

D. Antonio Martínez Martínez, mayor de edad, de nacionalidad española, con domicilio profesional en Zaragoza (50008), Plaza de Basilio Paraíso, nº 2 y D.N.I. número 25.183.529-R, en vigor, en nombre y representación de Ibercaja Banco, S.A., con número de identificación fiscal A-99319030 y domicilio social en Zaragoza (50008), Plaza de Basilio Paraíso, nº 2, debidamente apoderado al efecto

CERTIFICA

Que el contenido del folleto informativo de admisión a negociación de la emisión denominada "Euro 500,000,000 Fixed Rate Reset Subordinated Notes due 28 July 2025" (el "**Folleto**"), registrado con fecha 30 de julio de 2015 por la Comisión Nacional del Mercado de Valores (la "**CNMV**"), coincide exactamente con el ejemplar del mismo que ha sido remitido a la CNMV en formato electrónico.

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

Y para que así conste y surta los efectos oportunos, en Zaragoza, a 30 de julio de 2015.

Ibercaja Banco, S.A.

p.p.

D. Antonio Martínez Martínez



IBERCAJA BANCO, S.A.

*(incorporated with limited liability under
the laws of the Kingdom of Spain)*

Euro 500,000,000
Fixed Rate Reset Subordinated Notes due 28 July 2025

The issue price of the Euro 500,000,000 Fixed Rate Reset Subordinated Notes due 28 July 2025 (the "Notes") of Ibercaja Banco, S.A. (the "Issuer" or "Ibercaja Banco") is 100 per cent. of their principal amount.

Unless previously redeemed, the Notes will be redeemed at their Outstanding Principal Amount (as defined in the Conditions) on 28 July 2025. The Notes may be redeemed at the option of the Issuer at any time in whole, but not in part, at their Outstanding Principal Amount (as defined in the Conditions), and subject as provided in the Conditions, in particular to the previous consent of the Regulator (as defined in the Conditions), in the event of certain changes affecting taxation in the Kingdom of Spain (see Condition 6.3 ("*Redemption for tax reasons*")), or if a Capital Event (as defined in the Conditions) occurs (see Condition 6.4 ("*Redemption at the option of the Issuer (Capital Event)*"). In addition, the Issuer may at its option (subject to prior approval of the Regulator), redeem all, but not some only, of the Notes at their Outstanding Principal Amount (as defined in the Conditions) plus accrued and unpaid interest on 28 July 2020 (the "**Call Date**") (see Condition 6.2 ("*Redemption at the option of the Issuer (Issuer Call)*").

The Notes will bear interest on their principal amount (i) at a fixed rate of 5.000 per cent. per annum from (and including) the Closing Date (as defined in the Conditions) to (but excluding) the Reset Date (as defined in the Conditions) payable annually in arrear on 28 July in each year, with the first Interest Payment Date on 28 July 2016; and (ii) from (and including) the Reset Date (as defined in the Conditions), at the applicable 5-year Mid-Swap Rate in respect of the Reset Period, plus 4.551 per cent. per annum as determined by the Agent (as defined in the Conditions), payable annually in arrear on 28 July in each year (each, an Interest Payment Date as defined in the Conditions), commencing on 28 July 2020. Payments on the Notes will be made in Euro without deduction for or on account of taxes imposed or levied by the Kingdom of Spain to the extent described under Condition 7 (*Taxation*).

This Prospectus has been approved by the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (the "**CNMV**") in its capacity as competent authority under Law 24/1988, of 28 July, on the Securities Market (*Ley 24/1988, de 28 de julio, del Mercado de Valores*) (the "**LMV**") and relevant implementing measures in Spain. Application has been made for the Notes to be admitted to trading on the Spanish AIAF Fixed Income Securities Market (*AIAF Mercado de Renta Fija*) ("**AIAF**").

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

The Notes have been rated "B2" by Moody's Investors Service España, S.A. ("**Moody's**"), "B" by Standard & Poor's Credit Market Services Europe Limited ("**S&P**") and "BB" by Fitch Ratings España, S.A. Unipersonal ("**Fitch**").

Moody's, S&P and Fitch are established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). Moody's, S&P and Fitch appear on the latest update of the list of registered credit rating agencies (as of 12 December 2014) on the ESMA website <http://www.esma.europa.eu>.

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

*Structuring Bank and Lead
Manager*
Barclays

Lead Managers

**Banco Bilbao Vizcaya
Argentaria, S.A.**

J.P. Morgan

UBS Investment Bank

27 July 2015

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IMPORTANT NOTICES

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

The Issuer has confirmed to the Lead Managers named under "*Subscription and Sale*" below (the "**Lead Managers**") that this Prospectus contains all information regarding the Issuer and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

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

Neither the Lead Managers nor any of their respective affiliates have independently verified the information contained herein or authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

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

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof. The Lead Managers expressly do not undertake to review the financial condition or affairs of the Issuer or to advise any investor in the Notes of any information coming to their attention.

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

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

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

In connection with the issue of the Notes, Barclays Bank PLC (the "Stabilising Manager(s)") (or persons acting on behalf of the Stabilising Manager(s)) may over allot the Notes or effect transactions with a view to supporting the 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 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 Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager(s) (or persons acting on behalf of the Stabilising Manager(s)) in accordance with all applicable laws and rules.

INFORMATION INCORPORATED BY REFERENCE

The information set out below shall be deemed to be incorporated in, and to form part of, this Prospectus.

Such documents will be made available, free of charge, during usual business hours at the registered offices of the CNMV. Such documents will also be available to view on the CNMV website (www.cnmv.es) and on Ibercaja Banco website (<http://www.ibercaja.es/informacionInversores/informes-anuales/>), and will be also available to view in English on the Ibercaja Banco website (www.ibercaja.es/investors/annual-report/).

Information incorporated by reference:

- (i) Spanish language audited consolidated annual accounts, consolidated Director's report, together with the audit report of PricewaterhouseCoopers Auditores S.L., as at and for the year ended 31 December 2014.
- (ii) Spanish language audited consolidated annual accounts, consolidated Director's report, together with the audit report of PricewaterhouseCoopers Auditores S.L., as at and for the year ended 31 December 2013.

OVERVIEW

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

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this overview.

The Issuer:	Ibercaja Banco, S.A., incorporated in the Kingdom of Spain.
Structuring Bank:	Barclays Bank PLC.
Lead Managers:	Banco Bilbao Vizcaya Argentaria, S.A., Barclays Bank PLC, J.P. Morgan Securities plc and UBS Limited.
The Notes:	Euro 500,000,000 Fixed Rate Reset Subordinated Notes due 28 July 2025.
Issue Price:	100 per cent. of the principal amount of the Notes.
Closing Date:	Expected to be on or about 28 July 2015.
Use of Proceeds:	See " <i>Use of Proceeds</i> ".
Interest:	<p>The Notes will bear interest on their outstanding principal amount (i) at a fixed rate of 5.000 per cent. per annum from (and including) the Closing Date to (but excluding) the Reset Date (as defined in the Conditions) payable annually in arrear on 28 July in each year, with the first Interest Payment Date on 28 July 2016; and (ii) from (and including) the Reset Date (as defined in the Conditions), at the applicable 5-year Mid-Swap Rate in respect of the Reset Period, plus 4.551 per cent. per annum as determined by the Agent, payable annually in arrear on 28 July in each year (each, an Interest Payment Date as defined in the Conditions), commencing on 28 July 2020.</p> <p>All as more particularly described in Condition 4 ("<i>Interest and other calculations</i>") of the Terms and Conditions of the Notes.</p>
Status:	The Notes are subordinated, unconditional and unsecured obligations of the Issuer. All as more particularly described in Condition 3 (" <i>Status of the Notes</i> ") of the Terms and Conditions of the Notes.
Form and Denomination:	The Notes will be issued in uncertificated, dematerialised book-entry form (<i>anotaciones en cuenta</i>) and will be registered with the <i>Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal</i> (" Iberclear ") as managing entity of the central registry of the Spanish clearance and settlement system (the " Spanish Central Registry ") and its member entities (" Iberclear Members "). The Notes will be in the denomination of Euro 100,000.
Final Redemption:	28 July 2025.
Optional Redemption:	The Notes may be redeemed in whole prior to their stated maturity at the option of the Issuer in accordance with Condition 6.2 (" <i>Redemption at the option of the Issuer (Issuer Call)</i> ").

Tax Redemption:	Early redemption will be permitted for tax reasons at the option of the Issuer in accordance with Condition 6.3 (" <i>Redemption for tax reasons</i> ").
Regulatory Redemption:	Early redemption will be permitted for regulatory reasons at the option of the Issuer if a Capital Event (as defined in the Conditions) occurs, in accordance with Condition 6.4 (" <i>Redemption at the option of the Issuer (Capital Event)</i> ").
Rating:	The Notes have been rated "B2" by Moody's, "B" by S&P and "BB" by Fitch. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.
Withholding Tax:	All payments in respect of Notes will be made free and clear of withholding taxes of the Kingdom of Spain, as the case may be, unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 7 (" <i>Taxation</i> ")) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required. See " <i>Taxation in Spain</i> ".
Governing Law:	The issue of the Notes, including their legal nature (<i>obligaciones u otros valores que reconozcan o creen deuda</i>), the title and transfer of the Notes as described in Condition 2.3 (" <i>Title and transfer</i> "), the status of the Notes as described in Condition 3 (" <i>Status of the Notes</i> ") and the provisions of Condition 10 (" <i>Syndicate of Noteholders, Modification and Waiver</i> ") relating to the appointment of the Commissioner and the Syndicate of Noteholders, and any non-contractual obligations arising out of or in connection with those provisions, are governed by, and shall be construed in accordance with, Spanish law. The Notes (save as provided above) and any non-contractual obligations arising out of or in connection with the Notes are governed by, and shall be construed in accordance with, English law. The Notes are issued in accordance with the formalities prescribed by Spanish law.
Listing and Trading:	Application will be made for the Notes to be admitted to trading on the AIAF, the Spanish market for trading in fixed income securities issued by industrial companies, financial institutions and regional public bodies.
Clearing Systems:	Iberclear. 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 System (" Euroclear ") and Clearstream Banking, société anonyme

("Clearstream Luxembourg"), with Iberclear.

Selling Restrictions:

See "*Subscription and Sale*".

Risk Factors:

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

RISK FACTORS

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

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

Risks Relating To the Issuer

Risks in Relation to the Banking Activities and Operations of Ibercaja Banco and its consolidated subsidiaries (the "Group")

Exposure to the real estate market has made the Issuer more vulnerable to market fluctuations in the price of real estate.

As a portion of the Issuer's loan portfolio is linked to the real estate market, it is exposed to market fluctuations in the price of real estate.

From 2002 to 2007, population increase, economic growth and the strength of the labour market in Spain, together with the decrease in interest rates within the EU, led to an increase in demand for mortgage loans. This contributed to increased real estate prices in Spain, which, in turn, has led to speculation that there could be a significant downturn in the Spanish real estate market. During late 2007, the housing market began to adjust in Spain as a result of excess supply and higher interest rates. Since 2008, as economic growth came to a halt in Spain, housing oversupply persisted, unemployment continued to increase, housing demand continued to decrease and home prices declined while mortgage delinquencies increased. Further, recent government measures, such as the increase in the value added tax rate of real estate transactions may lead to further declines in demand for property. These trends, especially in the case of higher interest rates and unemployment rates coupled with declining real estate prices, could have a material adverse impact on the Issuer's mortgage payment delinquency rates, which in turn could have a material adverse effect on its business, financial condition and results of operations.

In addition, the decline in property prices decreases the value of the real estate securing the Issuer's mortgage loans and adversely affects the credit quality of property developers to whom the Issuer has lent. A further decrease in real estate prices may occur including to levels below the outstanding principal balance on these loans, which may require the Issuer to reclassify the relevant loans, establish additional provisions for loan losses and increase reserve requirements. Decreasing real estate prices therefore increase the risk of loss and decrease the value of the Issuer's real estate loan portfolio, which could have a material adverse effect on its business, results of operation and financial condition.

Property risk, financing for property construction and development business.

The Issuer has lending exposure to risks in the property development and construction sector.

At 31 March 2015, loans for property construction and/or development amounted to €3,085.8 million, which is 8.7 per cent. of the Issuer's total gross lending to customers. Specific coverage (non-performing loans ("NPLs") and sub-standard) for this exposure amounted to €1,037.7 million at the same date. The NPL ratio on loans to real-estate developers was 51.24 per cent. at 31 March 2015. Of the €3,085.8 million indicated, €2,744.3 million correspond to loans secured by mortgages, while €341.5 million correspond to unsecured loans.

The net carrying amount of the portfolio of property acquired or foreclosed at 31 March 2015 was €923.7 million and was covered by net provisions of €947.1 million. Ibercaja Banco is analysing different alternatives regarding the disposal of these foreclosed assets.

Volatility in interest rates may negatively affect the Group's net interest income and increase the Group's non-performing loan portfolio.

Changes in market interest rates could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest-bearing liabilities. This difference could result in an increase in interest expense relative to interest income leading to a reduction in the Group's net interest income. Income from treasury operations is particularly vulnerable to interest rate volatility. Interest rates are highly sensitive to many factors beyond the Group's control, including increased regulation of the financial sector, monetary policies, domestic and international economic and political conditions and other factors. At 31 March 2015, interest-rate sensitive assets totalled €37,531 million, compared with €37,238 million of interest-rate sensitive liabilities, with an aggregate positive gap of €293 million.

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

Changes in interest rates may therefore have a material adverse effect on the Group's interest margins as well as the Issuer's business, financial condition and results of operations.

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

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

The Issuer's insurance coverage may not adequately cover its losses.

Due to the nature of the Issuer's operations and the nature of the risks that it faces, there can be no assurance that the insurance coverage it maintains is adequate. If the Issuer were to suffer a significant loss for which it is not insured, its business, financial condition and results of operations could be materially adversely affected.

The Issuer faces increasing competition in its business lines.

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

The Issuer also faces competition from non-bank competitors, such as factoring companies, mutual funds, pension funds, insurance companies, and public debt (as a result of the high yields which are being currently offered as a consequence of the sovereign debt crisis).

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

The Group is exposed to risks faced by other financial institutions.

The Group routinely transacts with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients. Defaults by, and even rumours or questions about the solvency of, certain financial institutions and the financial services industry generally have led to market-wide liquidity problems and could lead to losses

or defaults by other institutions. These liquidity concerns have had, and may continue to have, a chilling effect on inter-institutional financial transactions in general. Many of the routine transactions the Group enters into expose it to significant credit risk in the event of default by one of the Group's significant counterparties. Despite the risk control measures the Group have in place, a default by a significant financial counterparty, or liquidity problems in the financial services industry in general, could have a material adverse effect on the Group's business, financial condition and results of operations.

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

Market turmoil and economic recession, especially in Spain, could materially and adversely affect the liquidity, businesses and/or financial conditions of the Group's borrowers, which could in turn increase the Group's non-performing loan ratios, impair the Group's loan and other financial assets and result in decreased demand for borrowings in general. In the context of the recovery from the recent market turmoil and economic recession, and with high unemployment coupled with low consumer spending, the value of assets collateralising the Group's secured loans, including homes and other real estate, could still decline significantly, which could result in the impairment of the value of the Group's loan assets. In addition, the Group's customers may further significantly decrease their risk tolerance to non-deposit investments such as stocks, bonds and mutual funds, which would adversely affect the Group's fee and commission income. Any of the conditions described above could have a material adverse effect on the Group's business, financial condition and results of operations.

Liquidity constraints could lead to increased financing costs or changes in the lending practices of the Issuer.

Ready access to funds is essential to any banking business, including that of the Issuer. The Issuer's ability to raise funds may be impaired by factors that are not specific to its operations, such as general market conditions, disruption of the financial markets or negative views about the prospects of the industries to which the Issuer provides a large proportion of loans, which could in turn generate a negative view of the Issuer's liquidity among creditors and result in a less favourable credit rating, higher borrowing costs and poorer access to funds.

The Issuer may be unable to secure additional funding in the international capital markets if conditions in these markets, or its credit ratings, were to deteriorate. In this regard, it should be noted that the Issuer is not a publicly-traded entity and therefore has limited access to, and may be unable to obtain financing from, public capital markets.

Further, customer deposits are a significant source of funding for the Issuer. There can be no assurance that in the event that the Issuer's depositors withdraw their funds at a rate faster than the rate at which borrowers repay their loans, it will be able to maintain its current levels of funding without incurring higher funding costs or having to liquidate certain of the Group's assets. A shortage of funds from retail deposits could have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, as sources of liquidity introduced as extraordinary measures in response to the financial crisis are withdrawn (such as the Spanish treasury, the *Instituto Oficial de Crédito* and various Spanish public administrations), expansionary economic policies are removed from the market and the market adjusts accordingly, there can be no assurance that the Issuer will be able to continue funding its business or maintain its current levels of funding without incurring higher funding costs or having to liquidate certain of its assets.

There can be no assurance that, in the event that depositors withdraw their funds at a rate faster than the rate at which borrowers repay their loans or in the event of a sudden or unexpected shortage of funds in the banking systems or money markets in which the Issuer operates, the Issuer will be able to meet its liquidity needs or to do so without incurring higher funding costs or having to liquidate certain of its assets which could reduce its asset management income and have a material adverse effect on its interest margins, as well as a material adverse effect on the Issuer's business, financial condition and results of operations.

Risks concerning borrower credit quality and general economic conditions are inherent in the Group's business.

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties or borrowers (including, but not limited to, an insolvency proceeding of a counterparty or debtor) are inherent in a wide range of the Group's businesses. Adverse changes in the credit quality of the Group's borrowers and counterparties or a general deterioration in Spanish or global economic conditions, or arising from systemic risks in the financial systems, could reduce the recoverability and value of the Group's assets and require an increase in the Group's level of allowances for credit losses. Deterioration in the economies in which the Group operates could reduce the profit margins for the Group's banking and financial services businesses.

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

The performance of financial markets may cause changes in the value of the Group's investment and trading portfolios. In some of the Group's business, protracted adverse market movements, particularly asset price decline, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if the Group cannot close out deteriorating positions in a timely way. This may especially be the case for assets of the Group for which there are less liquid markets. Assets that are not traded on stock exchanges or other public trading markets, such as derivative contracts between banks, may have values that the Group calculates using models other than publicly quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to losses that the Group does not anticipate.

The volatility of world equity markets due to the recent economic uncertainty has had a particularly strong impact on the financial sector. Continued volatility may affect the value of the Group's investments in entities in this sector and, depending on their fair value and future recovery expectations could become a permanent impairment which would be subject to write-offs against the Group's results.

The Group is also exposed to foreign exchange rate risk. The exchange rate risk consists of the potential losses which may occur as a result of adverse movements in exchange rates in respect of the different currencies in which the Group operates.

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

The level of income the Group derives from certain of its products and services depends on the strength of the economies in the regions where the Group operates and market trends prevailing in those regions. Customer loans and deposits, which collectively account for most of its earnings, are particularly sensitive to economic conditions. Although the Spanish economy is forecasted to continue to recover in 2015, if the business environment in Spain does not improve or worsens, the results of operations of the Group could be materially adversely affected.

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

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

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

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

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

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

Compliance with anti-money laundering and anti-terrorism financing rules involves significant cost and effort.

Group companies are subject to rules and regulations regarding money laundering and the financing of terrorism. Monitoring compliance with anti-money laundering and anti-terrorism financing rules can put a significant financial burden on banks and other financial institutions and pose significant technical problems. Although the Group believes that its current policies and procedures are sufficient to comply with applicable rules and regulations, it cannot guarantee that its Group-wide anti-money laundering and anti-terrorism financing policies and procedures completely prevent situations of money laundering or terrorism financing. Any of such events may have severe consequences, including sanctions, fines and reputational consequences, which could have a material adverse effect on the Group's financial condition and results of operations.

Operational risks are inherent in the Group's business.

The Group's businesses depend on the ability to process a large number of transactions efficiently and accurately. Losses can result from inadequate personnel, inadequate or failed internal control processes and systems, from external events that interrupt normal business operations or from unforeseeable events which could lead to losses for the Group. The Group also faces the risk that the design of its controls and procedures prove to be inadequate or are circumvented, as well as data processing risks, such as programming errors, systems failure and application design errors.

In addition, any persons that circumvent the security measures could wrongfully use the Group's confidential information or that of its clients, which could expose it to a risk of loss, regulatory consequences or litigation and could negatively impact its reputation and brand name.

The banking business involves the routine handling of large amounts of money, creating the risk of theft, fraud or deception carried out by clients, third-party agents, employees and managers. The employees of the Group may also commit errors that could subject it to financial claims for negligence and otherwise, as well as regulatory actions. Despite the risk management measures put in place by the Issuer, there can be no assurance that funds under its control could lead to inappropriate or illegal manners, which could expose the Issuer to liability to customers, governmental sanctions, negative publicity, loss of customers and other negative consequences.

