



**Repsol International Finance B.V.**  
*(incorporated with limited liability under the  
laws of The Netherlands)*

**€750,000,000 6 Year Non-Call Undated Deeply Subordinated Guaranteed Fixed Rate Securities**

**€750,000,000 8.5 Year Non-Call Undated Deeply Subordinated Guaranteed Fixed Rate Securities**

**in each case unconditionally and irrevocably guaranteed on a subordinated basis by**

**Repsol, S.A.**  
*(incorporated with limited liability under the laws of the  
Kingdom of Spain)*

The €750,000,000 6 Year Non-Call Undated Deeply Subordinated Guaranteed Fixed Rate Securities (the “**6 Year Non-Call Securities**”) and the €750,000,000 8.5 Year Non-Call Undated Deeply Subordinated Guaranteed Fixed Rate Securities (the “**8.5 Year Non-Call Securities**”, and together with the 6 Year Non-Call Securities, the “**Securities**”) are issued by Repsol International Finance B.V. (the “**Issuer**”) and unconditionally and irrevocably guaranteed on a subordinated basis by Repsol, S.A. (the “**Guarantee**”, and the “**Guarantor**”, respectively).

Pursuant to the terms and conditions of the 6 Year Non-Call Securities as described in “*Terms and Conditions of the 6 Year Non-Call Securities*” (the “**6 Year Non-Call Conditions**”), the 6 Year Non-Call Securities will bear interest on their principal amount (i) at a fixed rate of 3.750 per cent. per annum from (and including) the Issue Date to (but excluding) the First Reset Date (as defined in the 6 Year Non-Call Conditions) payable annually in arrear on 11 June in each year, with the first Interest Payment Date on 11 June 2021; and (ii) from (and including) the First Reset Date, at the applicable 5 year Swap Rate in respect of the relevant Reset Period (as defined in the 6 Year Non-Call Conditions), plus: (A) in respect of the period commencing on the First Reset Date to (but excluding) 11 June 2031, 4.000 per cent. per annum; and (B) from and including 11 June 2031 to (but excluding) 11 June 2046, 4.250 per cent. per annum; and (C) from and including 11 June 2046, 5.000 per cent. per annum, all as determined by the Agent Bank, payable annually in arrear on 11 June in each year (each, an Interest Payment Date as defined in the 6 Year Non-Call Conditions), commencing on 11 June 2027.

Pursuant to the terms and conditions of the 8.5 Year Non-Call Securities as described in “*Terms and Conditions of the 8.5 Year Non-Call Securities*” (the “**8.5 Year Non-Call Conditions**”), the 8.5 Year Non-Call Securities will bear interest on their principal amount (i) at a fixed rate of 4.247 per cent. per annum from (and including) the Issue Date to (but excluding) the First Reset Date (as defined in the 8.5 Year Non-Call Conditions) payable annually (except for a short first Interest Period) in arrear on 11 December in each year, with the first Interest Payment Date on 11 December 2020; and (ii) from (and including) the First Reset Date, at the applicable 5 year Swap Rate in respect of the relevant Reset Period (as defined in the 8.5 Year Non-Call Conditions), plus: (A) in respect of the period commencing on the First Reset Date to (but excluding) 11 December 2033, 4.409 per cent. per annum; and (B) from and including 11 December 2033 to (but excluding) 11 December 2048, 4.659 per cent. per annum; and (C) from and including 11 December 2048, 5.409 per cent. per annum, all as determined by the Agent Bank, payable annually in arrear on 11 December in each year (each, an Interest Payment Date as defined in the 8.5 Year Non-Call Conditions), commencing on 11 December 2029.

The 6 Year Non-Call Conditions and the 8.5 Year Non-Call Conditions together shall be referred to as the “**Conditions**”, and any reference to a numbered “**Condition**” shall be to the relevant condition in the 6 Year Non-Call Conditions and the 8.5 Year Non-Call Conditions, as applicable. Any reference to the “**relevant**

**Securities**” shall be to the 6 Year Non-Call Securities and the 8.5 Year Non-Call Securities, respectively and any reference to the “**relevant Coupons**” shall be to the Coupons of the 6 Year Non-Call Securities and the 8.5 Year Non-Call Securities, respectively.

The Issuer may, at its sole discretion, elect to defer (in whole or in part) any payment of interest on the relevant Securities, as more particularly described in Condition 5 (*Optional Interest Deferral*). Any amounts so deferred, together with further interest accrued thereon (at the Prevailing Interest Rate applicable from time to time), shall constitute Arrears of Interest (each capitalised term as defined in the Conditions). The Issuer may pay outstanding Arrears of Interest, in whole or in part, at any time in accordance with the Conditions. Notwithstanding the foregoing, the Issuer shall pay any outstanding Arrears of Interest in whole, but not in part, on the first occurring Mandatory Settlement Date following the Interest Payment Date on which any outstanding Arrears of Interest was first deferred, all as more particularly described, and each capitalised term as defined, in Condition 5.3 (*Mandatory Settlement of Arrears of Interest*).

The Securities are undated securities in respect of which there is no specific maturity date. The relevant Securities will be redeemable (at the option of the Issuer) in whole, but not in part, on any date during the Relevant Period (as defined in the Conditions) or upon any Interest Payment Date (as defined in the Conditions) thereafter, at their principal amount together with any accrued and unpaid interest up to (but excluding) the Redemption Date (as defined in the Conditions) and any outstanding Arrears of Interest. In addition, upon the occurrence of a Capital Event, a Tax Event, a Withholding Tax Event, a Substantial Purchase Event or an Accounting Event (each such term as defined in the Conditions), the relevant Securities will be redeemable (at the option of the Issuer) in whole, but not in part, at the amount set out, and as more particularly described, in Condition 6 (*Redemption and Purchase*).

The Securities constitute direct, unsecured and subordinated obligations of the Issuer and will at all times rank *pari passu* and without any preference among themselves, all as more particularly described in Condition 2 (*Status and Subordination of the Securities and Coupons*). In the event of an Issuer Winding-up (as defined in the Conditions), the rights and claims of the holders of the relevant Securities against the Issuer in respect of or arising under the relevant Securities and the relevant Coupons will rank (i) junior to the claims of all holders of Senior Obligations of the Issuer (as defined in the Conditions), (ii) *pari passu* with the claims of holders of all Parity Obligations of the Issuer (as defined in the Conditions) and (iii) senior to the claims of holders of all Junior Obligations of the Issuer (as defined in the Conditions). The payment obligations of the Guarantor under the Guarantee constitute direct, unsecured and subordinated obligations of the Guarantor and will at all times rank *pari passu* and without any preference among themselves. In the event of the Guarantor being declared in insolvency under the Spanish Insolvency Law (as defined below), the rights and claims of holders of the relevant Securities against the Guarantor in respect of or arising under the Guarantee will rank, as against the other obligations of the Guarantor, in the manner more particularly described in Condition 3 (*Guarantee, Status and Subordination of the Guarantee*).

