqualified opinion on the Criteria CaixaHolding consolidated and non-consolidated audited annual accounts as of and for each of the years ended 31 December 2014 and 2013.

The consolidated audited annual accounts of CaixaBank as at and for the years ended 31 December 2014 and 31 December 2013 were audited by Deloitte, S.L.

The auditor of CaixaBank has expressed an unqualified opinion on the CaixaBank consolidated audited annual accounts as of and for each of the years ended 31 December 2014 and 2013.

The financial information selected as at 31 December 2014 and 2013, unless expressly stated otherwise, has been extracted from the financial statements referred to such dates and forms part of the Management Reports and the audited annual accounts for years 2014 and 2013. No other information in the Prospectus has been audited or reviewed by auditors.

*Credit ratings assigned to Criteria CaixaHolding*

Ratings assigned to the Issuer are detailed below:

Rating Agency	Criteria CaixaHolding		
	Long term	Short term	Outlook
Fitch	BBB-	F3	Positive

*Expenses*

An estimate of the total expenses related to the admission to trading of the relevant Notes shall be provided in the corresponding Final Terms.

*Documents on display*

For the period of 12 months following the date of this Prospectus, the following will be available for inspection, during usual business hours on any weekday (public holidays excepted), at the registered office of the Issuer and the CNMV official registry:

- (i) the Articles of Association of Criteria CaixaHolding;
- (ii) the Spin-Off public deed;
- (iii) Criteria CaixaHolding's consolidated audited annual accounts as of and for each of the years ended 31 December 2014 and 2013 prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU) and its corresponding

auditor reports (available, together with its corresponding English translation, on Criteria CaixaHolding's website: [www.criteria.com](http://www.criteria.com)) filed with the CNMV (and in respect of the audited consolidated financial statements as of and for the year ended 31 December 2014 available on the CNMV's website; [www.cnmv.es](http://www.cnmv.es));

- (iv) Criteria CaixaHolding's non-consolidated audited annual accounts as of and for each of the years ended 31 December 2014 and 2013 prepared in accordance with the Spanish National Chart of Accounts (*Plan General de Contabilidad*) and its corresponding auditor reports (available, together with its corresponding English translation, on Criteria CaixaHolding's website: [www.criteria.com](http://www.criteria.com)) and, in respect of the audited non-consolidated financial statements as of and for the year ended 31 December 2014, filed with CNMV (and also available on the CNMV's website; [www.cnmv.es](http://www.cnmv.es));
- (v) CaixaBank's consolidated audited annual accounts as of and for each of the years ended 31 December 2014 and 2013 and its corresponding auditor prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU) and its corresponding auditor reports (available, together with its corresponding English translation, on CaixaBank's website: [www.caixabank.com](http://www.caixabank.com)) filed with the CNMV (and available on the CNMV's website; [www.cnmv.es](http://www.cnmv.es));
- (vi) this Base Prospectus; and
- (vii) any future prospectus supplements.

### **13. SIGNATURES**

In witness to their knowledge and approval of the contents of this Base Prospectus drawn up according to Annexes IX and XIII of Commission Regulation (EC) No. 809/2004 of 29 April 2004, pursuant to the authorisation granted by Criteria CaixaHolding's Board of Directors' resolution passed on 26 February 2015 on the basis of the decision of its sole shareholder taken on 9 October 2014, it is hereby signed by Mr. José Antonio Alepuz Sánchez, Secretary of the Board of Directors of Criteria CaixaHolding, S.A., Sociedad Unipersonal, in Madrid this 26 March 2015.

**Signed on behalf of Criteria CaixaHolding, S.A.U.**

By

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Mr. José Antonio Alepuz Sánchez

Secretary of the Board of Directors

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