Substantial losses incurred by the Issuer's customers as a result of any security breaches, errors, omissions, malfunctions, system failures or disaster could subject it to claims from clients for recovery of such losses. These claims, together with the resulting damage to the Issuer's reputation, could have a material adverse effect on its business, financial condition and results of operation.

The Fund for Orderly Bank Restructuring (FROB) might become a shareholder of the Issuer.

On 12 March 2013, Banco Grupo Cajatres, S.A. ("**Caja3**") issued contingent convertibles bonds for an amount of €407 million which were fully subscribed by the Fund for Orderly Bank Restructuring (*Fondo de Reestructuración Ordenada Bancaria*, the "**FROB**"). In October 2014, the deed of merger by absorption of Caja3 into Ibercaja Banco was executed, and Caja3 was integrated in the Issuer (see "*Integration of Ibercaja Banco and Caja3*" in "*Description of the Issuer*" below).

The Issuer will amortise the contingent convertibles bonds in the scheduled dates: 5% in March 2016, 40% in March 2017 and 55% in December 2017. Before these dates, if any of the events that allow the FROB to call on the conversion of the contingent convertible bonds into shares of the Issuer were to take place, the FROB might become a shareholder of the Issuer, being able to exercise significant influence in the management and administration of Ibercaja Banco.

The contingent convertibles bonds rank junior to any creditors of the Issuer (subordinated or not), holders of preferential participations and/or preferential shares, *pari passu* with all other issues of convertible preferential participations or other similar convertible securities, and senior to ordinary shareholders.

The Group relies on recruiting, retaining and developing appropriate senior management and skilled personnel.

The Group's continued success depends in part on the continued service of key members of its management team. The ability to continue to attract, train, motivate and retain highly qualified professionals is a key element of the Group's strategy. The successful implementation of the Group's growth strategy depends on the availability of skilled management, both at its head office and at each of its business units. If the Group or one of its business units or other functions fails to staff its operations appropriately or loses one or more of its key senior executives and fails to replace them in a satisfactory and timely manner, the Group's business, financial condition and results of operations, including control and operational risks, may be adversely affected. Likewise, if the Group fails to attract and appropriately train, motivate and retain qualified professionals, its business may also be affected.

The Group is exposed to risk of loss from legal and regulatory proceedings.

The Group faces various issues that may give rise to risk of loss from legal and regulatory proceedings arising from its relationship with customers, competitors, shareholders, employees, institutions or other agents. These issues include dealing with potential conflicts of interest, ethical issues, misselling, legal and regulatory compliance requirements, and conduct by companies in which the Group holds strategic investments or joint venture partners, which could increase the number of litigation claims and the amount of damages asserted against the Group or subject the Group to regulatory enforcement actions, fines and penalties.

The Supreme Court of Spain issued on 9 May 2013 a decision regarding the legality of "floor" clauses in mortgage loans to consumers by various financial entities (Issuer not included) which limit any decrease in variable interest rates on such loans. As at 31 March 2015, the Issuer's outstanding balance of loans with floor clauses amount to €2,960 million, equivalent to 8.3% of total gross credit.

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

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

Any downgrade in the Issuer's ratings could increase its borrowing costs, limit its access to capital markets and adversely affect the ability of the Issuer's business to sell or market its products, engage in business transactions—particularly longer-term and derivatives transactions—and retain its customers. This, in turn, could reduce the Issuer's liquidity and have an adverse effect on its financial position and results of operations.

Since the Issuer is a Spanish company with substantial operations in Spain, its credit ratings may be adversely affected by the assessment by rating agencies of the creditworthiness of the Kingdom of Spain. Any decline in the Kingdom of Spain's sovereign credit ratings could, in turn, result in a decline in the Issuer's credit ratings.

As at the date of this Prospectus, the Issuer's rating and outlook are as follows:

<u>Agency</u>	<u>Long term senior unsecured</u>	<u>Short term senior unsecured</u>	<u>Outlook</u>
Moody's.....	B1*	NP	Negative
S&P.....	BB	B	Positive
Fitch.....	BB+	B	Positive

* Long term deposit rating

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

Macroeconomic Risks Faced by the Group

The Issuer's business is substantially dependent on the Spanish economy.

As the Issuer's commercial activity is primarily carried on in Spain, its business, financial condition and results of operations are, and will continue to be, highly dependent on the general economic conditions in Spain. The concentration of the Group's business activities in Spain increases its exposure to (i) the current difficult state of the Spanish economy and any potential worsening of that state; and (ii) changes in Spain's regulatory framework that might have an adverse impact on the Issuer's business, financial position and operating results.

Given this situation, the Government of Spain, in collaboration with various economic agents, has approved and implemented a series of structural reforms to promote the recovery of the country's economy, prominently including the adoption of budget austerity policies, aimed at reducing the fiscal deficit, the reform of employment laws, measures to reform the financial system and the announced privatisation of public sector companies. The possible consequence of a failure to meet the objectives of those measures and non-fulfilment of the projections announced to the market by the Government of Spain and other institutions for the coming years could trigger a further loss of confidence in the Spanish economy by international financial operators, with the consequent adverse impact on companies that conduct a large part of their business in Spain and thus on the Group's business, financial position and operating results.

In addition, the weakening in the Group's customer creditworthiness could impact its capital adequacy. The regulatory capital levels the Group is required to maintain are calculated as a percentage of its risk-weighted assets ("**RWA**"), in accordance with the CRD IV (as defined below) package (including Royal Decree Law 14/2013 (as defined below) that partially implemented the CRD IV in Spain). The RWA consist of the Group's balance sheet, off-balance sheet and other market and operational risk positions, measured and risk-weighted according to regulatory criteria, and are driven, among other things, by the risk profile of the Group's assets, which include its lending portfolio. If a customer's repayment capacity declines, the Group lowers the customer's rating, which results in an increase in its RWA. In addition, substantial market volatility, a widening of credit spreads, a change in the regulatory treatment of certain positions, changes in foreign exchange rates, decreases in collateral ratios as a consequence of the deterioration of the market value of assets pledged as collateral, or a further deterioration of the economic environment, among other things, could result in an increase in the Group's RWA, which potentially may reduce its capital adequacy ratios. If the Group were to experience a reduction in its capital adequacy ratios, and could not raise further capital, it would have to reduce its lending or investments in other operations. Any of the foregoing could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Continuing unfavourable global economic conditions, and in particular, continuing unfavourable economic conditions in Spain, including any further deterioration in the European or Spanish financial systems, could have a material adverse effect on the Group's business, financial condition and results of operations.

Although the Group operates primarily in Spain, the evolution of the situation in the European Union is also very important, given its impact on liquidity and conditions of financing.

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

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

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

The Group is exposed to the sovereign risk.

At 31 March 2015 the carrying value of exposure of the Group to sovereign debt amounted to €17,262.8 million, including €13,086.0 million of "available-for-sale assets", €3,325.2 million of "held-to-maturity investments", €851.1 million of "loans and receivables" and €0.6 million of "financial assets held for trading", with Spain accounting for 93.83% of this exposure. Of the total €17,262.8 million, €4,218.3 million come from the insurance company.

In the medium term, the Spanish economy may not be able to recover from the crisis at the same pace as the other major European countries. This could have a negative impact on the Group's business activity, financial position and operating results. Moreover, any default on the country's sovereign debt could have a material adverse effect on the Group.

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

The financial services industry is among the most highly regulated industries in the world. The Group's operations are subject to ongoing regulation and associated regulatory risks, including the effects of changes in laws, regulations, policies and interpretations in Spain and the other markets in which it may operate. This is particularly the case in the current market environment, which is witnessing increased

levels of government and regulatory intervention in the banking sector that is expected to continue for the foreseeable future. As a result, Ibercaja Banco may further be subject to an increasing incidence or amount of liability or regulatory sanctions and may be required to make greater expenditures and devote additional resources to address potential liability. The regulations which most significantly affect the Group include amongst others, regulations relating to capital requirements or provisions, as described below. In addition, the Group is subject to substantial regulation relating to other matters such as liquidity. The Issuer cannot predict if increased liquidity standards, if implemented, could require the Group to maintain a greater proportion of its assets in highly-liquid but lower-yielding financial instruments, which would negatively affect its net interest margin. The Group is also subject to other regulations, such as those related to anti-money laundering, privacy protection and transparency and fairness in customer relations.

Moreover, the Issuer's regulators, as part of their supervisory function, periodically review the Issuer's allowance for loan losses. Such regulators may require the Issuer to increase its allowance for loan losses or to recognise further losses. Any such additional provisions for loan losses, as required by these regulatory agencies, whose views may differ from those of the Issuer's management, could have an adverse effect on the Issuer's earnings and financial condition.

Adverse regulatory developments or changes in government policy relating to any of the foregoing or other matters could have a material adverse effect on the Group's business, results of operations and financial condition.

Capital requirements.

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

The implementation of Basel III in the European Union is being performed through the CRD IV Directive and the Capital Requirements Regulation ("**CRR**") legislative package (together with any implementing measures, "**CRD IV**"). As a Spanish financial institution, the Issuer is subject to CRD IV, which is in the process of being phased in until 1 January 2019. The CRR and the CRD IV Directives have already been largely implemented in Spain by Royal Decree-law 14/2013 of 29 November on urgent measures adapting the Spanish Law to the regulation of the European Union regarding the supervision and solvency of financial institutions ("**RD-L 14/2013**"), by Law 10/2014, of 26 June, on planning, supervision and solvency of credit entities ("**Law 10/2014**") and by the Royal Decree developing Law 10/2014 (*Real Decreto 84/2015, de 13 de febrero, por el que se desarrolla la 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 solvency requirements that may be incompatible with CRR.

Despite the CRD IV/Basel III framework setting minimum transnational levels of regulatory capital and a measured phase-in, many national authorities have started a race to the top for capital by gold-plating both requirements and the associated interpretation calendars.

For example, in the last three years the Bank of Spain (*Banco de España*) and the European Banking Authority (the "**EBA**") have imposed new capital requirements in advance of the entering into force of CRD IV. These measures have included Bank of Spain Circular 4/2011, which amended Bank of Spain Circular 3/2008 of 22 May, on the calculation and control of minimum capital requirements and implemented Capital Requirement Directive III ("**CRD III**") in Spain. In addition, some of the requirements of Basel III were already implemented by the Spanish Government in 2011 with Royal Decree-law 2/2011, of 18 February, on the strengthening of the financial system (as amended by Law 9/2012, of 14 November, on restructuring and termination of credit entities) ("**RD-L 2/2011**") which established a new minimum requirement in terms of principal capital (*capital principal*) and required such capital to be greater than 9 per cent. from 1 January 2013. RD-L 14/2013 specifically repealed, with effect from 1 January 2014, Title I of RD-L 2/2011, which imposed the minimum principal capital (*capital principal*) requirement for credit institutions.

Furthermore, following an evaluation of the capital levels of 71 financial institutions throughout Europe (including the Issuer) based on data available as of 30 September 2011, the EBA issued a recommendation on 8 December 2011 pursuant to which, on an exceptional and temporary basis, financial institutions based in the EU should reach a new minimum Core Tier 1 ratio (9 per cent.) by 30 June 2012. This recommendation has been replaced by the EBA recommendation of 22 July 2013 on the preservation of Core Tier 1 capital during the transition to CRD IV. This new recommendation provides

for the maintenance of a nominal floor of capital denominated in the relevant reporting currency of Core Tier 1 capital corresponding to the amount of capital needed as at 30 June 2012 to meet the requirements of the above recommendation of 8 December 2011. Competent authorities may waive this requirement for institutions which maintain a minimum of 7 per cent. of common equity Tier 1 capital under CRD IV rules applied after the transitional period.

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

During 2014, the ECB conducted, with the help of national supervisors, external advisors, consultants and other appraisers, a comprehensive assessment of the Group consisting of three elements: (i) a supervisory risk assessment, which assessed the main risks on the balance sheet including liquidity, funding and leverage; (ii) an asset quality review, which focused on credit and market risks; the implementation of the asset quality review exercise resulted in hardly €4.9 million of net provisions, already booked, and (iii) a stress test to examine the need to strengthen capital or take other corrective measures. The Group successfully passed the stress tests, both in the adverse scenario with a common equity Tier 1 ratio at 7.88 per cent. and in the base scenario with a common equity Tier 1 ratio at 10.57 per cent., well above the minimum required (5.5 per cent.). As of 31 March 2015, the Group's common equity Tier 1 phase-in ratio is 11.5% (and the Group's common equity Tier 1 fully-loaded ratio is 10.3% as of that date). The Issuer is also subject to the requirement for own funds and eligible liabilities (MREL) pursuant to the Bank Recovery and Resolution Directive ("**RRD**") as implemented in Spain.

Tax treatment of deferred tax assets following the implementation of CRD IV.

In addition to introducing new capital requirements, CRD IV provides that deferred tax assets ("**DTAs**") that rely on the future profitability of a financial institution must be deducted from its regulatory capital (specifically its Core Tier 1 Capital or common equity Tier 1 capital) for prudential reasons, as there is generally no guarantee that DTAs will retain their value in the event of the institution facing difficulties.

This new deduction introduced by CRD IV has a significant impact on Spanish banks due to the particularly restrictive nature of certain aspects of Spanish tax law. For example, in some EU countries when a bank reports a loss the tax authorities refund a portion of taxes paid in previous years but in Spain the bank must earn profits in subsequent years in order for this set-off to take place. Additionally, Spanish tax law does not recognise as tax-deductible certain amounts recorded as costs in the accounts of a bank, unlike the tax legislation of other EU countries.

Due to these differences and the greater impact of the requirements of CRD IV with respect to DTAs, the Spanish regulator implemented certain amendments to the Spanish Law on Corporate Income Tax (Law 27/2014, of 27 November) through RD-L 14/2013, which also provided for a transitional regime for DTAs generated before 1 January 2014. These amendments enable certain DTAs to be treated as a direct claim against the tax authorities if a Spanish bank is unable to reverse the relevant differences within 18 years or if it is liquidated, becomes insolvent or incurs accounting losses. This will, therefore, allow a Spanish bank not to deduct such DTAs from its regulatory capital. The transitional regime provides for a period in which only a percentage (which increases yearly) of the applicable DTAs will have to be deducted.

Even though RD-L 14/2013 has been prepared in accordance with the requirements of CRD IV with respect to DTAs, there can be no assurance that the tax amendments implemented by RD-L 14/2013 will not be challenged by the European Commission, that the final interpretation of these amendments will not change and that Spanish banks will ultimately be allowed to maintain certain DTAs as regulatory capital. If this regulation is challenged, this may negatively affect the Issuer's regulatory capital and therefore its ability to pay dividends or require it to issue additional securities that qualify as regulatory capital, to liquidate assets, to curtail business or to take any other actions, any of which may have a material adverse effect on the Issuer's business, financial condition and results of operations.

Contributions for assisting in the restructuring of the Spanish banking sector.

Royal Decree-Law 6/2013 of 22 March, on protection for holders of certain savings and investment products and other financial measures, included a requirement for banks, including the Issuer, to make an

exceptional one-off contribution to the Deposit Guarantee Fund (*Fondo de Garantía de Depósitos*), in addition to the annual contribution to be made by member institutions, equal to €3.00 per each €1,000 of deposits held as of 31 December 2012. The purpose of such contribution was for the Deposit Guarantee Fund to be able to purchase at market prices the unlisted shares of certain Spanish financial institutions involved in restructuring or resolution processes under Law 9/2012 (as defined below).

Law 11/2015 (as defined below) has established a requirement for investment firms and credit institutions, including the Issuer, to make contributions, at least annually, to the National Resolution Fund (*Fondo de Resolución Nacional*) in addition to the annual contribution to be made to the Deposit Guarantee Fund (*Fondo de Garantía de Depósitos*) by member institutions. The total amount of contributions to be made by all Spanish banking entities must equal one per cent. of the aggregate amount of all deposits guaranteed by the Deposit Guarantee Fund. The FROB is also entitled to require additional extraordinary contributions when the ordinary contributions of the banks are not sufficient to fund the measures set out in Law 11/2015. The contribution of each entity shall be in proportion to the part that such entity represents over the total aggregated amount of the following concept: total liabilities of the entity, excluding own resources and deposits guaranteed by the Deposit Guarantee Fund. The contribution shall be adjusted to the risk profile of each entity according to future developing regulations. The obligation of the Issuer to make contributions will be borne when the FROB requires the specific ordinary or extraordinary contribution to be satisfied by the Issuer. The purpose of this contribution is to fund the FROB so that it can, inter alia, acquire equity instruments of Spanish financial institutions involved in restructuring or resolution processes under Law 11/2015. Furthermore, Law 11/2015 has also established an additional annual fee to fund the activities of the FROB as resolution authority.

There can be no assurance that additional funding requirements will not be imposed by the Spanish authorities for assisting in the restructuring of the Spanish banking sector.

Steps taken towards achieving an EU fiscal and banking union.

The project of achieving a European banking union was launched in the summer of 2012. Its main goal is to resume progress towards the European single market for financial services by restoring confidence in the European banking sector and ensuring the proper functioning of monetary policy in the Eurozone.

Banking union is expected to be achieved through new harmonised banking rules (the single rulebook) and a new institutional framework with stronger systems for both banking supervision and resolution that will be managed at the European level. Its two main pillars are the Single Supervisory Mechanism (the "SSM") and the Single Resolution Mechanism ("SRM").

The SSM is intended to help make the banking sector more transparent, unified and safe. The SSM Regulation was passed in November 2013 with effect from 1 January 2014. On 4 November 2014, the ECB assumed its new supervisory responsibilities within the SSM, in particular direct supervision of the 120 largest European banks (including the Issuer). In preparation for this step, between November 2013 and October 2014 the ECB conducted, together with national supervisors, a comprehensive assessment of 130 banks, which together hold more than 80 per cent. of Eurozone banking assets. The exercise consisted of three elements: (i) a supervisory risk assessment, which assessed the main balance sheet risks including liquidity, funding and leverage; (ii) an asset quality review, which focused on credit and market risks; and (iii) a stress test to examine the need to strengthen capital or take other corrective measures. On 26 October 2014, the ECB announced the results of the comprehensive assessment.

The SSM represents a significant change in the approach to bank supervision at a European and global level, even if it is not expected to result in any radical change in bank supervisory practices in the short term. The SSM will result in the direct supervision of more than 120 financial institutions, among them the Issuer, and indirect supervision of around 3,500 financial institutions. The new supervisor is expected to be one of the largest in the world in terms of assets under supervision. In the coming years, the SSM is expected to work to establish a new supervisory culture importing best practices from the various supervisory authorities that will be part of the SSM. Several steps have already been taken in this regard such as the recent publication of the Supervisory Guidelines and the creation of the SSM Framework Regulation. In addition, this new body will represent an extra cost for the financial institutions that will fund it through payment of supervisory fees.

The other main pillar of the EU banking union is the SRM, the main purpose of which is to ensure a prompt and coherent resolution of failing banks in Europe at minimum cost. Regulation (EU) No. 806/2014 of the European Parliament and the Council (the "**SRM Regulation**"), which was passed on 15 July 2014, and takes legal effect from 1 January 2015, establishes uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the SRM and a Single Resolution Fund. A new Single Resolution Board began operation from 1 January 2015 but it is not expected to fully assume its resolution powers until 1 January 2016. From that date onwards the Single Resolution Fund should be in place, funded by contributions from European banks. The Single Resolution Fund is intended to reach a total amount of €55 billion by 2024 and to be used as a separate backstop only after an 8 per cent. bail-in has already been applied to cover capital shortfalls (in line with the RRD).

By allowing for the consistent application of EU banking rules through the SSM, the agreed banking union is intended to help resume momentum towards economic and monetary union. In order to complete such union a single deposit guarantee scheme is still needed which may require a change to the existing European treaties. This is the subject of continued negotiation by European leaders to ensure further progress is made in European fiscal, economic and political integration.

Regulations adopted towards achieving a banking and/or fiscal union in the EU and decisions adopted by the ECB in its capacity as the Issuer's main supervisory authority may have a material impact on the Issuer's business, financial condition and results of operations. In particular, the RRD and Directive 2014/49/EU on deposit guarantee schemes were published in the Official Journal of the EU on 12 June 2014. The RRD became effective from 1 January 2015 and the bail-in tool must be operational beginning no later than 1 January 2016. A minimum 8 per cent. bail-in of a bank's total liabilities and own funds (including senior debt and uncovered deposits) will be required as a precondition for access to any direct recapitalisation by the European Stability Mechanism ("**ESM**"), as agreed by the Eurozone members in June 2014.

In addition, on 29 January 2014, the European Commission released its proposal on the structural reforms of the European banking sector that will impose new constraints on the structure of European banks. The proposal aims at ensuring the harmonisation between the divergent national initiatives in Europe. It includes a prohibition on proprietary trading and a mechanism to potentially require the separation of trading activities (including market making), complex securitisations and risky derivatives.

Ibercaja Banco recently became subject to the financial supervision of the ECB.