Payments in respect of the relevant Securities will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature of The Netherlands or the Kingdom of Spain, unless such withholding or deduction is required by law. In the event that any such withholding or deduction is made, additional amounts will be payable by the Issuer or, as the case may be, the Guarantor, subject to certain exceptions as are more fully described in Condition 8 (*Taxation*).

This document constitutes a prospectus (the “**Prospectus**”) for the purposes of Article 6 of Regulation (EU) 2017/1129 (as amended, the “**Prospectus Regulation**”). This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the “**CSSF**”) as competent authority for the purposes of the Prospectus Regulation and Commission Delegated Regulation (EU) 2019/980. The CSSF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed under Luxembourg and EU law pursuant to the Prospectus Regulation. Such approval by the CSSF should not be considered as an endorsement of the Issuer or the Guarantor that are the subject of this Prospectus nor as an endorsement of the quality of the Securities. Investors should make their own assessment as to the suitability of investing in the relevant Securities. The CSSF gives no undertaking as to the economic and financial soundness of the transaction or the quality or solvency of the Issuer or the Guarantor in line with the provisions of Article 6(4) of the Luxembourg Act dated 16 July 2019 relating to prospectuses for securities.

Application has been made to the Luxembourg Stock Exchange for the Securities to be listed on the official list of the Luxembourg Stock Exchange and to be admitted to trading on the Luxembourg Stock Exchange's regulated market (which is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments (as amended, "**MiFID II**")).

The period of validity of this Prospectus shall be 12 months after the Prospectus has been approved (i.e., until 4 June 2021). For the avoidance of doubt, neither the Issuer nor the Guarantor shall have any obligation to supplement this Prospectus after the Securities have been admitted to trading.

The Securities 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 Securities are being offered outside the United States by the Joint Bookrunners (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 relevant Securities will be in bearer form and each in the denomination of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. The relevant Securities will initially be represented by a temporary global security (each a "**Temporary Global Security**"), without interest coupons or talons, which will be deposited with a common depositary on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") on or about the Issue Date. Interests in each Temporary Global Security will be exchangeable for interests in a permanent global security (each a "**Permanent Global Security**") and together with each Temporary Global Security, the "**Global Securities**") in the circumstances set out in each Temporary Global Security. Each Permanent Global Security will be exchangeable for definitive Securities (the "**Definitive Securities**") in the circumstances set out in the Permanent Global Security. See "*Summary of Provisions relating to the Securities in Global Form*".

The Securities are expected to be rated BB+ by S&P Global Ratings Europe Limited ("**S&P**"), Ba1 by Moody's Investors Service Ltd ("**Moody's**") and BB+ by Fitch Ratings España SAU ("**Fitch Ratings**").

Each of S&P, Moody's and Fitch Ratings is established in the European Union or the United Kingdom and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

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

The determination of the Prevailing Interest Rate in respect of the Securities is dependent upon the relevant 6-month Euro Interbank Offered Rate ("**EURIBOR**") administered by the European Money Markets Institute and the 5 year Swap Rate appearing on the Reuters Screen Page "ICESWAP2" provided by ICE Benchmark Administration Limited.

As at the date of this Prospectus, each of the European Money Markets Institute and ICE Benchmark Administration Limited is included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of Regulation (EU) No 2016/1011 (the "**Benchmarks Regulation**").

**Prospective investors should have regard to the factors described under the section headed “*Risk Factors*” in this Prospectus.**

*Joint Bookrunners*

**BBVA**

**BNP PARIBAS**

**BofA Securities**

**Citigroup**

**Goldman Sachs International**

**HSBC**

**J.P. Morgan**

**Mizuho Securities**

**MUFG**

**NatWest Markets**

**4 June 2020**

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## IMPORTANT NOTICES

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import. Information appearing in this Prospectus is only accurate as of the date on the front cover of this Prospectus. The business, financial condition, results of operations and prospects of the Issuer and the Guarantor may have changed since such date.

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

Each of the Issuer and the Guarantor has confirmed to the Joint Bookrunners named under “*Subscription and Sale*” below (the “**Joint Bookrunners**”) that this Prospectus contains all information regarding the Issuer, the Guarantor and the Securities which is (in the context of the issue of the Securities) 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 or (as the case may be) the Guarantor 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.

Neither the Issuer nor the Guarantor has authorised the making or provision of any representation or information regarding the Issuer, the Guarantor or the Securities other than as contained in this Prospectus or as approved for such purpose by the Issuer and the Guarantor. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Guarantor or the Joint Bookrunners.

Neither the Joint Bookrunners nor any of their respective affiliates have 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 Security 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 or the Guarantor since the date of this Prospectus.

This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Securities.

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

In particular, the Securities 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, Securities 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 “**U.S.\$**”, and “**U.S. dollar**” are to United States dollars, the lawful currency of the United States of America, references to “**C\$**” are to Canadian dollars, the lawful currency of Canada, references to “**sterling**”, “**pound sterling**” or “**£**” are to the currency of the United Kingdom and references to “**EUR**”, “**euro**” or “**€**” 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.

As used in this Prospectus, “**Repsol**”, “**Repsol Group**” and “**Group**” mean Repsol, S.A. together with its consolidated subsidiaries, unless otherwise specified or the context otherwise requires, and the “**Guarantor**” refers to Repsol, S.A. only.

The Securities are securities which, because of their nature, are normally bought and traded by a limited number of investors who are particularly knowledgeable in investment matters, and may not be a suitable investment for all investors. Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;
- (ii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where the currency for principal or interest payments is different from the potential investor’s currency;
- (iii) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and
- (iv) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities unless it has the knowledge and expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities, and the impact this investment will have on the potential investor’s overall investment portfolio.

Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Prospectus (as the same may be supplemented) or incorporated by reference herein. Potential investors should not construe anything in this Prospectus as legal, tax, business or financial advice. Each investor should consult with his or her own advisers as to the legal, tax, business, financial and related aspects of a purchase of the Securities.

#### **MIFID II PRODUCT GOVERNANCE – TARGET MARKET**

**Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a “distributor”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable.**

#### **PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS**

**The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “EEA”) or in the United Kingdom (the “UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a**

**customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Securities or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.**

### **NO ACTIVE TRADING MARKET**

The Securities are new securities which may not be widely distributed and for which there is currently no active trading market. If the Securities 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 and the Guarantor. Although applications have been made to the Luxembourg Stock Exchange for the Securities to be admitted to trading on the Luxembourg Stock Exchange’s regulated market and to be listed on the official list of the Luxembourg Stock Exchange, there is no assurance that such applications 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 Securities.

