

# REPSOL INTERNATIONAL CAPITAL Ltd.

## Management Report– For the half year ended June 2014

### 1. General comments and results

- 1.1 The sole business of Repsol International Capital Limited (“the Company”) is to issue preference shares in various markets and advance the net proceeds to various non-Spanish members of the Repsol Group. The Company engages in no activities other than those related to the borrowing and lending of such funds.
- 1.2 The profit for the half year ended June 30<sup>th</sup>, 2014 was EUR 352 thousand compared with a net loss of EUR 10.1 million for the half year ended June 30<sup>th</sup>, 2013. The Company profit is mainly due to the higher interest rate applied to the loan with Repsol Netherlands Finance B.V. compared with the interest rate paid to the Preference Shares.

### 2. Main activities performed during the first half of 2014

- Tenants of Preference Share B have accrued a dividend of EUR 567 thousands.
- Tenants of Preference Share C have accrued a dividend of EUR 1,023 thousands.
- During the first six months of 2014 Repsol International Capital Ltd. continues to grant loans to Repsol Netherlands Finance BV. As per June 30, 2014 the amount granted to RNF reached EUR 118 million, all of them denominated in EUR at an interest rate of 3.925%.

### 3. Financial risk management

The Company’s activities expose it primarily to the market risks of changes in interest rates. Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices..The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Note 11 of year ended 2013 annual accounts provides a detailed description of the nature and extent of risk arising from the financial instruments to which the Company is exposed at the reporting date. The disclosure includes a sensitivity analysis in order for the users of the financial statements to evaluate the risks.

### 4. Corporate governance

The Company is a wholly owned subsidiary of Repsol International Finance B.V., a limited liability company organized under the laws of the Netherlands. All the ordinary shares of Repsol International Finance B.V. are owned by Repsol, S.A., a limited liability company organized under the laws of Spain.

The Company, subject to the laws of the Cayman Islands, has no obligation to prepare a corporate governance report. For this reason, and in order to comply with the provisions of the Spanish Ministerial Order ECC/461/2013, of March 20<sup>th</sup>, and Circular of the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores – CNMV) 5/2013, of June 12<sup>th</sup> a reference is made to the Corporate Governance Report for the year 2013 prepared by the parent Company, Repsol S.A., which was duly registered with the

CMNV last February 26th, 2014 (registration number 2014026449, and official notice – hecho relevante - registration number 200970).

**5. Research and development activities**

Repsol International Capital Ltd has not carried out any research and development activities during 2014.

**6. Operations with treasury shares**

Repsol International Capital Ltd has not carried out any treasury shares operations in 2014.

STATUTORY DIRECTORS:

25 July, 2014

Richard McMillan

Rafael Guerrero Mendoza

Francisco Javier Nogales Aranguéz

Javier Sanz Cedrón