Since 4 November 2014, Ibercaja Banco, along with all other significant financial institutions in the Eurozone, has become subject to direct supervision by the ECB, which assumed the supervisory functions previously performed by the Bank of Spain. It is not yet possible to assess the impact of this new supervisory framework on Ibercaja Banco. While the ECB will implement substantially the same supervisory framework as the former regulators, the supervisory practices and procedures of the ECB may prove to be more onerous or costly than those applied to Ibercaja Banco in the past.

Taxation of the financial sector.

On 14 February 2013 the European Commission published a proposal (the "**Commission's Proposal**") for a Council Directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

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 the 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.

On 4 July 2014, Royal Decree-Law 8/2014, of 4 July was introduced in Spain setting forth a tax rate of 0.03 per cent. on bank deposits in Spain. Such tax was established in 2013 (but previously with a 0 per cent. rate) and is payable annually by Spanish banks. There can be no assurance that additional national or transnational bank levies or financial transaction taxes will not be adopted by the authorities of the jurisdictions where the Issuer operates. Any such additional levies and taxes could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

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

Risks Relating To The Notes

The Notes are complex instruments that may not be suitable for certain investors

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

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

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) Notes are legal investments for 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 advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

An investor in the Notes assumes an enhanced risk of loss in the event of the Issuer's insolvency

The Issuer's obligations under the Notes will be unsecured and subordinated and will rank junior in priority of payment to all unsubordinated obligations of the Issuer. Although the Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is an enhanced risk that an investor in the Notes will lose all or some of his investment should the Issuer become insolvent.

Pursuant to article 92 of the Insolvency Law after payment in full of unsubordinated claims but before distributions to shareholders as a consequence of their condition of equity holders, the Issuer will meet subordinated payment claims in the order detailed below and *pro rata* within each class:

- (a) claims that, having been lodged late, are included in the list of creditors by the insolvency administrators or that, not having been duly lodged or which have been lodged late are included

on that list by subsequent communications or by the Court on resolving on an appeal on the list of creditors. The following claims shall not be subordinated for this cause and shall be classified according to their respective nature: (i) those credits arising from article 86.3 of the Insolvency Law, (ii) those credits whose existence arises from the documentation of the Issuer, (iii) those arising from an executive title, (iv) those guaranteed by an *in rem* guarantee registered with a public registry, (v) those that are in any way recorded in the insolvency proceedings or in any other judicial proceedings, or (vi) those that require inspection action by the Public Administrations to be determined;

- (b) claims that, under a contractual arrangement, are subordinated in nature with regard to all the other claims against the Issuer (including the Notes);
- (c) interest (including accrued and unpaid interest due on the Notes) and overcharge claims of any kind, including those for late payment, except for those claims with a security in rem, up to the sum of the respective guarantee;
- (d) claims for fines and other monetary penalties; and
- (e) claims held by any of the persons especially related to the Issuer that are referred to in article 93 of the Insolvency Law, except for those arising from non-financing agreements entered into by the Issuer and those of its shareholders referred to under articles 93.2.1° and 93.2.3° of the Insolvency Law and which have the percentage of holding established therein.

Creditors that have converted into equity directly or indirectly all or part of their credits pursuant to a refinancing agreement adopted in accordance with article 71 bis or the fourth additional disposition of the Insolvency Law, will not be regarded as persons especially related (*personas especialmente relacionadas*) to the Issuer, for the purpose of qualifying the credits held against the debtor as a result of the refinancing granted by virtue of such agreement;

- (f) claims resulting from a claw-back action estimated by the relevant Court in favour of whom the ruling has declared a party in bad faith in the clawed-back act as a consequence of the insolvency claw-back action; and
- (g) claims arising from the contracts with reciprocal obligations referred to in articles 61, 62, 68 and 69 of the Insolvency Law, when the Court finds, following the report by the insolvency administrators, that the creditor has repeatedly hindered fulfilment of the contract to the detriment of the insolvency interests.

According to Additional Provision Fourteen of Law 11/2015, of 18 June, on recovery and resolution of credit institutions and investment firms (*Ley 11/2015, de 18 de junio, de recuperación y resolución de entidades de crédito y empresas de servicios de inversión*) ("**Law 11/2015**"), in case of insolvency of the Issuer, claims in respect of principal of subordinated notes qualifying as Tier 2 instruments (such as the Notes) will rank among the claims of paragraph (b) above: (i) *pari passu* among themselves and claims in respect of principal of other Subordinated Notes and claims in respect of principal of any other contractually subordinated obligations of the Issuer qualifying as Tier 2 instruments, (ii) senior to claims in respect of principal of any contractually subordinated obligations of the Issuer qualifying as Additional Tier 1 instruments and (iii) junior to claims in respect of principal of any contractually subordinated obligations not qualifying as Additional Tier 1 instruments or Tier 2 instruments.

Holders of the Notes by subscribing the Notes are accepting to be subordinated to any subordinated obligations of the Issuer which by law or by their terms, and to the extent permitted by Spanish law, rank senior to the Notes and/or to any other subordinated obligations of the Issuer ranking *pari passu* with the Notes ("**Senior Subordinated Obligations**").

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

The Issuer is not prohibited from issuing further debt, which may rank pari passu with or senior to the Notes

The terms and Conditions of the Notes place no restriction on the amount of debt that the Issuer may issue that ranks senior to the Notes (including Senior Subordinated Notes), or on the amount of securities it

may issue that rank *pari passu* with the Notes. The issue of any such debt or securities may reduce the amount recoverable by Noteholders upon liquidation of the Issuer.

The RRD and SRM Regulation are intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any action under the RRD and SRM Regulation could materially affect the value of any Notes

The RRD and the SRM Regulation provide for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms. The regime provided for by the RRD is, among other things, stated to be needed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions while minimising the impact of an institution's failure on the economy and financial system. Under the SRM Regulation a centralised power of resolution is established and entrusted to the Single Resolution Board (the "**SRB**") and to the national resolution authorities.

In accordance with the provisions of the SRM Regulation, when applicable, the SRB, the Council of the European Union (where relevant), and the Commission should replace the national resolution authorities designated under RRD in respect to all aspects relating to the decision-making process and the national resolution authorities designated under RRD should continue to carry out activities relating to the implementation of resolution schemes adopted by the SRB.

The powers provided to the resolution authorities in the RRD and the SRM Regulation include write down and conversion powers to ensure relevant capital instruments (including Tier 2 capital instruments such as the Notes) 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 to convert unsecured debt claims to equity. Accordingly, the RRD and the SRM Regulation contemplate that resolution authorities may require the permanent write down in full of such capital instruments (including Tier 2 capital instruments such as the Notes) or the conversion of them into common equity tier 1 instruments at the point of non-viability (which common equity tier 1 instruments may also be subject to any application of the bail-in tool) and before any other resolution action is taken (the "**RRD Loss Absorption Requirement**").

For the purposes of the RRD Loss Absorption Requirement, the point of non-viability under the RRD and the SRM Regulation is the point at which the relevant authority determines that the institution meets the conditions for resolution or will no longer be viable (on a standalone or group basis) unless the relevant capital instruments (including the Notes) are written down or converted to equity or extraordinary public support is required by the institution. The determination that an institution is no longer viable may depend on a number of factors which may be outside of that institution's control. Furthermore, the determination that all or part of the liquidation preference or principal amount of any relevant capital instruments (such as the Notes) will be subject to loss absorption is likely to be inherently unpredictable and may depend on a number of factors which may also be outside of the institution's control. This determination will be made by the institution's regulators and there may be many factors, including factors not directly related to the institution, which could result in such a determination.

The provisions relating to the cooperation between the SRB and the national resolution authorities for the preparation of the banks' resolution plans have applied since 1 January 2015 and the SRM should be fully operational from 1 January 2016. See "*Steps taken towards achieving an EU fiscal and banking union*" above.

On the basis of the RRD, Member States were required to implement the RRD Loss Absorption Requirement on or before 1 January 2015 but implement the bail-in tool not later than 1 January 2016. Spain has partially implemented RRD through Law 11/2015, but certain regulatory developments are still required. A draft developing regulation of Law 11/2015 (*Proyecto de Real Decreto por el que se desarrolla la Ley de recuperación y resolución de entidades de crédito y empresas de servicios de inversión*) was published on 21 May 2015.

Although Law 11/2015 has repealed Law 9/2012, of 14 November, on credit institution restructuring and resolution ("**Law 9/2012**"), which contained the former framework of the restructuring and resolution process in Spain, the bail-in provisions of Law 9/2012 contained in its Chapter VII will transitorily remain in force until 31 December 2015 and the bail-in tool under Law 11/2015 will not become into

force until 1 January 2016. The restructuring and resolution procedures comprising the Law 9/2012 bail-in tool involve the application of loss absorption measures which may include, among others: (i) the deferment, suspension, elimination or amendment of certain rights, obligations, terms and conditions of any Notes, (ii) the repurchase of any Notes at a price set by the Bank of Spain or the FROB, (iii) the exchange of any Notes for capital instruments of the Issuer, (iv) the write down of any interest and/or principal amount of the Notes, and (v) the redemption of any Notes.

The obligations of the Issuer under the Notes may, therefore, be subject to the write down and conversion powers under Law 11/2015 and, from 1 January 2016, to the bail-in tool under such law as well. Transitorily, until 31 December 2015, the Notes may be subject to the bail-in provisions contained in Chapter VII of Law 9/2012. In both scenarios, this 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.

There can be no assurance that the implementation of the RRD, through Law 11/2015 and its developing regulations and any actions that may be taken pursuant to the RRD once fully implemented, or Law 9/2012 would not adversely affect the price or value of a Holder's investment in the Notes and/or the ability of the Bank to satisfy its obligations under the Notes.

The Notes may not be redeemed prior to maturity at the option of Noteholders, including in the event of non-payment of principal or interest

Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26th June, 2013 (CRR) provides that the provisions governing the Notes should not give the Noteholders the right to accelerate the future scheduled payment of interest or principal, other than in the insolvency or liquidation of the Issuer. This is reflected in the Terms and Conditions of the Notes.

The obligations of the Issuer with respect to the Notes will be subordinated and unsecured and will rank junior to all unsubordinated obligations of the Issuer in the event of insolvency of the Issuer. After payment in full of unsubordinated claims, the Issuer will pay subordinated claims in the order and as further described in Condition 3 (*Status of the Notes*) of the Terms and Conditions of the Notes. See "*An investor in the Notes assumes an enhanced risk of loss in the event of the Issuer's insolvency*".

The Notes may be redeemed at the Issuer's option or for tax reasons or upon the occurrence of a Capital Event

Subject as provided in the Conditions, in particular to the approval of the Regulator and the other conditions as described in Conditions 6.3 (*Redemption for tax reasons*) and 6.4 (*Redemption at the option of the Issuer (Capital Event)*), the Issuer may, at its option, redeem all, but not some only, of the Notes at any time at their Outstanding Principal Amount plus accrued and unpaid interest, upon the occurrence of a Capital Event or for tax reasons. In addition, the Issuer may at its option (subject to prior approval of the Regulator), redeem all, but not some only, of the Notes at their Outstanding Principal Amount plus accrued and unpaid interest on the Call Date.

The early redemption feature may limit the market value of the Notes and during any period in which the early redemption features are applicable to the Notes (or are perceived to be applicable), the market value of the Notes will probably not rise significantly above the Outstanding Principal Amount. In addition, Noteholders will not receive a make-whole amount or any other compensation in case of early redemption of the Notes.

If the Issuer redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

Risk relating to the change in the rate of interest

If the Notes are not redeemed by the Issuer on the Reset Date, the rate of interest will be reset as from such date. The Reference Rate for the Reset Period will be determined two Business Days before the relevant Reset Date and as such is not pre-defined at the Closing Date. The Reference Rate may be

different from, including lower than, the initial interest rate and may adversely affect the yield of the Notes.

The terms of the Notes contain very limited covenants

There is no negative pledge in respect of the Notes. In addition, the Notes do not require the Issuer to comply with financial ratios or otherwise limit its ability or that of its subsidiaries to incur additional debt, nor do they limit the Issuer's ability to use cash to make investments or acquisitions, or the ability of the Issuer or its subsidiaries to pay dividends, repurchase shares or otherwise distribute cash to shareholders. Such actions could potentially affect the Issuer's ability to service its debt obligations, including those of the Notes.

There is no active trading market for the Notes

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made for the Notes to be admitted to listing on AIAF, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

The trading market for debt securities may be volatile and may be adversely impacted by many events

The market for debt securities issued by banks is influenced by economic and market conditions and, to varying degrees, interest rates, currency exchange rates and inflation rates in other Western and other industrialized countries. There can be no assurance that events in Spain, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions will not have any other adverse effect.

Syndicate of Noteholders' meetings

The Conditions include certain provisions regarding Holders' meetings, which may be held in order to resolve matters relating to the Noteholders' interests. The Syndicate of Noteholders has authority to modify (in agreement with the Issuer) the Terms and Conditions of the Notes as provided in Condition 10 (*Syndicate of Noteholders, Modification and Waiver*) and article 6 of the Regulations (as defined in the Conditions). 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 physical Notes will be issued. Clearing and settlement relating to the Notes, as well as payment of distributions and redemption or adjustment of principal amounts, will be performed within Iberclear's account-based system. Noteholders (as defined in "*Terms and Conditions of the Notes*") 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 Iberclear Members as being a holder of the Notes shall be (except as otherwise required by Spanish law) considered the Noteholder of the principal amount of the Notes recorded therein.

The Issuer will discharge its payment obligation under the Conditions 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, Noteholders 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 "*Summary of clearance and settlement procedures applicable to book-entry Notes*".

Credit Rating

The Notes have been rated "B2" by Moody's, "B" by S&P and "BB" by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes.

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 ("**Royal Decree 1065/2007**"), sets out the reporting obligations applicable to preference shares and debt instruments issued under Law 10/2014 of 26 June ("**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, income derived from securities originally registered with Iberclear will be paid by the Issuer net of Spanish withholding tax (currently, at a rate of 19.5%) if the recipient of the payment is an individual resident in Spain for tax purposes and subject to Spanish Individual Income Tax ("**IIT**"). 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, with the following information:

- (a) Identification of the Notes.
- (b) Date of payment.
- (c) Total amount of the income paid by the Issuer.
- (d) Amount of the income corresponding to individuals residents in Spain that are IIT taxpayers.
- (e) 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 19.5%

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.

Holders 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

Pursuant to the foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 ("**FATCA**"), non-U.S. financial institutions that enter into agreements with the IRS ("**IRS Agreements**") or become subject to provisions of local law intended to implement an intergovernmental agreement ("**IGA legislation**") entered into pursuant to FATCA, may be required to withhold at a rate of 30% on all, or a portion of, payments made in respect of any Notes. In order (a) to obtain an exemption from FATCA withholding on payments it receives and/or (b) to comply with any applicable laws in its jurisdiction, a financial institution that enters into an IRS Agreement or is subject to IGA legislation may be required to (i) report certain information on its U.S. account holders to the government of the United States or another relevant jurisdiction and (ii) withhold 30% from all, or a portion of, certain payments made to persons that fail to provide the financial institution information and forms or other documentation that may be necessary for such financial institution to determine whether such person is compliant with FATCA or otherwise exempt from FATCA withholding.

Under FATCA, withholding generally is required with respect to payments to persons that are not compliant with FATCA or that do not provide the necessary information or documentation made on or after (i) 1 July 2014 in respect of certain US source payments, (ii) 1 January 2017, in respect of payments of gross proceeds (including principal repayments) on certain assets that produce US source interest or dividends and (iii) 1 January 2017 (at the earliest) in respect of "foreign passthru payments". On 14 May 2013, the United States and Spain have entered into an intergovernmental agreement in order to facilitate the implementation of FATCA (the "**U.S.-Spain IGA**"). Pursuant to the U.S.-Spain IGA which was published in the Spanish Official Gazette on 1 July 2014, no withholding is generally required by financial institutions resident in Spain, however, the U.S.-Spain IGA leaves open the possibility that a financial institution resident in Spain may be required to withhold on foreign passthru payments.

Whilst the Notes are cleared through Iberclear, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payments made under, or in respect of, the Notes by the Issuer and any paying agent (see "*Taxation*" - *FATCA*). 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, 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.

FATCA is particularly complex and its application to the Issuer, the Notes and the holders is subject to change. Investors should consult its own tax adviser to obtain a more detailed explanation of FATCA and to learn how FATCA may affect each holder in its particular circumstance.

The Issuer's obligations under the securities are discharged by making payments through Iberclear and the Issuer has therefore no responsibility for any amount thereafter transmitted through Iberclear and custodians or intermediaries.

European Union Savings Tax Directive

Under Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "**Directive**"), each Member State of the European Union is required to provide to the tax or other relevant authorities of another Member State details of payments of interest or other similar income made

by a person within its jurisdiction to, or collected by such a person for, an individual or certain other types of person resident in that other Member State; however, for a transitional period, Austria has instead opted to apply a withholding system in relation to such payments, deducting tax at the rate of 35%, unless during that period they elect otherwise. The transitional period is to terminate following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provisions of information arrangements or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

The European Council formally adopted a Council Directive amending the Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

The Issuer may be required to maintain a paying agent in an EU Member State that would not be obliged to withhold or deduct tax pursuant to the relevant national legislation implementing, or introduced in order to conform to, the Directive.

TERMS AND CONDITIONS OF THE NOTES

The issue of the Euro 500,000,000 Fixed Rate Reset Subordinated Notes due 28 July 2025 (the "**Notes**", which expression shall, unless otherwise indicated, include any further notes issued pursuant to Condition 12 ("*Further Issues*") and consolidated and forming a single series with the Notes) was (save in respect of any such further notes to be issued pursuant to Condition 12 ("*Further Issues*")) authorised by resolutions of the general shareholders' meeting and the board of directors of Ibercaja Banco S.A. (the "**Issuer**" or "**Ibercaja Banco**"), passed on 10 March 2015. The Issuer will act as paying agent in relation to the Notes (in such capacity, the "**Agent**").

The Notes have the benefit of a deed of covenant dated 28 July 2015 (the "**Deed of Covenant**"). In the Deed of Covenant, the Issuer has covenanted in favour of each Noteholder (as defined below) that it will duly perform and comply with the obligations expressed to be undertaken by it in these Conditions. Copies of the Deed of Covenant are available for inspection during normal business hours at the specified office of the Agent. A certified copy of the Deed of Covenant may be obtained by any Noteholder from the Commissioner (as defined below) at its specified office at the expense of such Noteholder.