### **ALTERNATIVE PERFORMANCE MEASURES**

The financial data incorporated by reference in this Prospectus, in addition to the conventional financial performance measures established by International Financial Reporting Standards as adopted by the European Union (“**IFRS-EU**”), contains certain alternative performance measures (such as adjusted net income, EBITDA, etc.) (“**APMs**”) that are presented for the purposes of a better understanding of Repsol’s financial performance, cash flows and financial position, as these are used by Repsol when making operational or strategic decisions for the Group. The relevant metrics are identified as APMs and accompanied by an explanation of each such metric’s components and calculation method in “Appendix I: Alternative performance measures” to the “Consolidated Management Report 2019” and the “Consolidated Management Report 2018”, which are incorporated by reference in this Prospectus.

Such measures should not be considered as a substitute for those required by IFRS-EU.

### **FORWARD-LOOKING STATEMENTS**

This Prospectus includes forward-looking statements that reflect the Group’s intentions, beliefs or current expectations and projections about the Group’s future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans, opportunities, trends and the markets in which the Group operates or intends to operate. Forward-looking statements involve all matters that are not historical fact. These and other forward-looking statements can be identified by the words “may”, “will”, “would”, “should”, “expect”, “intend”, “estimate”, “anticipate”, “project”, “future”, “potential”, “believe”, “seek”, “plan”, “aim”, “objective”, “goal”, “strategy”, “target”, “continue” and similar expressions or their negatives. These forward-looking statements are based on numerous assumptions regarding the Group’s present and future business and the environment in which the Group expects to operate in the future. Forward-looking statements may be found in sections of this Prospectus entitled “*Risk Factors*” and “*Description of the Guarantor and the Group*”, in the consolidated management reports that are incorporated by reference in this Prospectus (the “**Consolidated Management Reports**”) and elsewhere in this Prospectus.

These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions and other factors that could cause the Group’s actual results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans or opportunities, as well as those of the markets the Group serves or intends to serve, to differ materially from those expressed in, or suggested by, these forward-looking statements.



Additional factors that could cause the Group's actual results, financial condition, liquidity, performance, prospects, opportunities or achievements or industry results to differ include, but are not limited to, those discussed under "*Risk Factors*".

In light of these risks, uncertainties and assumptions, the forward-looking events described in this Prospectus may not occur. Additional risks that the Group may currently deem immaterial or that are not presently known to the Group could also cause the forward-looking events discussed in this Prospectus not to occur. Except as otherwise required by Dutch, Spanish, Luxembourg and other applicable securities laws and regulations and by any applicable stock exchange regulations, the Group undertakes no obligation to update publicly or revise publicly any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason after the date of this Prospectus. Given the uncertainty inherent in forward-looking statements, prospective investors are cautioned not to place undue reliance on these statements.

### **HYDROCARBON AND GAS RESERVES CAUTIONARY STATEMENT**

Hydrocarbon and gas reserves and resource estimates are expressions of engineering and economic analysis and interpretation based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may, in turn, adversely affect the Group's operations. See also "*Risk Factors—Risk Factors that May Affect the Issuer's and the Guarantor's Ability to Fulfil Their Obligations under the Securities—Risks Related to Repsol's Business Activities and Industry—Risks related to the Group's estimation of its oil and gas reserves*".

### **CERTAIN TECHNICAL TERMS**

As used in this Prospectus:

"**bbl**" refers to barrels;

"**bcf**" means billion cubic feet;

"**boe**" refers to barrels of oil equivalent;

"**/d**" or "**d**" suffix means per day;

"**k**" prefix means thousand;

"**mm**" prefix means million; and

"**scf**" means standard cubic feet.

### **STABILISATION**

**IN CONNECTION WITH THE ISSUE OF THE SECURITIES, MERRILL LYNCH INTERNATIONAL (THE "STABILISATION MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER MAY OVER-ALLOT SECURITIES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE SECURITIES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF**

**30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT SECURITIES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT SECURITIES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

## OVERVIEW OF THE 6 YEAR NON-CALL SECURITIES

*This overview must be read as an introduction to this Prospectus and any decision to invest in the 6 Year Non-Call Securities 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 6 Year Non-Call Securities” below or elsewhere in this Prospectus have the same meanings in this overview.*

<b>Issuer:</b>	Repsol International Finance B.V.
<b>Guarantor:</b>	Repsol, S.A.
<b>Description of the 6 Year Non-Call Securities:</b>	€750,000,000 6 Year Non-Call Undated Deeply Subordinated Guaranteed Fixed Rate Securities (the “ <b>6 Year Non-Call Securities</b> ”), to be issued by the Issuer on the Issue Date.
<b>Joint Bookrunners:</b>	Banco Bilbao Vizcaya Argentaria, S.A., BNP Paribas, Citigroup Global Markets Limited, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, Mizuho Securities Europe GmbH, MUFG Securities (Europe) N.V. and NatWest Markets Plc.
<b>Fiscal Agent:</b>	Citibank, N.A., London Branch.
<b>Issue Price:</b>	100 per cent. of the principal amount of the 6 Year Non-Call Securities.
<b>Issue Date:</b>	11 June 2020.
<b>Maturity Date:</b>	Undated.
<b>Interest:</b>	Unless previously redeemed or repurchased and cancelled in accordance with the Conditions and subject to the further provisions of Condition 4 ( <i>Interest Payments</i> ), the 6 Year Non-Call Securities will bear interest on their principal amount as follows:  (a) from (and including) the Issue Date to (but excluding) the First Reset Date, at the rate of 3.750 per cent. per annum, payable annually in arrear on each Interest Payment Date, commencing on 11 June 2021; and  (b) from (and including) the First Reset Date, at the applicable 5 year Swap Rate in respect of the relevant Reset Period plus: (i) in respect of the period commencing on the First Reset Date to (but excluding) 11 June 2031, 4.000 per cent. per annum;  (ii) in respect of the period commencing on 11 June 2031 to (but excluding) 11 June 2046, 4.250 per cent. per annum <sup>1</sup> ; and

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<sup>1</sup> Step-up of 25 basis points 11 years after the Issue Date

(iii) from and including 11 June 2046, 5.000 per cent. per annum<sup>2</sup>,

all as determined by the Agent Bank, payable annually in arrear on each Interest Payment Date, commencing on 11 June 2027, subject to Condition 5 (*Optional Interest Deferral*),

all as more particularly described in Condition 4 (*Interest Payments*).

**Interest Payment Dates:**

Interest payments in respect of the 6 Year Non-Call Securities will be payable annually in arrear on 11 June in each year, commencing on 11 June 2021.

**Status of the 6 Year Non-Call Securities:**

The 6 Year Non-Call Securities and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer (senior only to Junior Obligations of the Issuer) and will at all times rank *pari passu* and without any preference among themselves.

**Subordination of the 6 Year Non-Call Securities:**

In the event of an Issuer Winding-up, the rights and claims of the Holders against the Issuer in respect of or arising under the 6 Year Non-Call Securities and the Coupons will rank (i) junior to the claims of all holders of Senior Obligations of the Issuer, (ii) *pari passu* with the claims of holders of all Parity Obligations of the Issuer and (iii) senior to the claims of holders of all Junior Obligations of the Issuer.

Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the 6 Year Non-Call Securities or the Coupons and each Holder shall, by virtue of being the Holder, be deemed to have waived all such rights of set-off. Condition 2.2 (*Subordination of the Securities*) is an irrevocable stipulation (*derdenbeding*) for the benefit of the creditors of Senior Obligations of the Issuer and each such creditor may rely on and enforce Condition 2.2 (*Subordination of the Securities*) under Section 6:253 of the Dutch Civil Code.

**Guarantee and Status of Guarantee:**

Payment of all sums expressed to be payable by the Issuer under the 6 Year Non-Call Securities and the Coupons will be unconditionally and irrevocably guaranteed by the Guarantor on a subordinated basis.

Subject to mandatory provisions of Spanish applicable law, the payment obligations of the Guarantor under the Guarantee constitute direct, unsecured and subordinated obligations of the Guarantor (senior only to Junior Obligations of the Guarantor) and will at all times rank *pari passu* and without any preference among themselves.

**Subordination of the Guarantee:**

Subject to mandatory provisions of Spanish applicable law, in the event of the Guarantor being declared insolvent (*concurso*) under the Spanish Insolvency Law (as defined below), the rights and claims of Holders against the Guarantor in respect of or arising under the Guarantee will rank (i) junior to the claims of the holders of all Senior Obligations of the Guarantor, (ii) *pari passu* with the claims of the holders of all Parity Obligations of the Guarantor and (iii) senior to

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<sup>2</sup> Step-up of an additional 75 basis points 26 years after the Issue Date

the claims of the holders of all Junior Obligations of the Guarantor.

Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Guarantor arising under or in connection with the Guarantee and each Holder shall, by virtue of being the Holder, be deemed to have waived all such rights of set-off.

**Optional Interest Deferral:**

The Issuer may, at its sole discretion, elect to defer (in whole or in part) any payment of interest on the 6 Year Non-Call Securities, as more particularly described in Condition 5 (*Optional Interest Deferral*). Non-payment of interest so deferred shall not constitute a default by the Issuer or the Guarantor under the 6 Year Non-Call Securities or the Guarantee or for any other purpose. Any amounts so deferred, together with further interest accrued thereon (at the Prevailing Interest Rate applicable from time to time), shall constitute Arrears of Interest.

**Optional Settlement of Arrears of Interest:**

Arrears of Interest may be satisfied at the option of the Issuer, in whole or in part, at any given time upon giving not more than 14 and no less than seven Business Days' notice to the Holders, the Fiscal Agent and the Paying Agents prior to the relevant Optional Deferred Interest Settlement Date informing them of its election so to satisfy such Arrears of Interest (or part thereof) and specifying the relevant Optional Deferred Interest Settlement Date. See Condition 5.2 (*Optional Settlement of Arrears of Interest*).

**Mandatory Settlement of Arrears of Interest:**

The Issuer shall pay any outstanding Arrears of Interest in whole, but not in part, on the first occurring Mandatory Settlement Date following the Interest Payment Date on which any outstanding Deferred Interest Payment was first deferred.

“**Mandatory Settlement Date**” means the earliest of:

- (a) as soon as reasonably practicable (but not later than the fifth Business Day) following the date on which a Compulsory Arrears of Interest Settlement Event occurs;
- (b) following any Deferred Interest Payment, on the next scheduled Interest Payment Date on which the Issuer does not elect to defer in whole the Interest Payment in respect of the relevant Interest Period;
- (c) the date on which the 6 Year Non-Call Securities are redeemed or repaid in accordance with Condition 6 (*Redemption and Purchase*) or become due and payable in accordance with Condition 9 (*Enforcement Events and No Events of Default*); and
- (d) the date on which the 6 Year Non-Call Securities are substituted or varied in accordance with Condition 12.3 (*Substitution and Variation*).

Subject to certain exceptions, as more particularly described in Condition 5 (*Optional Interest Deferral*), a “**Compulsory Arrears of**

**Interest Settlement Event**” shall have occurred if:

- (a) a Dividend Declaration is made in respect of any Junior Obligations or any Parity Obligations (other than in respect of any such dividend, distribution or payment paid or made exclusively in Ordinary Shares of the Guarantor); or
- (b) the Guarantor or any of its subsidiaries has repurchased, redeemed or otherwise acquired any Junior Obligations or any Parity Obligations.

See Condition 5.3 (*Mandatory Settlement of Arrears of Interest*).

**Optional Redemption:**

The Issuer may redeem the 6 Year Non-Call Securities in whole, but not in part, (i) on any date during the Relevant Period, or (ii) on any Interest Payment Date thereafter at their principal amount together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest.

In addition, upon the occurrence of a Capital Event, a Tax Event, a Withholding Tax Event, an Accounting Event or a Substantial Purchase Event, the 6 Year Non-Call Securities will be redeemable (at the option of the Issuer) in whole, but not in part, at the prices set out, and as more particularly described, in Condition 6 (*Redemption and Purchase*).

**Events of Default:**

There are no events of default in respect of the 6 Year Non-Call Securities.

However, if an Issuer Winding-up occurs, or an order is made or an effective resolution passed for the winding-up, dissolution or liquidation of the Guarantor (except for the purposes of a solvent merger, reconstruction or amalgamation), any Holder of a 6 Year Non-Call Security, in respect of such 6 Year Non-Call Security and provided that such Holder does not contravene a previously adopted Extraordinary Resolution (if any) may, by written notice to the Issuer and the Guarantor, declare that such 6 Year Non-Call Security and all interest then accrued but unpaid on such 6 Year Non-Call Security shall be forthwith due and payable, whereupon the same shall become immediately due and payable, together with all interest accrued thereon.

In such case the Holder of a 6 Year Non-Call Security may, at its sole discretion, institute steps in order to obtain a judgment against the Issuer and/or the Guarantor for any amounts due in respect of the 6 Year Non-Call Securities, including the institution of proceedings for the declaration of insolvency (*declaración de concurso*) of the Guarantor under the Spanish Insolvency Law and/or proving and/or claiming in an Issuer Winding-up or in the winding-up, dissolution, liquidation or insolvency proceeding of the Guarantor for such amount.