1. DEFINITIONS

In these Conditions (except where otherwise defined):

"**5-year Mid-Swap Rate**" means:

- (a) the rate for euro swaps with a term of five years which appears on the Screen Page as of 11:00 a.m. (Brussels time) on the Reference Rate Determination Date; or
- (b) if the 5-year Mid-Swap Rate does not appear on the Screen Page at such time on the Reference Rate Determination Date, the Reset Reference Bank Rate on the Reference Rate Determination Date;

"**5-year Mid-Swap Rate Quotations**" means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap transaction which:

- (a) has a term of five years commencing on the Reset Date;
- (b) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and
- (c) has a floating leg based on 6-month EURIBOR (calculated on an Actual/360 day count basis);

"**Applicable Capital Adequacy Regulations**" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in Spain including, without limitation to the generality of the foregoing, those regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Regulator (whether or not such requirements, guidelines or policies have the force of law);

"**Business Day**" means a day (other than a Saturday or Sunday) which is both a day on which banks and foreign exchange markets are open for business in the place of the specified office of the Agent and a TARGET Settlement Day;

"**Capital Event**" means the determination by the Issuer after consultation with the Regulator that the Outstanding Principal Amount of the Notes is not eligible for inclusion in whole or, to the extent not prohibited by the Applicable Capital Adequacy Regulations, in part in the Tier 2 Capital of the Group pursuant to Applicable Capital Adequacy Regulations (other than as a result of any applicable limitation on the amount of such capital as applicable to the Issuer);

"**CRD IV**" means any or any combination of the CRD IV Directive, the CRR, and any CRD IV Implementing Measures, where:

- (a) "**CRD IV Directive**" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013;
- (b) "**CRD IV Implementing Measures**" means any regulatory capital rules implementing the CRD IV Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the Regulator, the European Banking Authority or any other relevant authority, which are applicable to the Issuer (on a stand alone basis) or the Group (on a consolidated basis) and which prescribe the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital of the Issuer (on a stand alone or consolidated basis); and
- (c) "**CRR**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013;

"**Closing Date**" means 28 July 2015;

"**Commissioner**" means the *comisario* as this term is defined under the Spanish Corporations Law (*Ley de Sociedades de Capital*) of the Syndicate of Noteholders;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"):

- (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in such Calculation Period divided by the actual number of days in such Regular Period; and
- (b) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the actual number of days in such Regular Period; and
 - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the actual number of days in such Regular Period;

"**€**" means euro;

"**First Interest Payment Date**" has the meaning given to such term in Condition 4.1 ("*Interest and Other Calculations – Interest Rate*");

"**Group**" means the Issuer and its Subsidiaries;

"**Initial Period**" means the period from (and including) the Closing Date to (but excluding) the Reset Date;

"**Initial Rate of Interest**" means 5.000 per cent. per annum;

"**Insolvency Law**" means Law 22/2003, of 9 July, on Insolvency (*Ley Concursal*), as amended and restated;

"**Interest Payment Date**" means 28 July in each year from (and including) the First Interest Payment Date;

"**Interest Period**" means the period beginning on (and including) the Closing Date and ending on (but excluding) the First Interest Payment and each subsequent period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date or the Maturity Date, as the case may be;

"**Margin**" means 4.551 per cent. per annum;

"**Maturity Date**" means 28 July 2025;

"**Noteholder**" has the meaning given in Condition 2.3 ("*Title and transfer*");

"**Original Outstanding Principal Amount**" means, in respect of each Note, the principal amount of such Note as issued on the Closing Date, being €100,000;

"**outstanding**" means in relation to the Notes all the Notes issued other than:

- (a) those Notes which have been redeemed pursuant to Condition 6 ("*Redemption and Purchase*");
 - (b) those Notes in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest payable thereon) have been duly paid (and, where appropriate, notice to that effect has been given to the Noteholders under Condition 11 ("*Notices*")) and remain available for payment of the relevant Notes;
 - (c) those Notes which have been purchased pursuant to Condition 6 ("*Redemption and Purchase*");
- and
- (d) those Notes in respect of which claims have become prescribed under Condition 8 ("*Prescription*"),

provided that for the purposes of attending and voting at any meeting of the Syndicate of Noteholders, those Notes (if any) which are for the time being held by any person (including but not limited to, the Issuer or any of its Subsidiaries) for the benefit of the Issuer or any of its Subsidiaries shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

"**Outstanding Principal Amount**" means, in respect of a Note, its Original Outstanding Principal Amount, as adjusted from time to time for any reduction or reinstatement of the principal amount as required by Applicable Capital Adequacy Regulations and "**Outstanding Principal Amounts**" means the sum of the Outstanding Principal Amount of each Note;

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

"**Rate of Interest**" means:

- (a) in the case of each Interest Period ending on or before the Reset Date, the Initial Rate of Interest; or
- (b) in the case of each Interest Period thereafter, the sum of (i) the Reference Rate in respect of the Reset Period and (ii) the Margin,

all as determined by the Agent (in conjunction with the Issuer, where applicable) in accordance with Condition 4 ("*Interest and Other Calculations*");

"**Reference Rate**" means, in relation to the Reset Period, the 5-year Mid-Swap Rate determined for the Reset Period by the Agent in accordance with 4 ("*Interest and Other Calculations*");

"**Reference Rate Determination Date**" means the day falling two TARGET Settlement Days prior to the Reset Date;

"**Regular Period**" means each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means 28 July in each year;

"**Regulator**" means the European Central Bank or such other or successor authority exercising primary bank supervisory authority, or any other entity or institution carrying out such duties on its/their behalf (including the Bank of Spain), in each case with respect to prudential matters in relation to the Issuer and/or the Group;

"Relevant Jurisdiction" means Spain or any political subdivision or any authority thereof or therein having power to tax;

"Reset Date" means 28 July 2020;

"Reset Interest Amount" has the meaning given to such term in Condition 4.5 ("*Interest and Other Calculations - Determination of Reference Rate in relation to Reset Period*");

"Reset Period" means the period from (and including) the Reset Date and ending on (but excluding) the Maturity Date.

"Reset Reference Bank Rate" means the percentage rate determined on the basis of the 5-year Mid-Swap Rate Quotations provided by the Reset Reference Banks to the Agent at approximately 11:00 a.m. (Brussels time) on the Reference Rate Determination Date. If at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be 0.449 per cent. per annum;

"Reset Reference Banks" means five leading swap dealers in the euro interbank market selected by the Agent in its discretion after consultation with the Issuer;

"RRD" means Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms or such other resolution or recovery rules which may from time to time be applicable to the Issuer;

"Screen Page" means Reuters Screen "ISDAFIX2" or such other page as may replace it on Reuters or, as the case may be, on such other information service that may replace Reuters, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the 5-year Mid-Swap Rate;

"Spanish Corporations Law" means the Royal Decree Legislative 1/2010, of 2 July, approving the consolidated text of the Spanish Corporations Law (*Ley de Sociedades de Capital*), as amended and restated;

"Subsidiary" means, in relation to an entity, any entity controlled by that first person entity where control is determined in accordance with section 3 of the Third Regulation of Circular 4/2004, of 22 December, of the Bank of Spain (*Norma Tercera apartado tercero de la Circular 4/2004, de 22 de diciembre, del Banco de España*), whether any such entity is a financial institution or not;

"Statutory Loss Absorption Regime" means any statutory regime implemented or directly effective in Spain which provides any administrative agency or governmental authority (including, without limitation, the *Fondo de Reestructuración Ordenada Bancaria ("FROB")*, or any successor authority) with the powers to implement any loss absorption measures in respect of capital instruments (such as the Notes), including, but not limited to, Law 9/2012 of 14 November, on restructuring and resolution of credit entities ("**Law 9/2012**") and Law 11/2015, of 18 June, on recovery and resolution of credit institutions and investment firms ("**Law 11/2015**");

"Syndicate of Noteholders" means the *sindicato* as this term is described under the Spanish Corporations law (*Ley de Sociedades de Capital*);

"TARGET Settlement Day" means any day on which the TARGET System is open for the settlement of payments in euro;

"TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto; and

"**Tier 2 Capital**" means capital which is treated from time to time by the Regulator as a constituent of tier 2 capital under Applicable Capital Adequacy Regulations.

2. FORM, DENOMINATION AND TITLE

2.1 Form and denomination

The Notes have been issued in uncertificated, dematerialised book-entry form (*anotaciones en cuenta*) in euro in an aggregate nominal amount of €500,000,000. The denomination of each Note is equal to its Original Outstanding Principal Amount.

2.2 Registration, clearing and settlement

The Notes have been registered with the Spanish *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal* ("**Iberclear**") as managing entity of the central registry of the Spanish clearance and settlement system (the "**Spanish Central Registry**").

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 and Clearstream, Luxembourg with Iberclear. Iberclear manages 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 Spanish National Numbering Agency (*Agencia Nacional de Codificación de Valores Mobiliarios*) has assigned the following ISIN to identify the Notes: ES0244251007. The Common Code for the Notes is 126761856.

2.3 Title and transfer

Title to the Notes is 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 a holder of the Notes shall be (except as otherwise required by Spanish law) considered the holder of the principal amount of the Notes recorded therein. In these Conditions, "**Noteholder**" 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 Notes in the relevant registry will be delivered by the relevant Iberclear Member or, where the Noteholder 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 Noteholder upon such Noteholder's request.

The Notes are issued without any restrictions on their 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 Noteholder will be (except as otherwise required by Spanish law) 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 Noteholder.

3. STATUS OF THE NOTES

- (a) The payment obligations of the Issuer under the Notes whether on account of principal, interest or otherwise, constitute direct, unconditional and subordinated obligations of the Issuer. Upon the insolvency of the Issuer, the Notes will (unless they qualify as subordinated claims pursuant to Articles 92.3° to 92.7° of the Insolvency Law or equivalent legal provisions which replace

them in the future, and subject to any applicable legal and statutory exceptions) rank *pari passu* without preference or priority among themselves and:

- (i) *pari passu* with all other contractually subordinated obligations of the Issuer (other than (i) those subordinated obligations which qualify as subordinated claims pursuant to Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provisions which replace them in the future; (ii) other subordinated obligations which by law or by their terms rank junior to the Notes; and (iii) any Senior Subordinated Obligations (as defined below)); and
- (ii) junior to any non-subordinated obligations of the Issuer, any Senior Subordinated Obligations (as defined below) and any claim of the Issuer, which results subordinated as a consequence of article 92.1° of the Insolvency Law.

For the purposes of this Condition 3, "**Senior Subordinated Obligations**" means any subordinated obligations of the Issuer which by law or by their terms, and to the extent permitted by Spanish law, rank senior to the Notes and/or to any other subordinated obligations of the Issuer ranking *pari passu* with the Notes.

- (b) The Notes are also subject to any Statutory Loss Absorption Regime applicable to subordinated capital instruments of the Issuer.

4. INTEREST AND OTHER CALCULATIONS

4.1 Interest Rate

Each Note bears interest on its Outstanding Principal Amount at the relevant Rate of Interest from (and including) the Closing Date. Interest shall be payable annually in arrear on each Interest Payment Date, subject in any case as provided in Condition 5 ("*Payments*"). The first payment of interest will be made on 28 July 2016 (the "**First Interest Payment Date**").

4.2 Interest Accrual

Each Note will cease to bear interest from the due date for redemption unless payment of the Outstanding Principal Amount in respect thereof is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of:

- (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and
- (b) the day which is seven days after the Agent has notified the Noteholders in accordance with Condition 11 ("*Notices*") that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

4.3 Interest to (but excluding) the Reset Date

Unless the Outstanding Principal Amount has been adjusted as described in the definition thereof, the amount of interest per Note payable on each Interest Payment Date falling on or before the Reset Date will be €5,000. If the Outstanding Principal Amount has been adjusted as described in the definition thereof, Condition 4.7 ("*Interest and Other Calculations - Calculation of amount of interest per*") will apply.

4.4 Interest from (and including) the Reset Date

The amount of interest payable per Note on each Interest Payment Date falling after the Reset Date shall be calculated by applying the applicable Rate of Interest to the Outstanding Principal Amount (rounding the resulting figure to the nearest half a cent (with half a cent being rounded upwards)).

4.5 Determination of Reference Rate in relation to Reset Period

The Agent will, as soon as practicable after 11:00 a.m. (Brussels time) on the Reference Rate Determination Date, determine the Reference Rate for the Reset Period and calculate the amount of interest payable per Note on each Interest Payment Date falling after the Reset Date (each a "Reset Interest Amount").

4.6 Publication of Reference Rate and Reset Interest Amount

The Agent will cause the Reference Rate and the Reset Interest Amount determined by it, together with the Interest Payment Dates falling after the Reset Date, to be notified to 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 practicable after such determination. Notice thereof shall also promptly be given to the Noteholders in accordance with Condition 11 (*Notices*).

4.7 Calculation of amount of interest per Note

Save as specified in Condition 4.3 (*Interest and Other Calculations - Interest to (but excluding) the Reset Date*), the amount of interest payable in respect of any Note for any period shall be calculated by:

- (a) applying the applicable Rate of Interest to the Outstanding Principal Amount;
- (b) multiplying the product thereof by the Day Count Fraction; and
- (c) rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

4.8 Notifications etc

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Agent will (in the absence of manifest error) be binding on the Issuer and the Noteholders and (subject as aforesaid) no liability to any such Person will attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

5. PAYMENTS

5.1 Method of payment

Payments of principal and interest in respect of the Notes will be made by transfer to the registered account of the relevant Noteholder maintained by or on behalf of it with a bank that processes payments in a city in which banks have access to the TARGET 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 date on which the payment of principal or interest, as the case may be, falls due. Noteholders must rely on the procedures of Iberclear or, as the case may be, the relevant Iberclear Member to receive payments under the relevant Notes. The Issuer and the Agent will have no responsibility or liability for the records relating to payments made in respect of the Notes.

5.2 Payments subject to fiscal laws

Without prejudice to the application of the provisions of Condition 7 (*Taxation*), payments will be subject in all cases to any other applicable fiscal or other laws, regulations and directives in the place of payment or other laws and regulations to which the Issuer and the Agent agree to be subject and the Issuer will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

5.3 Delay in payment

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due as a result of the due date not being a business day.

6. REDEMPTION AND PURCHASE

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Outstanding Principal Amount on the Maturity Date.

6.2 Redemption at the option of the Issuer (Issuer Call)

The Issuer may, subject to compliance with the Applicable Capital Adequacy Regulations then in force and subject to the prior consent of the Regulator, if required, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 11 ("*Notices*") (which notice shall be irrevocable), redeem all (but not some only) of the Notes then outstanding on 28 July 2020 (the "**Call Date**") at their Outstanding Principal Amount together, if appropriate, with interest accrued to (but excluding) the Call Date.

Article 78(1) of the CRR provides that the competent authorities shall grant permission for an institution to reduce, repurchase, call or redeem tier 2 instruments provided that either of the following conditions are met:

- (a) *on or before such reduction, repurchase, call or redemption, the institution replaces the instruments with own fund instruments of an equal or higher quality on terms that are sustainable for the income capacity of the institution; or*
- (b) *the institution has demonstrated to the satisfaction of the competent authorities that the own funds of the institution would, following such action, exceed the requirements laid down in Article 92(1) of the CRR and the combined buffer requirement as defined in point (6) of Article 128 of the CRD IV Directive by a margin that the Relevant Regulator may consider necessary on the basis of Article 104(3) of the CRD IV Directive.*

6.3 Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, only if so permitted by the Applicable Capital Adequacy Regulations then in force, and subject to the previous consent of the Regulator, if required, at any time, on giving not less than 30 and not more than 60 days' notice to the Agent and, in accordance with Condition 11 ("*Notices*"), the Noteholders (which notice shall be irrevocable), if:

- (a) 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 7 ("*Taxation*") and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (b) there is a change in the applicable tax treatment of the Notes,

in each case as a result of any change in, or amendment to, the laws or regulations of Spain (as defined in Condition 7 ("*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 Closing Date, 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.

Prior to the publication of any notice of redemption pursuant to this Condition 6.3 ("*Redemption and Purchase - Redemption for tax reasons*"), the Issuer shall (i) deliver to the Agent to make available at its specified office to the Noteholders a certificate signed by two officers of the Issuer stating 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

and (ii) use its best efforts to deliver to the Agent to make available at its specified office to the Noteholders (A) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts or regarding the change in the applicable tax treatment of the Notes, as a result of such change or amendment and (B) evidence of the Regulator's consent to redemption, if required.

Notes redeemed pursuant to this Condition 6.3 ("*Redemption and Purchase - Redemption for tax reasons*") will be redeemed at their Outstanding Principal Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Article 78(4) of the CRR provides that the competent authorities may permit institutions to redeem tier 2 instruments before the fifth anniversary of the issue date if the conditions laid down in paragraphs (a) or (b) of Article 78(1) of the CRR (as described under 6.2) are met and there is a change in the applicable tax treatment of those instruments which the institution demonstrates to the satisfaction of the competent authorities is material and was not reasonably foreseeable at the time of their issuance.

6.4 Redemption at the option of the Issuer (Capital Event)

Upon the occurrence of a Capital Event, the Notes may be redeemed at the option of the Issuer in whole, but not in part, subject to such redemption being permitted by the Applicable Capital Adequacy Regulations then in force, and subject to the prior consent of the Regulator if required pursuant to such regulations, at any time, on giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 11 ("*Notices*"), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption).

Notes redeemed pursuant to this Condition 6.4 ("*Redemption and Purchase - Redemption at the option of the Issuer (Capital Event)*") will be redeemed at their Outstanding Principal Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Article 78(4) of the CRR provides that the competent authorities may permit institutions to redeem tier 2 instruments before the fifth anniversary of the issue date if the conditions laid down in paragraphs (a) or (b) of Article 78(1) of the CRR (as described under 6.2) are met and there is a change in the regulatory classification of the instruments that would be likely to result in their exclusion from own funds or reclassification as a lower quality form of own funds, the competent authorities consider such change to be sufficiently certain and the institution demonstrates to the satisfaction of the competent authorities that the regulatory reclassification of those instruments was not reasonably foreseeable at the time of their issuance.

6.5 Purchases

The Issuer or any Subsidiary of the Issuer may at any time purchase Notes at any price in the open market or otherwise in compliance with the Applicable Capital Adequacy Regulations in force at the time of such a purchase and subject to the prior consent of the Regulator, if required.

In accordance with the Applicable Capital Adequacy Regulations, the Issuer or any agent on its behalf shall have the right at all times to purchase the Notes for market making purposes provided that: (a) the prior written approval of the Relevant Regulator shall be obtained; and (b) the total principal amount of the Notes so purchased does not exceed the lower of (x) 10% of the initial aggregate principal amount of the Notes and such any further notes issued under Condition 12 ("*Further Issues*"), or (y) 3% of the Tier 2 Capital of the Issuer from time to time outstanding calculated in accordance with the Applicable Capital Adequacy Regulations.

All Notes which are purchased by the Issuer pursuant to the first paragraph of this Condition 6.5 ("*Redemption and Purchase – Purchases*") will forthwith be cancelled and therefore cannot be reissued or resold.

7. TAXATION

7.1 Payment without Withholding

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for or on account of any present or future taxes or duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of any Relevant Jurisdiction unless such withholding or deduction of the Taxes is required by law. In such event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note:

- (a) the holder of which is liable for Taxes in respect of such Note by reason of having some connection with a Relevant Jurisdiction other than the mere holding of such Note; or
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (c) to, or to a third party on behalf of, a holder in respect of whom the Issuer has not received such information as may be necessary to allow payments on such Notes to be made free and clear of withholding tax or deduction on account of any taxes imposed by Spain, including when the Issuer does not receive such information concerning such Holder's identity and tax residence as may be required in order to comply with the procedures that may be implemented to comply with any interpretation of Royal Decree 1065/2007 eventually made by the Spanish Tax Authorities; or
- (d) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (including any regulations or official interpretations issued, agreements (including, without limitation, intergovernmental agreements) entered into or non-U.S. laws enacted with respect thereto); or
- (e) any combination of items (a) through (d) above.

See "Taxation" for a fuller description of certain tax considerations relating to the Notes.

7.2 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 7.2 ("*Taxation - Additional Amounts*").

8. PRESCRIPTION

Claims for payment in respect of principal and interest shall be prescribed and become void unless made within 10 (ten) years (in the case of principal) or 5 (five) years (in the case of interest) from the appropriate Relevant Date in respect of such payment and thereafter any principal interest or other sums payable in respect of such Notes shall be forfeited and revert to the Issuer.

9. EVENTS OF DEFAULT

If any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer (other than for the purpose of an amalgamation, merger or reconstruction approved by the Syndicate of Noteholders) (an "**Event of Default**") then, (i) the Commissioner, acting upon a resolution of the Syndicate of Noteholders, in respect of all 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, may declare such Notes immediately due and payable whereupon the relevant Notes shall, when permitted by applicable Spanish law, become immediately due and payable at their Outstanding Principal Amount, together with accrued interest, without further formality.

10. SYNDICATE OF NOTEHOLDERS, MODIFICATION AND WAIVER

10.1 Syndicate of Noteholders

Noteholders shall meet in accordance with the regulations governing the Syndicate of Noteholders (the "**Regulations**"). The Regulations contain the rules governing the Syndicate of Noteholders and the rules governing its relationship with the Issuer. See "*Regulations of the Syndicate of Noteholders*".

Bondholders, S.L. has been appointed as Commissioner for the Syndicate of Noteholders. Noteholders shall, by virtue of purchasing and/or holding Notes, be deemed to have agreed to: (i) the appointment of the Commissioner; and (ii) become a member of the Syndicate of Noteholders.

In accordance with article 425 of the Spanish Corporations law (Ley de Sociedades de Capital), the decisions of the Syndicate of Noteholders shall be adopted by absolute majority of the votes cast. As an exception, any amendment to the terms of the Notes or to the conditions of the reimbursement of the nominal value will require the favourable voting of two-thirds of the outstanding Notes.

10.2 Modification and waiver

- (a) The Issuer may, with the consent of the Commissioner, but without the consent of the holders of the Notes, amend these Conditions insofar as they may apply to the 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.
- (b) In addition to the above, the Issuer and the Noteholders, the latter with the sanction of a resolution of the Syndicate of Noteholders, may agree any modification, whether material or not, to these Conditions and any waiver of any breach or proposed breach of these Conditions.

Any modification, waiver or authorisation in accordance with this Condition 10 ("*Syndicate of Noteholders, Modification and Waiver*") 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 11 ("*Notices*").

11. NOTICES

The Issuer shall ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Agent may approve.

So long as the Notes are listed on AIAF, notices to the Noteholders will be published in the official bulletin of AIAF (*Boletín de Cotización de AIAF*) and/or by means of a regulatory announcement (*hecho relevante*) to 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 in Iberclear, all notices to Noteholders shall be made through Iberclear for on transmission to their respective accountholders.

Notice of a general meeting of the Syndicate of Noteholders must be given in accordance with the Regulations.

12. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount and date of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes.

13. GOVERNING LAW AND SUBMISSION TO JURISDICTION

13.1 Governing law

The issue of the Notes, including their legal nature (*obligaciones u otros valores que reconozcan o creen deuda*), the title and transfer of the Notes as described in Condition 2.3 ("*Title and transfer*"), the status of the Notes as described in Condition 3 ("*Status of the Notes*") and the provisions of Condition 10 ("*Syndicate of Noteholders, Modification and Waiver*") relating to the appointment of the Commissioner and the Syndicate of Noteholders, and any non-contractual obligations arising out of or in connection with those provisions, are governed by, and shall be construed in accordance with, Spanish law. The Notes (save as provided above) and any non-contractual obligations arising out of or in connection with the Notes are governed by, and shall be construed in accordance with, English law. The Notes are issued in accordance with the formalities prescribed by Spanish law.