**Additional Amounts:**

Payments in respect of the 6 Year Non-Call Securities and the Coupons by the Issuer or (as the case may be) the Guarantor under the Guarantee will be made without withholding or deduction for, or on

account of, Taxes of The Netherlands or the Kingdom of Spain, unless such withholding or deduction is required by law. In the event that any such withholding or deduction is made, additional amounts will be payable by the Issuer or, as the case may be, the Guarantor, subject to certain exceptions as are more fully described in Condition 8.1 (*Additional Amounts*).

**Form:**

The 6 Year Non-Call Securities will be in bearer form and will initially be represented by a Temporary Global Security, without interest coupons or talons, which will be deposited with a common depository on behalf of Euroclear and Clearstream, Luxembourg on or about the Issue Date. Interests in the Temporary Global Security will be exchangeable for interests in a Permanent Global Security as set out in the Temporary Global Security. The Permanent Global Security will be exchangeable for Definitive Securities in the circumstances set out in the Permanent Global Security. See “*Summary of Provisions relating to the Securities in Global Form*”.

**Substitution and Variation:**

If at any time after the Issue Date, (A) the Issuer and/or the Guarantor determines that a Capital Event, a Tax Event, a Withholding Tax Event, or an Accounting Event has occurred or (B) the Issuer is required to withhold on account of Taxes imposed or levied in The Netherlands on any payment under the 6 Year Non-Call Securities, the Issuer may, subject to Condition 12.3 (*Substitution and Variation*) (without any requirement for the consent or approval of the Holders) (i) exchange the 6 Year Non-Call Securities into new securities of the Issuer, the Guarantor or any wholly-owned direct or indirect finance subsidiary of the Guarantor with a guarantee of the Guarantor, or (ii) vary the terms of the 6 Year Non-Call Securities, so that the 6 Year Non-Call Securities (as so exchanged or varied) remain or become, as the case may be, eligible for the same or (from the perspective of the Issuer or the Guarantor) more favourable tax (including withholding tax), accounting or ratings treatment than the treatment to which they were entitled prior to the relevant event occurring.

**Denominations:**

The 6 Year Non-Call Securities will be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000.

**Governing Law:**

The Fiscal Agency Agreement, the 6 Year Non-Call Securities, the Coupons and the Guarantee and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law, other than the provisions of Condition 2 (*Status and Subordination of the Securities and Coupons*) which are governed by, and construed in accordance with, the laws of The Netherlands, and the provisions of Conditions 3.2 (*Status of the Guarantee*) and 3.3 (*Subordination of the Guarantee*), and the corresponding provisions of the Guarantee, which are governed by and construed in accordance with the laws of the Kingdom of Spain. See Condition 16 (*Governing Law*).

**Replacement Intention:**

*As at the date of this Prospectus, it is the Guarantor's intention (without thereby assuming any obligation whatsoever) at any time, that it or the Issuer will redeem or repurchase the 6 Year Non-Call Securities (or any part thereof) only to the extent that the amount of*

*“equity credit” (as defined below) of the 6 Year Non-Call Securities (or any part thereof) to be redeemed or repurchased does not exceed the aggregate amount of “equity credit” of the Replacement Securities (as defined below) sold or issued on or prior to the date of such redemption or repurchase, unless:*

- (i) the rating (or such similar nomenclature then used by S&P) assigned by S&P to the Guarantor is at least equal to the rating assigned to the Guarantor on the date of the most recent additional hybrid security issuance (excluding any refinancing) which was assigned by S&P a similar “equity credit” and the Guarantor is of the view that such rating would not fall below this level as a result of such redemption or repurchase, or*
- (ii) in the case of a repurchase, such repurchase is of less than (a) 10 per cent. of the aggregate principal amount of hybrid capital of the Group outstanding in any period of 12 consecutive months or (b) 25 per cent. of the aggregate principal amount of hybrid capital of the Group outstanding in any period of 10 consecutive years, or*
- (iii) the 6 Year Non-Call Securities are redeemed pursuant to a Tax Event, a Capital Event, an Accounting Event, a Substantial Purchase Event or a Withholding Tax Event, or*
- (iv) the 6 Year Non-Call Securities are not assigned any category of “equity credit” at the time of such redemption or repurchase, or*
- (v) in the case of any repurchase, such repurchase relates to an aggregate principal amount of the 6 Year Non-Call Securities repurchased up to the S&P Excess Amount, or*
- (vi) such redemption or repurchase occurs on or after the Interest Payment Date falling on or after 11 June 2046.*

*For the purposes of the paragraph above:*

*“**equity credit**” means the equity credit assigned to the relevant securities at the time of their issuance, sale, repurchase or redemption, as applicable (or such similar nomenclature used by S&P from time to time);*

*“**Group**” means the Guarantor together with its consolidated subsidiaries from time to time;*

*“**Replacement Securities**” means securities (other than the 6 Year Non-Call Securities) sold or issued by the Guarantor or any subsidiary of the Guarantor to third party purchasers (other than group entities of the Guarantor) and which are assigned by S&P, at the time of their sale or issuance, an “equity credit” that is equal to or greater than the “equity credit” assigned to the 6 Year Non-Call Securities (or any part thereof) to be redeemed or repurchased at their time of issuance (but taking into account any changes in hybrid*



capital methodology or another relevant methodology or the interpretation thereof since the issuance of the 6 Year Non-Call Securities); and

*“S&P Excess Amount” means the amount by which the aggregate principal amount of outstanding hybrid capital of the Guarantor and any subsidiaries of the Guarantor exceeds the maximum aggregate principal amount of hybrid capital for which S&P under its then-prevailing methodology would recognise “equity credit” from time to time based on the Guarantor’s adjusted total capitalisation.*

**Rating:**

The 6 Year Non-Call Securities are expected to be rated BB+ by S&P, Ba1 by Moody’s and BB+ by Fitch Ratings. Each of S&P, Moody’s and Fitch Ratings is established in the European Union or the United Kingdom and registered under the CRA Regulation. 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.

**Listing and Admission to Trading:**

Application has been made for the 6 Year Non-Call Securities to be listed on the official list of the Luxembourg Stock Exchange and to be admitted to trading on the Luxembourg Stock Exchange’s regulated market (which is a regulated market for the purposes of MiFID II).

**Selling Restrictions:**

The United States, the United Kingdom, the EEA (including the United Kingdom) and the Kingdom of Spain. See *“Subscription and Sale”*.

Category 2 selling restrictions will apply for the purposes of Regulation S under the Securities Act.

**Use of Proceeds:**

The net proceeds of the issuance of the 6 Year Non-Call Securities, amounting to approximately €746,025,000, will be used for the Group’s general corporate and financing purposes, which may include the redemption or repurchase of existing debt securities of the Guarantor or any of its consolidated subsidiaries, including, without limitation, bonds or other types of financial instruments.