Pursuant to Directive 2001/24/EC on the reorganisation and winding up of credit institutions in EU Member States, Spanish Law 9/2012 and The Credit Institutions (Reorganisation and Winding up) Regulations 2004 of the United Kingdom, any resolution procedure under Law 9/2012 is specified to be a "reorganisation measure" for the purposes of Directive 2001/24/EC and, accordingly, will be effective in the United Kingdom as if it were part of the general law of insolvency of the United Kingdom.

13.2 Submission to Jurisdiction

- (a) Subject to paragraph (c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes (a "**Dispute**") and accordingly each of the Issuer and any Noteholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 13.2 ("*Governing Law and Submission to Jurisdiction - Submission to Jurisdiction*"), the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) This Condition 13.2 ("*Governing Law and Submission to Jurisdiction - Submission to Jurisdiction*") is for the benefit of Noteholders only. To the extent allowed by law, the Noteholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

13.3 Appointment of Process Agent

The Issuer appoints Cecabank, S.A. London Branch at 16 Waterloo Place, London, SW1Y 4AR as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Cecabank, S.A. London Branch being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

14. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

REGULATIONS OF THE SYNDICATE OF NOTEHOLDERS

REGLAMENTO DEL SINDICATO DE OBLIGACIONISTAS / REGULATIONS OF THE SYNDICATE OF NOTEHOLDERS

The following are the Regulations of the Syndicate of Noteholders referred to in the Terms and Conditions of the Notes. The Spanish version of the Regulations of the Syndicate of Noteholders is the legally binding version. The English translation provided below is a translation of the original Spanish text given for information purposes only.

REGLAMENTO

Artículo 1.- Con la denominación "Sindicato de Obligacionistas de la Emisión Euro 500,000,000 Fixed Rate Reset Subordinated Notes due 28 July 2025" queda constituido un sindicato que tiene por objeto la defensa de los intereses y derechos de los titulares de obligaciones subordinadas emitidas por Ibercaja Banco, S.A. ("**Ibercaja**"), bajo la denominación "Euro 500,000,000 Fixed Rate Reset Subordinated Notes due 28 July 2025", en el mes de julio de 2015, de acuerdo con la legislación vigente (en adelante, las "**Obligaciones Subordinadas**" o la "**Emisión**", según resulte apropiado).

Artículo 2.- El Sindicato subsistirá mientras dure el empréstito y, terminado este, hasta que queden cumplidas por Ibercaja sus obligaciones ante los titulares de las Obligaciones Subordinadas.

Artículo 3.- El domicilio del Sindicato se fija en Zaragoza (España), Plaza Basilio Paraíso, 2.

Artículo 4.- Son Órganos del Sindicato la Asamblea General de Obligacionistas y el Comisario.

Artículo 5.- El Comisario será el Presidente del Sindicato de Obligacionistas y de las Asambleas Generales, y además de las competencias que pueda atribuirle la Asamblea General, tendrá la representación legal del Sindicato y podrá ejercitar las acciones que a este correspondan y las que considere oportunas para la defensa general y particular de los obligacionistas, así como ejecutar los acuerdos de la Asamblea General. En todo caso, el Comisario será el órgano de relación entre Ibercaja y el Sindicato, y como tal y sin perjuicio de otras facultades que pueda conferirle la legislación vigente o los términos y condiciones de las Obligaciones Subordinadas, podrá asistir con voz y sin voto a las deliberaciones de la Junta General de Ibercaja, informar a esta de los acuerdos del Sindicato y requerir de la misma los informes que, a su juicio o al de la Asamblea de Obligacionistas, interesen a estos.

REGULATIONS

Article 1.- The "Syndicate of Noteholders of the Euro 500,000,000 Issue of Fixed Rate Reset Subordinated Notes due 28 July 2025" is established as a syndicate whose function is to defend the interests and rights of the holders of the subordinated notes issued by Ibercaja Banco, S.A. ("**Ibercaja**"), with the name "Euro 500,000,000 Issue of Fixed Rate Reset Subordinated Notes due 28 July 2025", in July 2015, according to the legislation in force (the "**Subordinated Notes**" or the "**Issue**", as appropriate).

Article 2.- The Syndicate will exist for as long as the borrowing does and, once the latter has concluded, until Ibercaja has fulfilled its obligations vis-à-vis the Subordinated Notes.

Article 3.- The address of the Syndicate is Plaza Basilio Paraíso 2, Zaragoza (Spain).

Article 4.- The Bodies of the Syndicate are the General Meeting of Noteholders and the Commissioner.

Article 5.- The Commissioner will be the President of the Syndicate of Noteholders and of the General Meetings, and in addition to the responsibilities that the General Meeting may attribute to him, will be the legal representative of the Syndicate and can take any action within his remit and that he considers appropriate for the defence of the noteholders, in general and specific terms, and for the execution of the resolutions of the General Assemblies. In any event, the Commissioner will liaise between Ibercaja and the Syndicate and, as such, and notwithstanding any other powers potentially conferred upon him by the legislation in force or the terms and conditions of the Subordinated Notes, may attend the deliberations of Ibercaja's General Meeting, with the right to speak but not to vote, inform the latter of the resolutions of the Syndicate and request any reports that he or the Meeting of Noteholders considers to be in the interest of the latter.

Artículo 6.- La Asamblea General de Obligacionistas, debidamente convocada por el Presidente o por el Órgano de Administración de Ibercaja y sin perjuicio de otras facultades que pueda conferirle la legislación vigente o los términos y condiciones de las Obligaciones Subordinadas, está facultada para acordar lo necesario a la mejor defensa de los legítimos intereses de los obligacionistas, destituir y nombrar al Comisario, modificar, de acuerdo con Ibercaja, los términos y condiciones de la Emisión (ya sean esenciales o no) y ejercer, cuando proceda, las acciones judiciales correspondientes y aprobar los gastos ocasionados por la defensa de los intereses comunes.

Artículo 7.- El régimen de quórum y mayorías para la constitución y adopción de acuerdos en las Asambleas Generales de Obligacionistas será el previsto en la Ley de Sociedades de Capital.

La Asamblea General quedará válidamente constituida para tratar de cualquier asunto de su competencia siempre que estén presentes o debidamente representados los obligacionistas titulares de la totalidad de las Obligaciones Subordinadas y los asistentes acepten por unanimidad la celebración de la Asamblea General.

Salvo previsión en otro sentido en la legislación vigente, la convocatoria de la Asamblea General se hará, por lo menos, 15 días antes de la fecha fijada para su celebración mediante (a) anuncio que se publicará en la página web del emisor y, si se estima conveniente, en uno o más periódicos de difusión nacional o internacional, o (b) notificación a los obligacionistas de conformidad con los términos y condiciones de las Obligaciones Subordinadas.

La Asamblea General de Obligacionistas podrá reunirse, cuando se considere oportuno, en cualquier lugar de la ciudad de Zaragoza, expresándose así en la convocatoria.

Tendrán derecho de asistencia a la Asamblea General los obligacionistas que lo sean con cinco días de antelación, por lo menos, a aquél en que haya de celebrarse la reunión. Los Consejeros de Ibercaja y el agente de la Emisión tendrán derecho de asistencia a la Asamblea General aunque no hubieren sido convocados.

Todo obligacionista que tenga derecho de asistencia a la Asamblea General podrá hacerse representar por medio de otra persona (con sujeción a lo previsto en la ley). La representación deberá conferirse por escrito y con carácter especial para cada Asamblea General.

Article 6.- The General Meeting of Noteholders, duly convened by the President or the Management Body of Ibercaja and notwithstanding any other powers potentially conferred upon him by the legislation in force or the terms and conditions of the Subordinated Notes, will be entitled to adopt any decisions necessary to best defend the legitimate interests of the noteholders, remove and appoint the Commissioner, amend, in accordance with Ibercaja, the terms and conditions of the Issue (whether these are essential or not), bring legal action, when appropriate, and approve expenses incurred in defending shared interests.

Article 7.- The Spanish Companies Act (*Ley de Sociedades de Capital*) regime will be applicable to the quorums and approval of resolutions in the General Meetings of Noteholders.

The General Meeting will be validly constituted to transact any business within its remit, provided that noteholders representing all of the Subordinated Notes are present or duly represented and that they unanimously approve the holding of such meeting.

Unless otherwise indicated in the legislation in force, the General Meeting will be convened at least 15 days prior to the date set for the meeting, by means of: (a) a notice published in the website of the issuer and, if considered appropriate, in one or more widely-distributed national or international newspapers, or (b) a notice to the noteholders in accordance with the terms and conditions of the Subordinate Notes.

The General Meeting of Noteholders may meet, whenever considered appropriate, at any place within the city of Zaragoza, specifying the location when convening the meeting.

Noteholders who have been so for at least five business days prior to the date on which the General Meeting is scheduled, will be entitled to attend the meeting. The members of the Board of Directors of Ibercaja and the agent of the Issue will be entitled to attend the General Meeting even if they have not been requested to attend.

All noteholders having the right to attend the General Meetings also have the right to be represented by another person (subject to applicable legal provisions). Appointment of a proxy must be done in writing and specifically for each meeting.

En las reuniones de la Asamblea cada Obligación Subordinada, presente o representada, dará derecho a un voto.

El acta de la sesión podrá ser aprobada por la propia Asamblea General, acto seguido de haberse celebrado esta, o, en su defecto, y dentro del plazo de 15 días, por el Comisario y al menos un obligacionista designado al efecto por la Asamblea General. Las certificaciones de las actas de los acuerdos de la Asamblea General de Obligacionistas serán expedidas por el Comisario.

Artículo 8.- En todo lo no previsto en el presente Reglamento serán de aplicación la Ley de Sociedades de Capital, las disposiciones de los estatutos sociales de Ibercaja que sean de aplicación, así como las restantes disposiciones legales vigentes aplicables.

Para cuantas cuestiones se deriven de este Reglamento, los obligacionistas, por el solo hecho de serlo, se someten, de forma exclusiva, con renuncia expresa a cualquier otro fuero que pudiera corresponderles, a la jurisdicción de los Juzgados y Tribunales de la ciudad de Zaragoza.

In the meetings of the General Meeting, the right to one vote will be granted for each Subordinate Note, whether present or represented.

The minutes of the meeting may be approved by the General Meeting itself, immediately after the meeting has been held or, failing that, within a term of 15 days, by the Commissioner and at least one noteholder appointed for such purpose by the General Meeting. The certificates of the minutes of the resolutions of the General Meeting will be issued by the Commissioner.

Article 8.- All matters not covered by these Regulations will be governed by the Spanish Companies Act, the applicable provisions of the by-laws of Ibercaja and by any other applicable legislation.

Regarding any disputes arising from these Regulations, the noteholders, by virtue of being so, will submit to the exclusive jurisdiction of the courts and tribunals of the city of Zaragoza, expressly waiving any other legal forum to which they may otherwise be entitled.

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 that, it should be noted that Law 32/2011, of 4 October which amends Law 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*), provides for certain changes at the date of this Prospectus that are yet to be implemented in the Spanish clearing, settlement and registry procedures of securities transactions. These will modify the system and allow for the integration of the post-trading Spanish systems into the Trans-European Automated Real-Time Gross Settlement Express Transfer System (second generation) ("**TARGET2**", together with the first generation TARGET, the "**TARGET System**") which is scheduled to be fully implemented in February 2017.

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.

The Reform will be implemented in two phases:

- (a) The first phase is expected to take place during 2015 and will involve setting up a new system for equities to include all the changes envisaged in the Reform, including the creation of a central clearing counterparty ("**CCP**") in post-trade whose design must be compatible with the TARGET System (messages, account structure and definition of operations). Accordingly, the *Servicio de Compensación y Liquidación de Valores* platform will be discontinued.

That system will continue to settle within the current timing of T+3 (where "**T**" represents the trade date), although that should be reduced to T+2 within a period of 2-3 months since that is the settlement period in the Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories ("**CSDs**") and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012.

The *Central de Anotaciones de Deuda Pública* ("**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.

- (b) The second phase will be implemented to coincide with Iberclear's connection to the TARGET2-Securities, scheduled for February 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 TARGET2-Securities, 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.

Iberclear

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, the *Mercado Alternativo Bursatil* ("**MAB**") and AIAF. To achieve this, Iberclear uses two technical platforms, SCLV (for the Spanish Stock Exchanges, Latibex and the MAB) 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 have, among others, the function of keeping the book-entry register of securities traded on the 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:

- (a) the Iberclear Member appearing in the records of Iberclear as holding the relevant securities in its own name; or
- (b) 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 backed bonds), represented in the form of either book entries or 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 to listing on 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 ("**D**"), is carried out in three phases:

- (a) First settlement cycle,
- (b) Real-time settlement, and
- (c) Session close.

The first cycle includes all transactions reported to CADE up to 18:00 CET 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 07:00 CET and 16:00 CET 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 17:00 CET.

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.

USE OF PROCEEDS

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

DESCRIPTION OF THE ISSUER

History and Development

Ibercaja Banco was incorporated as a Spanish company with legal status as a public limited company (*sociedad anónima*) with the status of a bank. The Issuer is subject to special banking legislation, the management, supervision and solvency of credit institutions and its regulation (*Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de crédito and Real Decreto 84/2015, de 13 de febrero*), and to the supervision, control and regulation of the Bank of Spain (*Banco de España*) and the ECB under the new system of supervision created by the SSM. Subsidiarily, it is governed by the Restated Spanish Companies Act (*Texto Refundido de la Ley de Sociedades de Capital*), approved by Royal Legislative Decree 1/2010, of 2 July (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*). The Issuer's registered office is in Zaragoza, Spain, at Plaza Basilio Paraiso No. 2, and the telephone number of its registered office is +34 976767676.

The Issuer's legal and commercial names are Ibercaja Banco, S.A. and Ibercaja, respectively.

The Issuer was registered at the Mercantile Registry Office of Zaragoza, in volume 3,865, book 0, sheet 1, page No. Z-52186, entry number 1, on 23 September 2011 for an indefinite period. In addition, the Issuer is registered in the Special Register of the Bank of Spain (*Banco de España*), under number 2,085.

Ibercaja Banco and its consolidated subsidiaries engage mainly in retail banking, and conduct most of their business in Spain. Its corporate objects consist of the performance of all kinds of activities, operations, acts, contracts and services, associated with banking in general and which it is authorised to carry out under legislation in effect, including the rendering of investment and auxiliary services.

The Issuer was established as a result of the segregation of the financial activity of Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja and its reorganisation of that activity to a bank. Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja was established by the *Real y Excelentísima Sociedad Económica Aragonesa de Amigos del País* under Royal Order of 28 January 1873 (*Real Orden de 28 de enero de 1873*), having initiated its activities on 28 May 1876. Ibercaja Banco is also the result of its integration with Caja3, an entity formed by the merger of Caja de Ahorros de la Inmaculada de Aragón ("**CAI**"), Monte de Piedad y Caja General de Ahorros de Badajoz ("**Caja Badajoz**") and Monte de Piedad del Círculo Católico de Burgos ("**Caja Círculo de Burgos**").

Integration of Ibercaja Banco and Caja3

In July 2013, the Issuer achieved the ownership of 100% of the share capital of Caja3, which restructuring plan approved by the Bank of Spain and the European Commission foresaw to integrate into a larger financial group. For this purpose, the Issuer carried out a capital increase of € 325.5 million which was subscribed by the shareholders of Caja3 (CAI, Caja Badajoz and Caja Círculo de Burgos) in exchange for this entity's entire share capital. The new shareholders (nowadays turned into ordinary foundations) obtained a joint holding of 12.2% in the share capital of the Issuer, whilst Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja held a stake of 87.8% and became a banking foundation (*Fundación Bancaria Ibercaja*) in accordance with Spanish legislation.

In October 2014, the deed of merger by absorption of Caja3 into Ibercaja Banco was executed. Caja3 ceased to exist by dissolution without liquidation, and all its assets were transferred to the Issuer by means of universal transfer.

Business of Ibercaja Banco

Ibercaja Banco focuses on the retail business. After taking over the business of Caja3, the Group now has a customer base including households and corporate customers as well as public and private institutions. The Group has specific channels and differentiated products tailored to meet the requirements of the different customer segments. With the assistance of specialist units at Ibercaja Banco's financial group (the "**Financial Group**"), Ibercaja Banco offers, besides traditional banking services, other products such as insurance products, investment funds, pension plans, and private banking services. In particular, Ibercaja Banco targets Small and Medium Enterprises ("**SMEs**") and personal banking customers.

The Issuer's business is divided into the following areas:

- (i) Retail Banking Customer, comprising the "Families" and the "Personal banking" segments;
- (ii) Business and Government Customer, comprising "Corporate banking", "Retailers", "Public authorities and other customer segments" and "Farming sector" segments; and
- (iii) The Financial Group, comprising "Management of investment companies", "Management of pension plans", "The insurance business of the Group", "Leasing and renting" and "Private banking" segments.

Retail Banking Customers

The retail banking customers are the basic pillar of the Group's business. Such customers include households and personal banking customers. The takeover of Caja3 has consolidated this customer segment as the major element of the Group's business structure.

Families

Households are the most relevant customer base and the main source of funds managed by the Group. They are the main users of the Group's lending activity. The branch network has concentrated its efforts on attracting new customers and consolidating the links with existing customers, developing products suitable to the needs of every segment according to their income brackets and family circumstances.

Among savings products, low interest rates have led the Group to widen the range of mixed savings deposits, suitable for customers who seek a higher yield than they get on traditional deposits and, at the same time, do not wish to bear the risks involved by other investment products.

Distance channels using new technologies (*e-banking*) are important for the Issuer, present also on social networks (Twitter), giving preference to its use as well as email and text messages as a way to communicate offers and promotional deals.

Personal banking

Ibercaja Banco offers a management model based on a personal manager who assists customers in their financial planning, advises them on their investments, and gives them detailed information on those products and services that best meet their needs. The Financial Group plays a major role in offering specific products, as does the private banking area by training personal customer managers and giving them investment advice.

The Group also offers managed investment funds as a tool to offset falling yields on deposits. Under this type of arrangement, investors delegate the management of their fund portfolio to experts from the Financial Group.

The Group also offers investment advisory services. In 2012, the Issuer was among the first in Europe to have its Advisory Service for Personal Banking customers certified as complying with the ISO 22222:2010 standard. In 2013, a further step was taken by renewing that certification and extending its scope to cover the managers of offices with customer portfolios of a certain size. In addition, the majority of managers assigned to this group of personal banking customers have a solid training acknowledged by well-known entities such as the European Financial Planning Association ("**EFPA**").

Business and Government Customers

Corporate banking

Developing the corporate banking area, especially in connection with SMEs, is one of the main strategic aims of the Group. The largest companies engaged in more complex operations are served by a team of corporate account managers. These are supported by managers at certain branches having a significant mass of SMEs customers. The role of this group of employees is to provide solutions to the companies and give them comprehensive financial advice.

The Issuer's corporate service offerings include financing of fixed assets and working capital, treasury management, insurance, leasing, factoring and hedging of interest rates.

Retailers

The Issuer aims to provide specific products and services to meet retail business requirements. These include the Point-of-Sale ("**POS**") terminals service, offered with various options and rebates.

Ibercaja Banco has entered several cooperation agreements with chambers of commerce, retailer associations and retailer business organisations in several provinces in Spain, whose members are offered financial services under attractive terms.

Public authorities and other customer segments

Ibercaja Banco cooperates with public authorities at national and regional levels. This gives the Issuer access to this source of business and, at the same time, helps other customers in their dealings with the public authorities.

Ibercaja Banco handles filings for Personal Income Tax returns with the Spanish Tax Agency. At the regional level, Ibercaja Banco manages taxes levied by the Regional Government of Aragón and cooperates with different regional authorities such as the Aragón Health Service, the Aragón Employment Institute and the Office of the Director for Families. In addition, the Issuer has cooperation agreements with other regional governments such as those of La Rioja, Cataluña, Castilla y León, Castilla la Mancha, Valencia, Navarra, Galicia and the País Vasco autonomous treasuries.

At the province and local levels Ibercaja Banco has agreements in force to collect taxes for the governments of Zaragoza, Huesca, Teruel and other provinces, as well as for many local authorities. These tasks are performed through the comprehensive tax collection service (*Servicio de Gestión Integral de Recaudación*) ("**GIR**"), in which the authorities delegate the task of collecting taxes. The GIR reports on tax receipts online and in real time.

The Issuer also develops a range of personalised services for private sector groups, including professional associations, members of the civil service and employees of large companies as well as members of condominium activities.

Farming sector

The Issuer has a strong presence in primarily farming areas within its traditional territory (the autonomous regions of Aragón and La Rioja, and the provinces of Guadalajara, Burgos and Badajoz), and thus has a range of products and services for farmers that has grown gradually over the years under agreements made with major operators and concerned agencies.

Ibercaja Banco assists farmers engaged in agriculture and livestock breeding by applying for public-sector aid in the framework of the Common Agricultural Policy, advising them on how to apply for all the aid they are entitled to and offering them advances in some cases.

At a time when the public authorities have reduced the aid provided to farmers in the form of insurance premium discounts, Ibercaja Banco has marketed farm insurance policies covering the risks of farming, farm machinery, multi-risk livestock insurance, amongst other.

The Financial Group

The Financial Group was incorporated in 1988 and is wholly owned by the Issuer. Its member companies are specialised in investment funds, savings and pension plans, bank assurance, asset management and leasing-renting.

The Financial Group offers a range of products aimed at both retail and corporate customers. These products are marketed through the Ibercaja Banco branch network to supplement the banking services offered by the Issuer. The management and marketing of brokerage products has been strengthened as a result of the integration of Caja3 Group in the Ibercaja Group.

Management of investment companies

Ibercaja Gestión S.G.I.I.C., S.A. ("**Ibercaja Gestión**") is the Financial Group's manager of investment companies.

The portfolio of Ibercaja Gestión includes a range of funds adapted to particular market circumstances and investor risk profiles.

In the last months, and due to low interest rates, there has been a slight increase in equity funds, but still to a low percentage of total, 20%. The bulk still corresponds to fixed income funds, around 50% of total. The rest is distributed between dynamic funds, target return funds, mixed funds and guaranteed funds.

Ibercaja Gestión offers fund portfolio management agreements. Customers benefit from a diversified basket of suitable investment funds selected according to the customer's risk profile. Ibercaja Gestión also manages variable capital investment companies (known as SICAVs, for *Sociedades de Inversión de Capital Variable*).

Management of pension plans

Ibercaja Pensión E.G.F.P., S.A. ("**Ibercaja Pensión**") manages assets, under plans established by employers or by individual persons.

Ibercaja Pensión offers (i) fixed-income plans; (ii) mixed fixed-and-variable income plans; and (iii) guaranteed plans account.

Regarding plans established by employers for their employees, these include plans for major groups such as the employees of Endesa, S.A., Bank of Spain (*Banco de España*), public authorities of Aragón, and local authorities of some major cities elsewhere in Spain.

Ibercaja Pensión has entered into an agreement to observe the United Nations Principles for Responsible Investment ("**UNPRI**"), the main set of international rules in this field. The purpose of UNPRI is for savers, in the process of choosing the assets in which to invest, to take into account environmental protection, social and good corporate governance criteria. UNPRI are also aimed at ensuring that the investment policies of institutional investors contribute to sustainable economic development. In 2013 Ibercaja Pensión liaised with the control committees of plans to include the principles of action for sustainable investment in the majority of pension plans established for employees.

The insurance business of the Group

The Financial Group's insurance business is carried on through various companies that operate in the life and non-life branches.

Ibercaja Vida Compañía de Seguros y Reaseguros, S.A., specialised in bank assurance, focuses on underwriting savings and investment insurance as well as on risk life insurance products that will be distributed through the branch network. The company has a range of insurance products including systematic savings as well as savings and investment insurance, life annuities and temporary annuities, individual systematic savings plans, insured benefit plans and other products. The Issuer has an exclusive distribution agreement with Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S.A. – CASER - in the non-life segment, distributing mainly car policies and home owner policies.

Ibercaja Mediación de Seguros, S.A.U., engages in general insurance brokerage. It markets risk insurance for private individuals and companies, which are distributed through the branch network.

Leasing and renting

Ibercaja Leasing y Financiación, S.A. ("**Ibercaja Leasing**") specialises in financing businesses through leasing and renting operations. The company makes available to the Ibercaja Banco branch network specific products to enable SMEs and professionals to finance investments in fixed assets for themselves and to use equipment under operating leases. Ibercaja Leasing enters into agreement for vehicles, machinery, real estate, electronic data processing equipment and furniture.

Private banking

Ibercaja Patrimonios S.G.C., S.A. ("**Ibercaja Patrimonios**") is the portfolio manager company that handles the private banking business of the Financial Group. Ibercaja Patrimonios offers investment opportunities to customers with substantial financial assets.

Ibercaja Patrimonios offers the entire customer network an active investment fund portfolio management service and gives assistance in training as well as providing advisory services on investments to the personal banking account managers.

The commercial structure is made up of six branch offices situated in Madrid (two offices), Zaragoza, Logroño, Barcelona and Valencia.

Multi-channel strategy

The Issuer's multi-channel strategy is aimed at bringing services closer to customers so that they can use them at any place and time. The objective is to integrate the new channels with the traditional ones and ensure an ongoing and trusting relationship through personal contact. New contents and technological innovations are regularly being added so that remote banking services can be accessed through different devices such as tablets and smartphones.

e-Banking

Ibercaja Banco offers its customers access to online services and products through several distance channels. Customers can operate by Internet through *Ibercaja Directo* as well as by fixed and mobile telephones.

Ibercaja Directo is the Group's online banking platform. Different options are provided to each customer segment, with specific versions for retail and business customers, young people and stores.

The Ibercaja Banco public website (www.ibercaja.es) is another customer service distance channel. It displays the commercial offers of products and services and has a space for interaction with visitors where further information is made available through comparative tables as well as simulators, and where visitors can subscribe to alerts and bulletins. It also has fields for users to leave their comments and for customers to provide or update their personal data.

Self-service

Ibercaja Banco has an extensive network of self-service terminals that allow customers to carry out usual transactions such as dispensing cash and providing information on account balances or movements, paying bills, activating cards, recharging mobile phones and buying tickets.

One of the first steps after taking over Caja3 has been the standardisation of the ATM network, whose number has increased to 1,543 terminals as at 31 March 2015. The same types of transactions can be carried out under the same terms at every ATM belonging to the Group.

Bank cards

Ibercaja Banco has 1.680 million cards in circulation and in use as at 31 March 2015 with which nearly 100 million transactions were carried out in 2014. There are more than one million card holders.

The Group has 19,158 PoS terminals at stores throughout Spain as at 31 March 2015. The terminal is particularly suitable for self-employed individuals and professionals who are required to deliver services on the go.

The branch network

The Issuer has an extensive branch network. This is the basic tool, supplemented with alternative channels, through which the Issuer deals with its customers.

The Group had 1,331 branches as at 31 March 2015. The Group has its main operations in its traditional territory (the autonomous regions of Aragón and La Rioja, and the provinces of Guadalajara, Burgos and Badajoz), and has a presence in Madrid, Barcelona, Valencia and Llérida.

The breakdown of the commercial network by Autonomous Community as at 31 March 2015 is as follows: 499 points of sale in Aragón, 191 in Madrid, 128 in Extremadura, 109 in Castilla y León, 110 in La Rioja, 96 in Cataluña, 68 in Castilla la Mancha, 61 in Valencia, 32 in Andalucía, and 34 in other autonomous communities. In addition, there are three offices operating in Portugal.

Administrative, Management and Supervisory Bodies

Board of Directors

The table below sets forth, at the date of this Prospectus, the names of the members of the Board of Directors of the Issuer, the respective dates of their appointment, their positions within the Issuer and their membership type:

Last appointed	Name	Title	Type
22/09/2011	Mr. Amado Franco Lahoz	Chairman	Shareholder appointed
22/09/2011	Mr. José Luis Aguirre Loaso	First Vice Chairman	Shareholder appointed
24/07/2013	Mr. Francisco Manuel García Peña	Second First Vice Chairman	Shareholder appointed
28/01/2015	Mr. Víctor Iglesias Ruiz	CEO	Executive
22/09/2011	Mr. Jesús Bueno Arrese	Director	Shareholder appointed
24/07/2013	Mr. Jesús Solchaga Loitegui	Director	Independent
24/07/2013	Ms. Gabriela González-Bueno Lillo	Director	Independent
24/07/2013	Mr. Juan María Pemán Gavín	Director	Shareholder appointed
24/07/2013	Mr. Vicente Eduardo Ruiz de Mencia	Director	Shareholder appointed
27/01/2014	Mr. Vicente Cándor López	Director	Independent
11/11/2014	Mr. Jesús Barreiro Sanz	Director and Secretary of the Board	Shareholder appointed

The table below sets forth the names of those members of the Board of Directors of the Issuer with significant activities outside the Issuer as at the date of this Prospectus. As at the date of this Prospectus, there were no conflicts of interest in relation to members of the Board of Directors of the Issuer between any duties owed to the Issuer and their private interests and other duties.

Name	Company	Position
Mr. Amado Franco Lahoz.....	Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S.A. (CASER) Confederación de Cajas de Ahorro (CECA)	Chairman Vice-Chairman
Mr. José Luis Aguirre Loaso...	Cecabank, S.A.	Vice-Chairman
Mr. Jesús Bueno Arrese.....	Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S.A. (CASER)	Director
Mr. Jesús Solchaga Loitegui ...	Ibercaja Vida Compañía de Seguros y Reaseguros, S.A. Cerro Murrillo, S.A. Residencial Murrillo, S.A.	Chairman Director Director
Mr. Jesús Barreiro Sanz.....	Ibercaja Mediación de Seguros, S.A.U. Ibercaja Vida Compañía de Seguros y Reaseguros, S.A.	Director Director

The general shareholders' meeting held on 13 April 2015 at first call approved the amendments of the following articles of the Issuer's Bylaws (*estatutos*): 3 (Registered office), 20 (Governing bodies), 21 (Distribution of competences), 32 (Information right), 34 (Manner to adopt resolutions), 36 (Adoption of resolutions), 43 (Subjective conditions of directors), 44 (Meetings of the Board of Directors), 45 (Adoption of resolutions by the Board of Directors), 74 (Titles of the Board of Directors), 49 (Audit and Compliance Committee), 50 (Appointments and Compensation Committee), 53 (Remuneration of Directors), 54 (Fiscal year), 55 (Approval of annual account) and the inclusion of new articles 51 and 52. The purpose of such amendments is to adapt the Issuer's Bylaws (*estatutos*) to the latest amendments introduced by Law 31/2014, of 3 December, which amends the Spanish capital companies law to improve corporate governance and Law 10/2014, of 26 June, on regulation, supervision and solvency of credit entities. The Regulations of the Board of Directors of the Issuer have been also amended to reflect such changes.

Executive Committee

The Board of Directors has delegated all of its powers in favour of the Executive Committee, except for those which cannot be delegated pursuant to the provisions of the Spanish laws or which cannot be delegated according to the provisions of the Bylaws or the regulation of the Board.

At the date of this Prospectus, the Executive Committee was composed of the following seven directors:

Name	Position
Mr. Amado Franco Lahoz	Chairman
Mr. Víctor Iglesias Ruiz	Member
Mr. José Luis Aguirre Loaso.....	Member
Mr. Jesús Bueno Arrese	Member
Ms. Gabriela González-Bueno Lillo	Member
Mr. Juan María Pemán Gavín	Member
Mr. Jesús Barreiro Sanz	Secretary

Audit and Compliance Committee

According to the Bylaws of the Issuer, the powers of the Audit and Compliance Committee are to (i) inform, through its president and/or secretary, in the General Shareholders Meeting about the issues raised by shareholders on matters within its competence; (ii) monitor the effectiveness of internal control, internal audit and risk management systems, as well as discussing with the auditors any significant weaknesses found in the internal control system during the audit; (iii) monitor the preparation and presentation of regulated financial information; (iv) propose to the Board of Directors, for submission to the General Shareholders Meeting, the appointment of the auditor or audit firm; (v) establish appropriate relations with the auditor or audit firm to receive information about any issues that could jeopardise their independence, or any others related to the auditing process, as well as other communications that could be foreseen from legal or technical auditing standards, and then submit that information to the Audit and Compliance Committee for their consideration; and (vi) issue annually, prior to the issuance of the audit report, a report stating an opinion about the independence of the auditor or the audit firm.

At the date of this Prospectus, the Audit and Compliance Committee was composed of the following five directors:

Name	Position
Ms. Gabriela González-Bueno Lillo	Chairman
Mr. Vicente Cándor López	Member
Mr. Jesús Bueno Arrese	Member
Mr. Juan María Pemán Gavín	Member
Mr. Jesús Barreiro Sanz	Secretary not Member

Appointments Committee

According to the regulation of the Board of Directors, the Appointments Committee is entrusted with general powers to propose and report to the Board of Directors about any matters regarding appointments and terminations of Board members.

At the date of this Prospectus, the Appointments Committee was composed of the following three directors:

Name	Position
Mr. Jesús Solchaga Loitegui	Chairman
Mr. Vicente Ruiz de Mencía	Member
Mr. Jesús Barreiro Sanz	Secretary

Compensation Committee

According to the regulation of the Board of Directors, the Compensation Committee is entrusted with general powers to propose and report to the Board of Directors about any matters regarding compensation of Board members.

At the date of this Prospectus, the Compensation Committee was composed of the following three directors:

Name	Position
Mr. Jesús Solchaga Loitegui	Chairman
Mr. Vicente Ruiz de Mencia	Member
Mr. Jesús Barreiro Sanz	Secretary

It should be noted that, given the recent resignation of Mr. Manuel Pizarro Moreno as Board director (and thus, as member of the Appointments Committee and Compensations Committee), the Issuer is currently considering which independent director should replace him as the missing independent director of the above Committees.

Large Exposures and Solvency Committee

Notwithstanding other duties assigned by the Board, the Large Exposures and Solvency Committee have the following basic responsibilities: (i) proposing to the Board of Directors setting limits by type of risk and business, including credit risk, concentration, such as market risk, liquidity risk, interest rate risk and currency risk; (ii) reporting, prior to its approval by the Board, the Risk Appetite Framework ("**RAF**") and the Risk Appetite Statement ("**RAS**") of Ibercaja Banco, ensuring that both of them are consistent with other policies and strategic frameworks of Ibercaja Banco; (iii) analysing and evaluating the risk management (including tax risk) policies of the Group in terms of risk profile (expected loss) and profitability, and analysing the Groups exposures by business, customer and sector segments; (iv) analysing and reviewing the risk oversight systems of the Group; (v) proposing to the Board of Directors, when deemed appropriate, the measures to mitigate the impact of the risks that have been identified; (vi) analysing and assessing the level of equity and its forecasts over time, given different scenarios, and proposing measures it deems appropriate in order to strengthen the solvency of the Company, reporting on the Capital Adequacy Policy; and (vii) approving the funding plan of Ibercaja Banco and its amendments.

At the date of this Prospectus, the Large Exposures and Solvency Committee was composed of the following four directors:

Name	Position
Mr. Vincente C�ndor L�pez.....	Chairman
Mr. Jes�s Bueno Arrese	Member
Mr. Jos� Luis Aguirre Loaso.....	Member
Mr. Jes�s Barreiro Sanz	Secretary not Member

Strategy Committee

The Strategy Committee focuses on reporting to the Board about the strategic policy of Ibercaja Banco, ensuring that there is a specific organisation for its implementation. Notwithstanding other duties assigned by the Board, the Strategy Committee holds the following responsibilities: (i) to inform about the strategic plan of Ibercaja Banco, monitoring it and reporting to the Board of Directors; (ii) to report the annual budget of Ibercaja Banco; (iii) to report the strategic direction of the specific and overall goals of Ibercaja Banco related to the strategic plan and its annual budget; (iv) to report to the Board of Directors the economic outlook assumptions used to determine the stress scenarios hypotheses that are used on capital planning; (v) to report the recovery plan; (vi) to report to the Board of Directors on issues of strategic importance, including those that may affect the shareholder structure or those that may open new national or international financial markets; (vii) to inform about the outsourcing policy of services and activities; (viii) to inform about the policy to approve new products while developing new markets, products or services, and significant changes in those already existing; and (ix) to review and report to the Board of Directors, on an annual basis, about the adequacy of the operating structures of Ibercaja Banco to its social mission and strategic policy.

At the date of this Prospectus, the Strategy Committee was composed of the following four directors:

Name	Position
Mr. José Luis Aguirre Loaso.....	Chairman
Ms. Gabriela González Bueno Lillo.....	Member
Mr. Francisco Manuel García Peña.....	Member
Mr. Jesús Barreiro Sanz	Secretary not Member

Executive Management

The following table specifies the Executive Management of the Issuer at the date of this Prospectus:

Name	Position
Mr. Francisco Serrano Gill de Albornoz	Deputy General Manager - General Secretary
Ms. María Pilar Segura Bas	Deputy General Manager – Chief Information and Accounting Officer
Mr. Luis Miguel Carrasco Miguel.....	Deputy General Manager – Chief of Real Estate Assets
Mr. Luis Fernando Allué Escobar	General Deputy Head – Chief Operations Officer
Mr. José Palma Serrano	General Deputy Head – Chief Technology Officer
Ms. María Teresa Fernández Fortún	Deputy Head – Chief of Human Resources Officer
Mr. Antonio Martínez Martínez	Deputy Head - Chief Financial Officer
Ms. María Raquel Martínez Cabañero	Deputy Head – Chief Credit Risk Officer
Mr. José Ignacio Oto Ribate	Deputy Head - Chief Marketing Officer
Mr. Rodrigo Galán Gallardo	Deputy Head - Chief of Financial Group
Mr. Ángel Serrano Villavieja	Deputy Head - Chief Audit and Compliance Officer

The table below sets forth the names of those members of the Executive Management of the Issuer with significant activities outside the Issuer as at the date of this Prospectus. As at the date of this Prospectus, there were no conflicts of interest in relation to members of the Executive Management of the Issuer between any duties owed to the Issuer and their private interests and other duties.

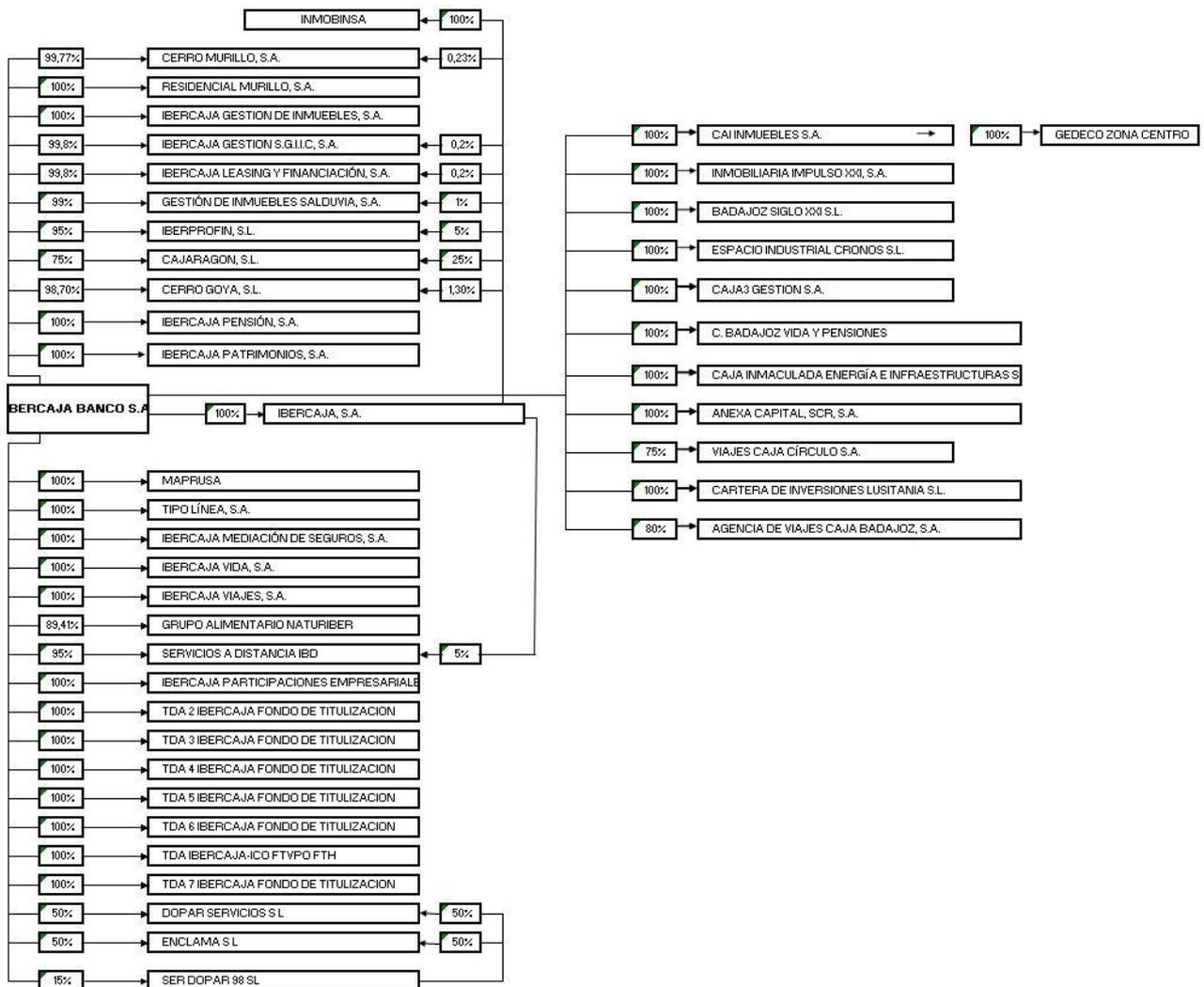
Name	Company	Position
Mr. Francisco Serrano Gill de Albornoz	Ibercaja Gestión S.G.I.I.C., S.A.	Chairman
	Heraldo de Aragón, S.A.	Director
Ms. María Pilar Segura Bas.....	Ibercaja Gestión S.G.I.I.C., S.A.	Director
	Ibercaja Pensión E.G.F.P., S.A.	Chairman
	Gestión de Inmuebles Salduvia, S.A.	Director
	Ibercaja Vida Compañía de Seguros y Reaseguros, S.A.U.	Director
	Ibercaja Participaciones Empresariales, S.A.	Director
	Ibercaja, S.A.	Director
	Cajaragón, S.L.	Director
Mr. Luis Miguel Carrasco Miguel.....	Cerro Murillo, S.A.	Chairman
	Residencial Murillo, S.A.	Chairman
	Inmobinsa, S.A.	Chairman
	Gestión de Inmuebles Salduvia, S.A.	Chairman
Mr. Luis Fernando Allué Escobar.....	Ibercaja Gestión S.G.I.I.C., S.A.	Director
	Ibercaja Leasing y Financiación, S.A. E.F.C.	Director
	Ibercaja Pensión E.G.F.P., S.A.	Director
	Bodegas Borsao, S.A.	Director
	Grandes Vinos y Viñedos, S.A.	Director
	Platea Gestión, S.A.	Director
Mr. José Palma Serrano	Ibercaja Gestión S.G.I.I.C., S.A.	Director
	Radio Huesca, S.A.	Director
	Publicaciones y Ediciones del Altoaragón, S.A.	Director
	Ibercaja Leasing y Financiación, S.A. E.F.C.	Director
	Gestión de Inmuebles Salduvia, S.A.	Director
	Chip Audiovisual, S.A.	Director
	MasterCajas, S.A.	Director
	Sociedad Española de sistemas de Pago, S.A. (Iberpay)	Director
Ms. Maria Teresa Fernández Fortún.....	Fundación Aragón Invierte	Director
	Zaragoza Logistic Center	Director
	Ebrópilos	Director
	Fundación Zaragoza Ciudad del Conocimiento	Director
Mr. Antonio Martínez Martínez	Tipolínea, S.A.	Chairman
	AnexaCapital, S.A.	Chairman
	Capital de Innovación y Crecimiento, S.A., S.C.R. de Régimen Simplificado	Chairman
Ms. María Raquel Martínez Cabañero.	Plataforma Logística de Zaragoza, S.A.	Director