**Risk Factors:**

Prospective investors should carefully consider the information set out in *“Risk Factors”* in conjunction with the other information contained or incorporated by reference in this Prospectus.

**ISIN:**

XS2185997884.

**Common Code:**

218599788.

## OVERVIEW OF THE 8.5 YEAR NON-CALL SECURITIES

*This overview must be read as an introduction to this Prospectus and any decision to invest in the 8.5 Year Non-Call Securities 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 8.5 Year Non-Call Securities” below or elsewhere in this Prospectus have the same meanings in this overview.*

<b>Issuer:</b>	Repsol International Finance B.V.
<b>Guarantor:</b>	Repsol, S.A.
<b>Description of the 8.5 Year Non-Call Securities:</b>	€750,000,000 8.5 Year Non-Call Undated Deeply Subordinated Guaranteed Fixed Rate Securities (the “ <b>8.5 Year Non-Call Securities</b> ”), to be issued by the Issuer on the Issue Date.
<b>Joint Bookrunners:</b>	Banco Bilbao Vizcaya Argentaria, S.A., BNP Paribas, Citigroup Global Markets Limited, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, Mizuho Securities Europe GmbH, MUFG Securities (Europe) N.V. and NatWest Markets Plc.
<b>Fiscal Agent:</b>	Citibank, N.A., London Branch.
<b>Issue Price:</b>	100 per cent. of the principal amount of the 8.5 Year Non-Call Securities.
<b>Issue Date:</b>	11 June 2020.
<b>Maturity Date:</b>	Undated.
<b>Interest:</b>	<p>Unless previously redeemed or repurchased and cancelled in accordance with the Conditions and subject to the further provisions of Condition 4 (<i>Interest Payments</i>), the 8.5 Year Non-Call Securities will bear interest on their principal amount as follows:</p> <ul style="list-style-type: none"><li>(a) from (and including) the Issue Date to (but excluding) the First Reset Date, at the rate of 4.247 per cent. per annum, payable annually (except for a short first Interest Period) in arrear on each Interest Payment Date, commencing on 11 December 2020; and</li><li>(b) from (and including) the First Reset Date, at the applicable 5 year Swap Rate in respect of the relevant Reset Period plus:<ul style="list-style-type: none"><li>(i) in respect of the period commencing on the First Reset Date to (but excluding) 11 December 2033, 4.409 per cent. per annum;</li><li>(ii) in respect of the period commencing on 11 December 2033 to (but excluding) 11</li></ul></li></ul>

December 2048, 4.659 per cent. per annum<sup>3</sup>;  
and

- (iii) from and including 11 December 2048, 5.409 per cent. per annum<sup>4</sup>,

all as determined by the Agent Bank, payable annually in arrear on each Interest Payment Date, commencing on 11 December 2029, subject to Condition 5 (*Optional Interest Deferral*),

all as more particularly described in Condition 4 (*Interest Payments*).

**Interest Payment Dates:**

Interest payments in respect of the 8.5 Year Non-Call Securities will be payable annually (except for a short first Interest Period) in arrear on 11 December in each year, commencing on 11 December 2020.

**Status of the 8.5 Year Non-Call Securities:**

The 8.5 Year Non-Call Securities and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer (senior only to Junior Obligations of the Issuer) and will at all times rank *pari passu* and without any preference among themselves.

**Subordination of the 8.5 Year Non-Call Securities:**

In the event of an Issuer Winding-up, the rights and claims of the Holders against the Issuer in respect of or arising under the 8.5 Year Non-Call Securities and the Coupons will rank (i) junior to the claims of all holders of Senior Obligations of the Issuer, (ii) *pari passu* with the claims of holders of all Parity Obligations of the Issuer and (iii) senior to the claims of holders of all Junior Obligations of the Issuer.

Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the 8.5 Year Non-Call Securities or the Coupons and each Holder shall, by virtue of being the Holder, be deemed to have waived all such rights of set-off. Condition 2.2 (*Subordination of the Securities*) is an irrevocable stipulation (*derdenbeding*) for the benefit of the creditors of Senior Obligations of the Issuer and each such creditor may rely on and enforce Condition 2.2 (*Subordination of the Securities*) under Section 6:253 of the Dutch Civil Code.

**Guarantee and Status of Guarantee:**

Payment of all sums expressed to be payable by the Issuer under the 8.5 Year Non-Call Securities and the Coupons will be unconditionally and irrevocably guaranteed by the Guarantor on a subordinated basis.

Subject to mandatory provisions of Spanish applicable law, the payment obligations of the Guarantor under the Guarantee constitute direct, unsecured and subordinated obligations of the Guarantor (senior only to Junior Obligations of the Guarantor) and will at all times rank *pari passu* and without any preference among themselves.

**Subordination of the Guarantee:**

Subject to mandatory provisions of Spanish applicable law, in the event of the Guarantor being declared insolvent (*concurso*) under the Spanish Insolvency Law (as defined below), the rights and claims of Holders against the Guarantor in respect of or arising under the

<sup>3</sup> Step-up of 25 basis points 13.5 years after the Issue Date

<sup>4</sup> Step-up of an additional 75 basis points 28.5 years after the Issue Date

Guarantee will rank (i) junior to the claims of the holders of all Senior Obligations of the Guarantor, (ii) *pari passu* with the claims of the holders of all Parity Obligations of the Guarantor and (iii) senior to the claims of the holders of all Junior Obligations of the Guarantor.

Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Guarantor arising under or in connection with the Guarantee and each Holder shall, by virtue of being the Holder, be deemed to have waived all such rights of set-off.

**Optional Interest Deferral:**

The Issuer may, at its sole discretion, elect to defer (in whole or in part) any payment of interest on the 8.5 Year Non-Call Securities, as more particularly described in Condition 5 (*Optional Interest Deferral*). Non-payment of interest so deferred shall not constitute a default by the Issuer or the Guarantor under the 8.5 Year Non-Call Securities or the Guarantee or for any other purpose. Any amounts so deferred, together with further interest accrued thereon (at the Prevailing Interest Rate applicable from time to time), shall constitute Arrears of Interest.

**Optional Settlement of Arrears of Interest:**

Arrears of Interest may be satisfied at the option of the Issuer, in whole or in part, at any given time upon giving not more than 14 and no less than seven Business Days' notice to the Holders, the Fiscal Agent and the Paying Agents prior to the relevant Optional Deferred Interest Settlement Date informing them of its election so to satisfy such Arrears of Interest (or part thereof) and specifying the relevant Optional Deferred Interest Settlement Date. See Condition 5.2 (*Optional Settlement of Arrears of Interest*).

**Mandatory Settlement of Arrears of Interest:**

The Issuer shall pay any outstanding Arrears of Interest in whole, but not in part, on the first occurring Mandatory Settlement Date following the Interest Payment Date on which any outstanding Deferred Interest Payment was first deferred.