Name	Company	Position
Mr. José Ignacio Oto Ribate	Ibercaja Leasing y Financiación, S.A. E.F.C.	Chairman
	Ibercaja Pensión E.G.F.P., S.A.	Director
	Ibercaja Gestión S.G.I.I.C., S.A.	Director
	Ibercaja Leasing y Financiación, S.A. E.F.C.	Director
	Ibercaja Mediación de Seguros, S.A.U.	Director
	Ibercaja Servicios a Distancia IBD, S.L.	Chairman
	Ibercaja Patrimonios S.G.C., S.A.U.	Chairman
	Ibercaja Pensión E.G.F.P., S.A.	Director
	Ibercaja Vida Compañía de Seguros y Reaseguros, S.A.U.	Director
	Viacajas, S.A.	Director
Mr. Rodrigo Galán Gallardo	Euro 6000, S.A.	Director
	Caja Badajoz Vida y Pensiones, S.A.	Administrator
	CAI Seguros Generales, S.A.	Chairman
	Ibercaja Gestión S.G.I.I.C., S.A.	Director
	Ibercaja Leasing y Financiación, S.A. E.F.C.	Director
	Ibercaja Patrimonios S.G.C., S.A.U.	Director
	Ibercaja Pensión E.G.F.P., S.A.	Director
	Ibercaja Vida Compañía de Seguros y Reaseguros, S.A.U.	Director
	Ibercaja Mediación de Seguros, S.A.U.	Chairman

The business address of each member of the Board of Directors and the other members of the Issuer's management mentioned above is Plaza Basilio Paraíso, No. 2, Zaragoza (Spain).

Organisational Structure

The following chart summarises the companies making up the Group and the Issuer's ownership of such companies as at 31 March 2015:



Capital Structure

As at the date of this Prospectus, the Issuer's share capital is €2,611,729,998 divided into 2,611,729,998 fully subscribed and paid ordinary shares with a par value of €1 each. All shares are of the same class with the same rights attached.

Major Shareholders

The Issuer's share capital is owned as follows:

Shareholder	% of shares
Fundación Bancaria Ibercaja.....	87.80%
Fundación Caja de Ahorros de la Inmaculada de Aragón	4.85%
Fundación Ordinaria Caja Badajoz	3.90%
Caja Círculo Fundación Bancaria	3.45%

As of the date of this Prospectus, Fundación Bancaria Ibercaja is the major shareholder of the Issuer with a shareholding of 87.80%. In accordance with article 43 of Law 26/2013, of 27 December, on savings banks and banking foundations, Fundación Bancaria Ibercaja has elaborated a protocol on the management of its participation in the Issuer (*Protocolo de Gestión de la Participación Financiera de la Fundación Bancaria Ibercaja en Ibercaja Banco, S.A.*). Such protocol governs the following aspects: (i) the strategic basic criteria which govern the management of the participation of the Fundación Bancaria Ibercaja in the Issuer; (ii) the relationship between the Fundación Bancaria Ibercaja and the governing bodies of the Issuer; (iii) the general criteria applicable to the transactions between the Fundación Bancaria Ibercaja and the Issuer and mechanisms to avoid potential conflicts of interests; (iv) the flow of information which allow the Fundación Bancaria Ibercaja and the Issuer to prepare their respective financial statements and to comply with their reporting obligations; and (v) the principles of a potential collaboration of the Fundación Bancaria Ibercaja and the Issuer in matters of corporate responsibility.

As of the date of this Prospectus, the Issuer is not aware of any arrangement which may result in a change of control in the Issuer.

Litigation

To date, there is not any material or significant actual or pending litigation or other proceedings.

Credit Rating

As at the date of this Prospectus, the Issuer has been assigned long-term deposit rating of B1 (negative outlook) by Moody's, and long-term debt ratings of BB (positive outlook) by S&P and BB+ (positive outlook) by Fitch, respectively. The Issuer has also been assigned short-term debt ratings of B by S&P and B by Fitch, respectively.

Overview Financial Information

The table below includes the consolidated balance sheets of the Issuer as at 31 December 2014 and 2013:

ASSETS		31/12/2014	31/12/2013⁽⁹⁾
		(thousand Euro)	
1.	CASH AND DEPOSITS IN CENTRAL BANKS	435,089	499,331
2.	FINANCIAL ASSETS HELD FOR TRADING	55,832	36,826
2.1.	Deposited at Credit Institutions	-	-
2.2.	Customer Loans	-	-
2.3.	Debt securities	959	890
2.4.	Capital Instruments	-	-
2.5.	Derivatives held for trading	54,873	35,936
	<i>Memorandum item: loaned or pledged</i>	-	-
3.	OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	61,547	68,925
3.1.	Loans and advances to credit institutions	324	-
3.2.	Loans and advances to customers	43	-
3.3.	Debt securities	7,780	13,119
3.4.	Other equity instruments	53,400	55,806
	<i>Memorandum item: loaned or pledged</i>	-	-
4.	FINANCIAL ASSETS AVAILABLE FOR SALE	14,778,280	7,277,141
4.1.	Debt securities	14,253,973	6,686,936
4.2.	Other equity instruments	524,307	590,205
	<i>Memorandum item: loaned or pledged</i>	3,571,188	1,670,247
5.	LOANS AND RECEIVABLES	35,632,878	38,947,347
5.1.	Loans and advances to credit institutions	1,160,611	1,367,026
5.2.	Loans and advances to customers	33,830,111	36,820,105
5.3.	Debt securities	642,156	760,216
	<i>Memorandum item: loaned or pledged</i>	4,977,648	6,157,779
6.	HELD TO MATURITY INVESTMENTS	6,681,683	11,511,381
	<i>Memorandum item: loaned or pledged</i>	4,399,885	7,432,597
7.	ADJUSTMENTS OF FINANCIAL ASSETS DUE TO MACRO HEDGES	128,991	40,135
8.	HEDGING DERIVATIVES	496,506	519,043
9.	NON CURRENT ASSETS HELD FOR SALE	732,625	642,542
10.	INVESTMENTS	155,955	207,396
10.1.	Associates	117,480	147,085
10.2.	Jointly-controlled entities	38,475	60,311
11.	PENSION LINKED INSURANCE CONTRACTS	-	-
12.	REINSURANCE ASSETS	1,564	1,214
13.	TANGIBLE ASSETS	1,211,567	1,285,344
13.1.	Property, plant and equipment	740,840	877,080
13.1.1.	For own use	724,883	860,658
13.1.2.	Assigned under operating lease	15,957	16,422
13.1.3.	Corresponding to Social Welfare	-	-
13.2.	Investment property	470,727	408,264
	<i>Memorandum item: Acquired under finance lease</i>	-	-
14.	INTANGIBLE ASSETS	207,448	196,676
14.1.	Goodwill	144,934	131,320
14.2.	Other intangible assets	62,514	65,356
15.	TAX ASSETS	1,464,401	1,591,495
15.1.	Current	36,907	33,433
15.2.	Deferred	1,427,494	1,558,062
16.	OTHER ASSETS	278,126	324,588
16.1.	Inventories	232,615	265,201
16.2.	Other	45,511	59,387
TOTAL ASSETS		62,322,492	63,149,384

LIABILITIES		31/12/2014	31/12/2013⁽⁹⁾
		(thousand Euro)	
1.	FINANCIAL LIABILITIES HELD FOR TRADING	48,462	27,546
1.1.	Central Banks deposits.....	-	-
1.2.	Credit Institutions deposits.....	-	-
1.3.	Customer Deposits	-	-
1.4.	Marketable debt securities.....	-	-
1.5.	Derivatives held for trading	48,462	27,546
1.6.	Short Trading securities	-	-
1.7.	Other Financial Liabilities.....	-	-
2.	OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS.....	-	48,800
2.1.	Central Banks deposits.....	-	-
2.2.	Credit Institutions deposits.....	-	-
2.3.	Customer Deposits	-	48,800
2.4.	Marketable debt securities.....	-	-
2.5.	Subordinated liabilities	-	-
2.6.	Other Financial Liabilities.....	-	-
3.	FINANCIAL LIABILITIES AT AMORTISED COST.....	50,824,160	53,081,749
3.1.	Deposits from Central Banks	4,848,302	4,855,479
3.2.	Deposits from Credit Institutions	3,241,613	4,197,762
3.3.	Customer Deposits	39,868,562	39,991,664
3.4.	Marketable debt securities.....	1,631,249	2,995,125
3.5.	Subordinated liabilities	556,574	567,520
3.6.	Other Financial Liabilities.....	677,860	474,199
4.	ADJUSTMENTS OF FINANCIAL LIABILITIES DUE TO MACRO HEDGES.....	6,668	6,474
5.	HEDGING DERIVATIVES	604,912	297,464
6.	LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS	-	-
7.	LIABILITIES UNDER INSURANCE CONTRACTS	7,103,517	6,333,643
8.	PROVISIONS.....	352,183	261,821
8.1.	Pension funds and obligations of a similar nature	172,755	152,267
8.2.	Provisions for taxes and other legal contingencies.....	10,307	5,949
8.3.	Provisions for contingent exposures and commitments.....	26,027	22,382
8.4.	Other provisions.....	143,094	81,223
9.	TAX LIABILITIES.....	413,296	442,330
9.1.	Current	5,907	6,786
9.2.	Deferred	407,389	435,544
10.	SOCIAL WELFARE FUND.....	-	-
11.	OTHER LIABILITIES.....	147,698	113,830
12.	TOTAL LIABILITIES	59,500,896	60,613,657

EQUITY		31/12/2014	31/12/2013^(*)
		(thousand Euro)	
1. SHAREHOLDERS' FUNDS		2,518,359	2,403,540
1.1. Capital		2,611,730	2,611,730
1.1.1. Issued		2,611,730	2,611,730
1.1.2. Less: Capital not required		-	-
1.2. Premium		-	-
1.3. Reserves		-244,024	-140,506
1.3.1. Accumulated reserves		-161,037	-81,284
1.3.2. Reserves in entities measured under the equity method		-82,987	-59,222
1.4. Other capital instruments		-	-
1.4.1. Compound financial instruments		-	-
1.4.2. <i>Cuotas participativas</i> and associated funds (just Saving Banks)		-	-
1.4.3. Other capital instruments		-	-
1.5. Less: Eigenvalues		-	-
1.6. Profit attributed to the parent entity		150,653	-67,684
1.7. Less: Dividends and remuneration		-	-
2. VALUATION ADJUSTMENTS		302,710	130,173
2.1. Available-for-sale financial assets		672,133	240,969
2.2. Cash flow hedges		-98	-
2.3. Hedges of net investments in foreign operations		-	-
2.4. Exchange differences		-	-
2.5. Non-current assets for sale		-	-
2.6. Entities measured under the equity method		2,467	1,901
2.7. Other measurement adjustments		-371,792	-112,697
3. NON-CONTROLLING INTERESTS		527	2,014
3.1. Value adjustments		55	-
3.2. Remainder		472	2,014
TOTAL EQUITY		2,821,596	2,535,727
TOTAL LIABILITIES AND EQUITY		62,322,492	63,149,384
MEMORANDUM ITEMS		(thousand Euro)	
CONTINGENT EXPOSURES		622,060	725,937
CONTINGENT COMMITMENTS		2,494,004	3,086,978

The table below includes the consolidated income statements of the Issuer for the years ended 31 December 2014 and 2013:

	31/12/2014	31/12/2013 ^(*)
	(thousand Euro)	
1. Interest and similar income	1,367,906	1,223,104
2. Interest and similar charges	668,558	630,894
3. Interest on capital instruments <i>(only applies to Credit Cooperatives)</i>	N/A	N/A
A) NET INTEREST INCOME	699,348	592,210
4. Return on equity instruments	11,802	8,870
5. Share of profit/(loss) of equity-accounted entities	-7,997	-26,153
6. Fees and commission income	332,261	280,663
7. Fees and commission expense	16,906	17,423
8. Net gains(losses) on financial assets and liabilities	424,919	136,217
8.1. Held for trading	2,852	3,925
8.2. Other financial instruments at fair value through profit or loss	1,500	999
8.3. Financial instruments not measured at fair value through profit or loss	438,185	130,156
8.4. Other	-17,618	1,137
9. Exchange differences (net)	271	1,489
10. Other operating income	1,177,382	1,092,855
10.1. Income from insurance and reinsurance contracts	1,112,826	1,037,490
10.2. Sales and income from non-financial services	35,332	32,499
10.3. Rest of other operating income	29,224	22,866
11. Other operating expense	1,210,909	1,172,842
11.1. Expenses on insurance and reinsurance contract	1,113,735	1,046,420
11.2. Changes in inventories	-	-
11.3. Rest of other operating expenses	97,174	126,422
B) GROSS INCOME	1,410,171	895,886
12. Administrative Expenses	729,448	563,229
12.1. Personnel expense	513,537	374,934
12.2. Other administration expenses	215,911	188,295
13. Depreciation and amortisation	59,487	48,606
14. Provisions (net)	5,812	-42,819
15. Financial asset impairment losses (net)	357,876	355,796
15.1. Loans and receivables	321,554	309,316
15.2. Other financial instruments not carried at fair value through profit or loss	36,322	46,480
C) INCOME FROM OPERATING ACTIVITIES	257,548	-28,926
16. Other asset impairment losses (net)	35,764	38,160
16.1. Goodwill and other intangible assets	-	3,260
16.2. Other assets	35,764	34,900
17. Gains(losses) from disposals of assets not classified as non-current available for sale	26,242	10,881
18. Negative difference in business combinations	-	2,635
19. Gains(losses) from non-current assets available for sale not classified as discontinued operations	-32,920	-70,311
D) PROFIT/(LOSS) BEFORE TAX	215,106	-123,881
20. Corporate Income Tax	64,382	-54,327
21. Compulsory allocation to welfare funds	-	-
E) PROFIT/(LOSS) FOR YEAR FROM CONTINUING OPERATIONS	150,724	-69,554
22. Profit (loss) from discontinued operations (net)	-	-
F) PROFIT/(LOSS) FOR THE YEAR	150,724	-69,554
F.1) Profit/(loss) attributed to the parent entity	150,653	-67,684
F.2) Profit attributed to non-controlling interests	71	-1,870

^(*) In the 2014 consolidated annual accounts of the Issuer, the financial information as of and for the year ended 31 December 2013 was restated for comparative purposes as a result of the early adoption in 2014 of IFRIC 21 (Levies). See Note 1.4 to the 2014 consolidated annual accounts of the Issuer. Accordingly, the 2013 financial information included in this Prospectus differs from that reported in the 2013 consolidated annual accounts of the Issuer.

The table below includes the consolidated balance sheet of the Issuer as at 31 March 2015:

	<u>31/03/2015^(*)</u>	<u>31/12/2014</u>
ASSETS	(thousand Euro)	
1. CASH AND DEPOSITS WITH CENTRAL BANKS.....	396,742	435,089
2. FINANCIAL ASSETS HELD FOR TRADING	62,867	55,832
2.1. Deposited at Credit Institutions	-	-
2.2. Customer Loans.....	-	-
2.3. Debt securities	742	959
2.4. Capital Instruments.....	-	-
2.5. Derivatives held for trading	62,125	54,873
<i>Memorandum item: loaned or pledged.....</i>	-	-
3. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	58,935	61,547
3.1. Loans and advances to credit institutions.....	-	324
3.2. Loans and advances to customers	-	43
3.3. Debt securities	5,351	7,780
3.4. Other equity instruments.....	53,584	53,400
<i>Memorandum item: loaned or pledged.....</i>	-	-
4. AVAILABLE-FOR-SALE FINANCIAL ASSETS.....	15,763,097	14,778,280
4.1. Debt securities	15,245,058	14,253,973
4.2. Other equity instruments.....	518,039	524,307
<i>Memorandum item: loaned or pledged.....</i>	-	3,571,188
5. LOANS AND RECEIVABLES	37,339,964	35,632,878
5.1. Loans and advances to credit institutions.....	1,713,957	1,160,611
5.2. Loans and advances to customers	33,369,839	33,830,111
5.3. Debt securities	2,256,168	642,156
<i>Memorandum item: loaned or pledged.....</i>	-	4,977,648
6. HELD TO MATURITY INVESTMENTS	4,386,581	6,681,683
<i>Memorandum item: loaned or pledged.....</i>	-	4,399,885
7. ADJUSTMENTS OF FINANCIAL ASSETS DUE TO MACRO HEDGES	150,862	128,991
8. HEDGING DERIVATIVES	484,540	496,506
9. NON CURRENT ASSETS HELD FOR SALE.....	742,740	732,625
10. INVESTMENTS.....	154,578	155,955
10.1. Associates	115,697	117,480
10.2. Jointly-controlled entities	38,881	38,475
11. PENSION LINKED INSURANCE CONTRACTS	-	-
12. REINSURANCE ASSETS.....	889	1,564
13. TANGIBLE ASSETS.....	1,199,435	1,211,567
13.1. Property, plant and equipment	732,994	740,840
13.1.1. For own use.....	716,888	724,883
13.1.2. Assigned under operating lease	16,106	15,957
13.1.3. Corresponding to Social Welfare	-	-
13.2. Investment property	466,441	470,727
<i>Memorandum item: Acquired under finance lease.....</i>	-	-
14. INTANGIBLE ASSETS.....	205,738	207,448
14.1. Goodwill.....	144,934	144,934
14.2. Other intangible assets	60,804	62,514
15. TAX ASSETS	1,461,386	1,464,401
15.1. Current.....	34,756	36,907
15.2. Deferred.....	1,426,630	1,427,494
16. OTHER ASSETS	284,108	278,126

16.1. Inventories	230,633	232,615
16.2. Other.....	53,475	45,511
TOTAL ASSETS	62,692,462	62,322,492

	<u>31/03/2015⁽⁶⁾</u>	<u>31/12/2014</u>
	(thousand Euro)	
LIABILITIES		
1. FINANCIAL LIABILITIES HELD FOR TRADING	57,204	48,462
1.1. Central Banks deposits	-	-
1.2. Credit Institutions deposits	-	-
1.3. Customer Deposits.....	-	-
1.4. Marketable debt securities	-	-
1.5. Derivatives held for trading	57,204	48,462
1.6. Short Trading securities	-	-
1.7. Other Financial Liabilities	-	-
2. OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-
2.1. Central Banks deposits	-	-
2.2. Credit Institutions deposits	-	-
2.3. Customer Deposits.....	-	-
2.4. Marketable debt securities	-	-
2.5. Subordinated liabilities	-	-
2.6. Other Financial Liabilities	-	-
3. FINANCIAL LIABILITIES AT AMORTISED COST.....	50,854,062	50,824,160
3.1. Deposits from Central Banks	2,696,594	4,848,302
3.2. Deposits from Credit Institutions.....	4,806,931	3,241,613
3.3. Customer Deposits.....	40,515,045	39,868,562
3.4. Marketable debt securities	1,557,826	1,631,249
3.5. Subordinated liabilities	556,669	556,574
3.6. Other Financial Liabilities	720,997	677,860
4. ADJUSTMENTS OF FINANCIAL LIABILITIES DUE TO MACRO HEDGES.....	7,542	6,668
5. HEDGING DERIVATIVES	755,011	604,912
6. LIABILITIES ASSOCIATED WITH NON CURRENT ASSETS.....	-	-
7. LIABILITIES UNDER INSURANCE CONTRACTS	7,200,588	7,103,517
8. PROVISIONS.....	363,581	352,183
8.1. Pension funds and obligations of a similar nature.....	171,761	172,755
8.2. Provisions for taxes and other legal contingencies.....	10,298	10,307
8.3. Provisions for contingent exposures and commitments	25,787	26,027
8.4. Other provisions	155,735	143,094
9. TAX LIABILITIES.....	442,595	413,296
9.1. Current.....	7,488	5,907
9.2. Deferred.....	435,107	407,389
10. SOCIAL WELFARE FUND	-	-
11. OTHER LIABILITIES.....	70,731	147,698
TOTAL LIABILITIES.....	59,751,314	59,500,896

EQUITY	31/03/2015 ^(*)	31/12/2014
	(thousand Euro)	
1. SHAREHOLDERS' FUNDS	2,560,807	2,518,359
1.1. Capital.....	2,611,730	2,611,730
1.1.1. Issued	2,611,730	2,611,730
1.1.2. Less: Capital not required	-	-
1.2. Premium	-	-
1.3. Reserves	-93,490	-244,024
1.3.1. Accumulated reserves	-6,445	-161,037
1.3.2. Reserves in entities measured under the equity method.....	-87,045	-82,987
1.4. Other capital instruments.....	-	-
1.4.1. Compound financial instruments	-	-
1.4.2. Cuotas participativas and associated funds (just Saving Banks).....	-	-
1.4.3. Other capital instruments.....	-	-
1.5. Less: Eigenvalues.....	-	-
1.6. Profit attributed to the parent entity.....	42,567	150,653
1.7. Less: Dividends and remuneration	-	-
2. VALUATION ADJUSTMENTS	379,845	302,710
2.1. Aviable-for-sale financial assets	824,086	672,133
2.2. Cash flow hedges	-73	-98
2.3. Hedges of net investments in foreign operations.....	-	-
2.4. Exchange differences	262	-
2.5. Non-current assets for sale	-	-
2.6. Entities measured under the equity method.....	1,219	2,467
2.7. Other measurement adjustments.....	-445,649	-371,792
3. NON-CONTROLLING INTERESTS	496	527
3.1. Value adjustments.....	-	55
3.2. Remainder.....	496	472
TOTAL EQUITY	2,941,148	2,821,596
TOTAL LIABILITIES AND EQUITY	62,692,462	62,322,492
MEMORANDUM ITEMS	(thousand Euro)	
1. CONTINGENT EXPOSURES	606,587	622,060
2. CONTINGENT COMMITMENTS	2,530,328	2,494,004

The table below includes the consolidated income statement of the Issuer for the three-month period ended 31 March 2015:

	31/03/2015 ^(*)	31/03/2014 ^(*)
	(thousand Euro)	
1. Interest and similar income	303,865	355,633
2. Interest and similar charges	135,597	179,539
3. Interest on capital instruments <i>(only applies to Credit Cooperatives)</i>	N/A	N/A
A) NET INTEREST INCOME	168,268	176,094
4. Return on equity instruments	2,774	2,474
5. Share of profit/(loss) of equity-accounted entities	-233	-2,553
6. Fees and commission income	81,033	78,582
7. Fees and commission expense	3,007	4,444
8. Net gains(losses) on financial assets and liabilities	22,644	11,963
8.1. Held for trading	16	812
8.2. Other financial instruments at fair value through profit or loss	601	203
8.3. Financial instruments not measured at fair value through profit or loss	23,571	11,557
8.4. Other	-1,544	-609
9. Exchange differences (net)	-643	308
10. Other operating income	247,457	314,689
10.1. Income from insurance and reinsurance contracts	235,470	302,446
10.2. Sales and income from non-financial services.....	4,177	5,926
10.3. Rest of other operating income.....	7,810	6,317
11. Other operating charges	239,599	315,270
11.1. Expenses on insurance and reinsurance contract	235,291	307,065
11.2. Changes in inventories	-	-
11.3. Rest of other operating expenses	4,308	8,205
B) GROSS INCOME	278,694	261,843
12 Administrative expenses	129,926	145,445
12.1. Personnel expenses.....	96,469	103,800
12.2. Other administration expenses	33,457	41,645
13. Depreciation and amortisation	14,400	13,800
14. Provisions (net)	12,693	1,284
15. Financial asset impairment losses (net)	48,368	38,818
15.1. Loans and receivables	48,258	39,333
15.2. Other financial instruments not carried at fair value through profit or loss	110	-515
C) INCOME FROM OPERATING ACTIVITIES	73,307	62,496
16. Other asset impairment losses (net)	4,256	3,987
16.1. Goodwill and other intangibles	-	2,191
16.2. Other assets	4,256	1,796
17. Gains(losses) from disposals of assets not classified as non-current available for sale	1,539	3,438
18. Negative difference in business combinations	-	-
19. Gains(losses) from non-current assets available for sale not classified as discontinued operations	-10,581	-4,788
D) PROFIT/(LOSS) BEFORE TAX	60,009	57,159
20. Corporate Income Tax	17,455	16,930
21. Compulsory allocation to welfare funds	-	-
E) PROFIT/(LOSS) FOR YEAR FROM CONTINUING OPERATIONS	42,554	40,229
22. Profit (loss) from discontinued operations (net)	-	-
F) PROFIT/(LOSS) FOR THE YEAR	42,554	40,229
F.1) Profit/(loss) attributed to the parent entity	42,567	40,163
F.2) Profit attributed to non-controlling interests	-13	66

^(*) Non-audited figures.

TAXATION

Taxation in Spain

The following is a general description of certain Spanish tax considerations arising in connection with the acquisition and holding of the Notes by individuals or entities who are the beneficial owners of the Notes (the **Noteholders** and each a **Noteholder**). It does not purport to be a complete analysis of all tax considerations relating to the Notes whether in those countries or elsewhere. Prospective purchasers of the Notes should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of the Kingdom of Spain of acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes.

All the tax consequences described in this section are based on the general assumption that the Notes are initially registered for clearance and settlement in Iberclear.

This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date, including changes with retroactive effect. In particular, prospective investors or Noteholders are advised to consider the recently enacted tax reform approving three different Bills regarding the Personal Income Tax ("**PIT**"), the Non-Resident Income Tax ("**NRIT**"), the Corporate Income Tax ("**CIT**") and the Value Added Tax which will affect the taxation of the Notes as well as the developments of the Law 10/2014, dated 26 June 2014, recently approved.

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

- (a) of general application, Additional Provision One of Law 10/2014, dated 26 June 2014 ("**Law 10/2014**"), which also applies to debt instruments issued by Spanish resident companies and Spanish public entities having corporate form, as well as Royal Decree 1065/2007, dated 27 July 2007, as amended by Royal Decree 1145/2011, dated 29 July 2011;
- (b) for individuals resident for tax purposes in Spain which are subject to the PIT, Law 35/2006, dated 28 November 2006, on PIT, as amended by Law 26/2014, of 27 November, and Royal Decree 439/2007, dated 30 March 2007, enacting the PIT Regulations, as amended by Royal Decree 633/2015, dated 10 July 2015, along with Law 19/1991, dated 6 June 1991, on Wealth Tax, as amended, and Law 29/1987, dated 18 December 1987, on Inheritance and Gift Tax ("**IGT**");
- (c) for legal entities resident for tax purposes in Spain which are subject to the CIT, Law 27/2014, dated 27 November, on CIT and Royal Decree 634/2015, dated 10 July 2015, promulgating the CIT Regulations, as amended; and
- (d) for individuals and entities who are not resident for tax purposes in Spain which are subject to the NRIT, Royal Legislative Decree 5/2004, dated 5 March 2004, promulgating the Consolidated Text of the NRIT Law, as amended by Law 26/2014, of 27 November, along with Law 19/1991, dated 6 June 1991, on Wealth Tax, as amended, and Royal Decree 1776/2004, dated 30 July 2004, promulgating the NRIT Regulations, as amended by Royal Decree 633/2015, dated 10 July 2015, and Law 29/1987, dated 18 December 1987, on IGT.

Indirect taxation

Whatever the nature and residence of the Noteholder, the acquisition and transfer of the 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 tax promulgated by Royal Legislative Decree 1/1993, dated 24 September 1993, and exempt from Value Added Tax, in accordance with Law 37/1992, dated 28 December 1992, regulating such tax.

Direct taxation

The Issuer understands that the Notes should be deemed as financial assets with an explicit yield for Spanish tax purposes, according to article 91 of the PIT Regulations and article 63 of the CIT Regulations.

Individuals with tax residency in Spain

Personal 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 a return on investment obtained from the transfer of a person's own capital to third parties in accordance with the provisions of article 25.2 of the PIT Law, and must be included in the investor's PIT savings taxable base.

The PIT savings taxable base is taxed at the following rates: (i) for taxable income up to €6,000: 19.5% (19% as from 1 January 2016); (ii) for taxable income from €6,001 to €50,000: 21.5% (21% as from 1 January 2016); and (iii) for any amount in excess of €50,000: 23.5% (23% as from 1 January 2016).

Individual investors subject to PIT will be subject to a withholding on account of PIT at the current rate of 19.5% (19% as from 1 January 2016 onwards) by the Issuer on interest payments as well as on income derived from the redemption or repayment of the Notes.

However, income derived from the transfer of the Notes should not be subject to withholding on account of PIT provided that the Notes are:

- (a) registered in book-entry form (*anotaciones en cuenta*); and
- (b) traded in a Spanish official secondary market (*mercado secundario oficial*), such as AIAF.

Notwithstanding the above, a withholding tax at the rate of 19.5% (19% as from 1 January 2016) shall apply on the part of the transfer price that corresponds to the accrued interest when the transfer of the Notes takes place within the 30-day period prior to the moment in which such interest is due when the following requirements are fulfilled:

- (a) the acquirer would be a non-Spanish tax resident or a CIT taxpayer;
- (b) the explicit yield derived from the transfer of the Notes is exempt from withholding tax.

In any event, the individual Noteholder may credit the withholding tax applied by the Issuer against his or her final PIT liability for the relevant tax year.

Wealth Tax (Impuesto sobre el Patrimonio)

According to Royal Decree-law 13/2011, dated 16 September 2011, as amended, and the Law on the General State Budget for 2015, in 2015 all Spanish resident individuals are liable for Wealth Tax. This tax is levied on the net worth of an individual's assets and rights in accordance with the applicable Spanish regional and State rules. The marginal rates range between 0.2% and 2.5% and some reductions could apply. Individuals with tax residency in Spain who are under the obligation to pay Wealth Tax must take into account the amount of the Notes which they hold as at 31 December in each year, when calculating their Wealth Tax liabilities.

Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)

Individuals who are resident in Spain for tax purposes who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to IGT in accordance with the applicable Spanish regional and state rules. The applicable tax rates range between 7.65% and 81.6% depending on relevant factors.

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 current general tax rate of 28% which will be reduced to 25% in year 2016 onwards) 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 subject to the fulfilment of the relevant

requirements, as described in "*Compliance with certain requirements in connection with income payments*" section below.

With regard to income derived from the transfer of the Notes, in accordance with article 61.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:

- (a) registered in book-entry form (*anotaciones en cuenta*); and
- (b) negotiated in a Spanish official secondary market (*mercado secundario oficial*), such as AIAF or in the Alternative Fixed-Income Securities Market (*Mercado Alternativo de Renta Fija*).

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 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 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)*" section above.

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.

Wealth Tax (Impuesto sobre el Patrimonio)

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, Wealth Tax will not become applicable.

Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)

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, IGT will apply in the same manner as described in "*Legal entities with tax residency in Spain – Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)*" section above.

2. *Investors that are not resident in Spain for tax purposes, not acting in respect of the Notes through a permanent establishment in Spain*

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. No withholding on account of NRIT will be levied on such income subject to the fulfilment of the relevant requirements, as described in "*Compliance with certain requirements in connection with income payments*" section below.

Wealth Tax (Impuesto sobre el Patrimonio)

In relation to fiscal year 2015, non-Spanish tax resident individuals holding Notes will be subject to Wealth Tax to the extent that such Noteholders own Notes (along with other property located in Spain and rights which could be exercised in Spain) valued at a combined net amount in excess of €700,000 as of 31 December. Spanish Wealth Tax rates vary between 0.2% and 2.5%. To the extent that income deriving from the Notes is exempt from NRIT, individuals who do not have tax residency in Spain who hold such Notes on the last day of the year will be exempt from Wealth Tax. Furthermore, individuals resident in a country with which Spain has entered into a double tax treaty in relation to Wealth Tax will generally be exempt from Wealth Tax. If the exemptions outlined do not apply, individuals who are not tax residents in Spain will be subject to Wealth Tax to the extent that the Notes are located in Spain or the rights deriving from the Notes can be exercised in Spain.

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 (EU individuals not resident in Spain for tax purposes are expected to apply regional rules), unless they reside in a country for tax purposes with which Spain has entered into a double tax treaty in relation to IGT. In such case, the provisions of the relevant double tax treaty will apply.

If no double tax treaty in relation to IGT applies, applicable IGT rates would range between 7.65% and 81.6% , depending on relevant factors.

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 described above), unless otherwise applicable under the provisions of any applicable double tax treaty entered into by Spain. In general, double tax treaties provide for the taxation of this type of income in the country of tax residence of the Noteholder.

Compliance with certain requirements in connection with income payments

Interest payments made by the Issuer in respect of the Notes for the benefit of Spanish CIT taxpayers and non-Spanish tax resident investors will not be subject to Spanish withholding tax, provided that the conditions set forth in Additional Provision One of Law 10/2014 are met and 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, dated 27 July 2007, as amended by Royal Decree 1145/2011, dated 29 July 2011, containing the following information:

1. Identification of the Notes.
2. Date of payment.
3. Total amount of the income paid by the Issuer.
4. Amount of the income corresponding to individual residents in Spain that are PIT taxpayers.
5. 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 interest made by the Issuer under the Notes, the Issuer will make the relevant Spanish withholding tax at the applicable rate of 19.5% (19% as from 1 January 2016 onwards) on such payment of interest and the Issuer will not pay any additional amounts with respect to any such withholding tax.

If this were to occur, affected Noteholders 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 tenth calendar day of the month immediately following the relevant payment date. In addition, Noteholders which are not resident in Spain for tax purposes 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 and its Regulations.

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 Noteholder 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.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or, certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

Investors who are in any doubt as to their position should consult their professional advisers.

However, the European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

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.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the 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 Commission's 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 the Notes are advised to seek their own professional advice in relation to the FTT.

FATCA

Whilst the Notes are cleared through Iberclear, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, given that each of the entities in the payment chain between the Issuer and the participants in Iberclear is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the Notes.

SUBSCRIPTION AND SALE

Barclays Bank PLC ("**Structuring Bank**"), Banco Bilbao Vizcaya Argentaria, S.A., J.P. Morgan Securities plc and UBS Limited (together with the Structuring Bank, the "**Lead Managers**") have, in a subscription agreement dated 23 July 2015 (the "**Subscription Agreement**") and made between the Issuer and the Lead Managers upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe for the Notes. The Issuer has agreed to pay certain commissions to the Lead Managers and to reimburse the Structuring Bank, on behalf of the Lead Managers, for certain of its expenses incurred in connection with the management of the issue of the Notes. The Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

United Kingdom

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

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

United States of America

The Notes have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Each of the Lead Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes within the United States or to, or for the account or benefit of, U.S. persons. In addition, until 40 days after commencement of the offering, an offer or sale of the Notes within the United States by a dealer whether or not participating in the offering may violate the registration requirements of the Securities Act.

General

Each Lead Manager has agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Lead Managers shall have any responsibility therefor.

None of the Issuer and the Lead Managers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

1. The creation and issue of the Notes has been authorised by a resolution of the general shareholders' meeting of the Issuer dated 10 March 2015 and of the board of directors of the Issuer dated 10 March 2015.

Key information. Interest of natural and legal persons involved in the issue

2. Save for any fees payable to the Lead Managers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The Lead Managers 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.

Legal and Arbitration Proceedings

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

Significant/Material Change

- 4.1 Since 31 March 2015 there has been no material adverse change in the financial or trading position of the Issuer.
- 4.2 In addition to the above, since 31 March 2015 there has been no material change in the financial or trading position of the Issuer except for the sale of a portfolio of credits not secured with *in rem* security to Reeftown Investments, S.L.U. for Euro 210 million, which represented a gross capital gain of Euro 9.6 million. This portfolio was completely provisioned.

Trend Information

- 5.1 Since 31 March 2015 there has been no material change in the prospects of the Issuer.
- 5.2 The section *Risk Factors – Risks relating to the Issuer* of this Prospectus includes a detailed description of the factors and uncertainties which could have a material effect on the Issuer's prospects.

Auditors

6. The consolidated annual accounts of the Issuer have been audited without qualification for the years ended 31 December 2014 and 31 December 2013 by PricewaterhouseCoopers Auditores, S.L., independent accountants. PricewaterhouseCoopers Auditores, S.L. office is in Paseo de la Constitución 4, 7ª planta 50008 Zaragoza (Spain) and is registered in the Official Registry for Account Auditors (*Registro Oficial de Auditores de Cuentas (ROAC)*) with number S0242.

Documents on Display

7. Copies of the following documents (together with English translations thereof) may be inspected during normal business hours at the offices of Ibercaja Banco S.A. at Plaza Basilio Paraiso No. 2, in Zaragoza (Spain), for 12 months from the date of this Prospectus:
 - (a) the Bylaws (*estatutos*) and the deed of incorporation of the Issuer;
 - (b) the Deed of Covenant; and
 - (c) the audited consolidated annual accounts of the Issuer for each of the years ended 31 December 2014 and 31 December 2013.

In addition, the audited consolidated annual accounts of the Issuer for the years ended 31 December 2014 and 31 December 2013 are available at the Issuer's website (<http://www.ibercaja.es/informacionInversores/informes-anauales>) and the CNMV's website (www.cnmv.es). The Bylaws (*estatutos*) of the Issuer are also available at the Issuer's website (<http://www.ibercaja.es/informacionEntidad/estatutos-y-reglamentos>).

Material Contracts

8. There are no material contracts which could result in any member of the Group being under an obligation that is material to the Issuer's ability to meet its obligations to holders of the Notes.

Yield

9. On the basis of the issue price of the Notes of 100 per cent. of their principal amount and on the assumption that the Notes will be called on the Reset Date, the gross real yield of the Notes (assuming an inflation rate of 1.000 per cent.) is 4.000 per cent. on an annual basis.). Notwithstanding the above mentioned assumptions, there is no assurance as to whether or not the Notes will be actually called on the Reset Date. Therefore the yield realised by subscribers may be different. If the notes were not called on the Reset Date but were redeemed at maturity, assuming a rate of Interest of 5.000 per cent. per annum for the Reset Period (and an inflation rate of 1.000 per cent.), the gross real yield of the Notes would be 4.000 per cent.

Listing of Notes

10. This Prospectus has been registered with the CNMV in its capacity as competent authority under the LMV and relevant implementing rules and regulations in Spain. Application will be made for the Notes to be admitted to trading on AIAF within 30 days of the Closing Date.

Expenses related to the admission to trading

11. For informative purposes only, an approximate estimate of the expenses payable by Ibercaja Banco in relation to the admission to trading is as follows:

Type of expense	euro (estimated amount)
Charges and fees of AIAF and Iberclear	25,500
CNMV fees (listing)	50,000
Other (rating agencies, legal advisors, auditor, syndicate of noteholders)	1,000,000
TOTAL	1,075,500

SIGNATURES

In witness to their knowledge and approval of the contents of this Prospectus drawn up according to Annexes XI and XIII of Commission Regulation (EC) No. 809/2004 of 29 April 2004, it is hereby signed by the Chief Executive Officer of Ibercaja Banco, in Zaragoza, this 27th day of July 2015.

Mr. Víctor Manuel Iglesias Ruíz

ISSUER

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To the Lead Managers as to English and Spanish law:

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