“**Mandatory Settlement Date**” means the earliest of:

- (a) as soon as reasonably practicable (but not later than the fifth Business Day) following the date on which a Compulsory Arrears of Interest Settlement Event occurs;
- (b) following any Deferred Interest Payment, on the next scheduled Interest Payment Date on which the Issuer does not elect to defer in whole the Interest Payment in respect of the relevant Interest Period;
- (c) the date on which the 8.5 Year Non-Call Securities are redeemed or repaid in accordance with Condition 6 (*Redemption and Purchase*) or become due and payable in accordance with Condition 9 (*Enforcement Events and No Events of Default*); and
- (d) the date on which the 8.5 Year Non-Call Securities are substituted or varied in accordance with

Condition 12.3 (*Substitution and Variation*).

Subject to certain exceptions, as more particularly described in Condition 5 (*Optional Interest Deferral*), a “**Compulsory Arrears of Interest Settlement Event**” shall have occurred if:

- (a) a Dividend Declaration is made in respect of any Junior Obligations or any Parity Obligations (other than in respect of any such dividend, distribution or payment paid or made exclusively in Ordinary Shares of the Guarantor); or
- (b) the Guarantor or any of its subsidiaries has repurchased, redeemed or otherwise acquired any Junior Obligations or any Parity Obligations.

See Condition 5.3 (*Mandatory Settlement of Arrears of Interest*).

**Optional Redemption:**

The Issuer may redeem the 8.5 Year Non-Call Securities in whole, but not in part, (i) on any date during the Relevant Period, or (ii) on any Interest Payment Date thereafter at their principal amount together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest.

In addition, upon the occurrence of a Capital Event, a Tax Event, a Withholding Tax Event, an Accounting Event or a Substantial Purchase Event, the 8.5 Year Non-Call Securities will be redeemable (at the option of the Issuer) in whole, but not in part, at the prices set out, and as more particularly described, in Condition 6 (*Redemption and Purchase*).

**Events of Default:**

There are no events of default in respect of the 8.5 Year Non-Call Securities.

However, if an Issuer Winding-up occurs, or an order is made or an effective resolution passed for the winding-up, dissolution or liquidation of the Guarantor (except for the purposes of a solvent merger, reconstruction or amalgamation), any Holder of a 8.5 Year Non-Call Security, in respect of such 8.5 Year Non-Call Security and provided that such Holder does not contravene a previously adopted Extraordinary Resolution (if any) may, by written notice to the Issuer and the Guarantor, declare that such 8.5 Year Non-Call Security and all interest then accrued but unpaid on such 8.5 Year Non-Call Security shall be forthwith due and payable, whereupon the same shall become immediately due and payable, together with all interest accrued thereon.

In such case the Holder of a 8.5 Year Non-Call Security may, at its sole discretion, institute steps in order to obtain a judgment against the Issuer and/or the Guarantor for any amounts due in respect of the 8.5 Year Non-Call Securities, including the institution of proceedings for the declaration of insolvency (*declaración de concurso*) of the Guarantor under the Spanish Insolvency Law and/or proving and/or claiming in an Issuer Winding-up or in the winding-up, dissolution, liquidation or insolvency proceeding of the Guarantor for such

amount.

**Additional Amounts:**

Payments in respect of the 8.5 Year Non-Call Securities and the Coupons by the Issuer or (as the case may be) the Guarantor under the Guarantee will be made without withholding or deduction for, or on account of, Taxes of The Netherlands or the Kingdom of Spain, unless such withholding or deduction is required by law. In the event that any such withholding or deduction is made, additional amounts will be payable by the Issuer or, as the case may be, the Guarantor, subject to certain exceptions as are more fully described in Condition 8.1 (*Additional Amounts*).

**Form:**

The 8.5 Year Non-Call Securities will be in bearer form and will initially be represented by a Temporary Global Security, without interest coupons or talons, which will be deposited with a common depository on behalf of Euroclear and Clearstream, Luxembourg on or about the Issue Date. Interests in the Temporary Global Security will be exchangeable for interests in a Permanent Global Security as set out in the Temporary Global Security. The Permanent Global Security will be exchangeable for Definitive Securities in the circumstances set out in the Permanent Global Security. See “*Summary of Provisions relating to the Securities in Global Form*”.

**Substitution and Variation:**

If at any time after the Issue Date, (A) the Issuer and/or the Guarantor determines that a Capital Event, a Tax Event, a Withholding Tax Event, or an Accounting Event has occurred or (B) the Issuer is required to withhold on account of Taxes imposed or levied in The Netherlands on any payment under the 8.5 Year Non-Call Securities, the Issuer may, subject to Condition 12.3 (*Substitution and Variation*) (without any requirement for the consent or approval of the Holders) (i) exchange the 8.5 Year Non-Call Securities into new securities of the Issuer, the Guarantor or any wholly-owned direct or indirect finance subsidiary of the Guarantor with a guarantee of the Guarantor, or (ii) vary the terms of the 8.5 Year Non-Call Securities, so that the 8.5 Year Non-Call Securities (as so exchanged or varied) remain or become, as the case may be, eligible for the same or (from the perspective of the Issuer or the Guarantor) more favourable tax (including withholding tax), accounting or ratings treatment than the treatment to which they were entitled prior to the relevant event occurring.

**Denominations:**

The 8.5 Year Non-Call Securities will be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000.

**Governing Law:**

The Fiscal Agency Agreement, the 8.5 Year Non-Call Securities, the Coupons and the Guarantee and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law, other than the provisions of Condition 2 (*Status and Subordination of the Securities and Coupons*) which are governed by, and construed in accordance with, the laws of The Netherlands, and the provisions of Conditions 3.2 (*Status of the Guarantee*) and 3.3 (*Subordination of the Guarantee*), and the corresponding provisions of the Guarantee, which are governed by and construed in accordance with the laws of the

Kingdom of Spain. See Condition 16 (*Governing Law*).

**Replacement Intention:**

*As at the date of this Prospectus, it is the Guarantor's intention (without thereby assuming any obligation whatsoever) at any time, that it or the Issuer will redeem or repurchase the 8.5 Year Non-Call Securities (or any part thereof) only to the extent that the amount of "equity credit" (as defined below) of the 8.5 Year Non-Call Securities (or any part thereof) to be redeemed or repurchased does not exceed the aggregate amount of "equity credit" of the Replacement Securities (as defined below) sold or issued on or prior to the date of such redemption or repurchase, unless:*

- (i) the rating (or such similar nomenclature then used by S&P) assigned by S&P to the Guarantor is at least equal to the rating assigned to the Guarantor on the date of the most recent additional hybrid security issuance (excluding any refinancing) which was assigned by S&P a similar "equity credit" and the Guarantor is of the view that such rating would not fall below this level as a result of such redemption or repurchase, or*
- (ii) in the case of a repurchase, such repurchase is of less than (a) 10 per cent. of the aggregate principal amount of hybrid capital of the Group outstanding in any period of 12 consecutive months or (b) 25 per cent. of the aggregate principal amount of hybrid capital of the Group outstanding in any period of 10 consecutive years, or*
- (iii) the 8.5 Year Non-Call Securities are redeemed pursuant to a Tax Event, a Capital Event, an Accounting Event, a Substantial Purchase Event or a Withholding Tax Event, or*
- (iv) the 8.5 Year Non-Call Securities are not assigned any category of "equity credit" at the time of such redemption or repurchase, or*
- (v) in the case of any repurchase, such repurchase relates to an aggregate principal amount of the 8.5 Year Non-Call Securities repurchased up to the S&P Excess Amount, or*
- (vi) such redemption or repurchase occurs on or after the Interest Payment Date falling on or after 11 December 2048.*

*For the purposes of the paragraph above:*

*"equity credit" means the equity credit assigned to the relevant securities at the time of their issuance, sale, repurchase or redemption, as applicable (or such similar nomenclature used by S&P from time to time);*

*"Group" means the Guarantor together with its consolidated subsidiaries from time to time;*

*"Replacement Securities" means securities (other than the 8.5 Year*

*Non-Call Securities) sold or issued by the Guarantor or any subsidiary of the Guarantor to third party purchasers (other than group entities of the Guarantor) and which are assigned by S&P, at the time of their sale or issuance, an “equity credit” that is equal to or greater than the “equity credit” assigned to the 8.5 Year Non-Call Securities (or any part thereof) to be redeemed or repurchased at their time of issuance (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the 8.5 Year Non-Call Securities); and*

*“S&P Excess Amount” means the amount by which the aggregate principal amount of outstanding hybrid capital of the Guarantor and any subsidiaries of the Guarantor exceeds the maximum aggregate principal amount of hybrid capital for which S&P under its then-prevailing methodology would recognise “equity credit” from time to time based on the Guarantor’s adjusted total capitalisation.*

<b>Rating:</b>	The 8.5 Year Non-Call Securities are expected to be rated BB+ by S&P, Ba1 by Moody’s and BB+ by Fitch Ratings. Each of S&P, Moody’s and Fitch Ratings is established in the European Union or the United Kingdom and registered under the CRA Regulation. 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.
<b>Listing and Admission to Trading:</b>	Application has been made for the 8.5 Year Non-Call Securities to be listed on the official list of the Luxembourg Stock Exchange and to be admitted to trading on the Luxembourg Stock Exchange’s regulated market (which is a regulated market for the purposes of MiFID II).
<b>Selling Restrictions:</b>	<p>The United States, the United Kingdom, the EEA (including the United Kingdom) and the Kingdom of Spain. See “<i>Subscription and Sale</i>”.</p> <p>Category 2 selling restrictions will apply for the purposes of Regulation S under the Securities Act.</p>
<b>Use of Proceeds:</b>	The net proceeds of the issuance of the 8.5 Year Non-Call Securities, amounting to approximately €745,650,000 will be used for the Group’s general corporate and financing purposes, which may include the redemption or repurchase of existing debt securities of the Guarantor or any of its consolidated subsidiaries, including, without limitation, bonds or other types of financial instruments.
<b>Risk Factors:</b>	Prospective investors should carefully consider the information set out in “ <i>Risk Factors</i> ” in conjunction with the other information contained or incorporated by reference in this Prospectus.
<b>ISIN:</b>	XS2186001314.
<b>Common Code:</b>	218600131.



## **RISK FACTORS**

*Prospective investors should carefully consider all the information set forth in this Prospectus and any documents incorporated by reference into this Prospectus, as well as their own personal circumstances, before deciding to invest in any Securities. Prospective investors should have particular regard to, among other matters, the considerations set out in this section of this Prospectus.*

*Each of the Issuer and the Guarantor believes that each of the following risk factors, many of which are beyond the control of the Issuer and the Guarantor or are difficult to predict, may materially affect its financial position and its ability to fulfil its obligations under the Securities.*

*Risk factors that are material for the purpose of assessing the market risks associated with the Securities are also described below.*

*Those risk factors that the Issuer and the Guarantor believe are the most material as at the date of this Prospectus have been presented first in each category. The order of presentation of the remaining risk factors in each category is not intended to be an indication of the probability of their occurrence or of their potential effect on the Issuer's or the Guarantor's ability to fulfil their obligations under the Securities.*

*Each of the Issuer and the Guarantor believes that the risk factors described below represent the principal risk factors inherent in investing in the Securities, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Securities may occur for other reasons, which may not be considered significant risks by the Issuer and the Guarantor based on information currently available to them or which they may not currently be able to anticipate.*

*Before making an investment decision with respect to any Securities, prospective investors should consult their own stockbroker, bank manager, lawyer, accountant or other financial, legal and tax advisers and carefully review the risks entailed by an investment in the Securities and consider such an investment decision in the light of the prospective investor's personal circumstances.*

*Words and expressions defined in "Terms and Conditions of the 6 Year Non-Call Securities" and "Terms and Conditions of the 8.5 Year Non-Call Securities" shall have the same meanings in this section.*

### **(I) RISK FACTORS THAT MAY AFFECT THE ISSUER'S AND THE GUARANTOR'S ABILITY TO FULFIL THEIR OBLIGATIONS UNDER THE SECURITIES**

The risk factors set out below are applicable to the Issuer as a member of the Repsol Group, and the Guarantor.

#### **1. RISKS RELATING TO CLIMATE CHANGE AND TO THE GROUP'S STRATEGY**

##### ***Risks related to climate change.***

Repsol is exposed to risks associated with climate change. These risks comprise both physical and so-called transitional risks. Physical risks derive from the physical effects of climate change such as rise in temperature, sea-level rise, changes in precipitation patterns, fluctuations in water levels or more frequent occurrence of extreme temperatures, droughts or other extreme meteorological phenomena, such as cyclones or hurricanes. These effects could adversely impact both Repsol's operations, assets and supply chains. So-called transitional risks include changes in laws, regulations, policies, obligations, social attitudes and customer preferences relating to the transition to a lower-carbon economy, which could adversely impact Repsol's business and prospects. In addition, Repsol could be impacted by increased competition due to the entry of new market participants with business models and product offerings based on low-carbon energy sources.

Over the short term, the Group believes the most relevant risks related to climate change are as follows:

- the introduction of laws, regulations or policies affecting the Group's operations or future investments arising either from the obligation to adopt measures to mitigate climate change or otherwise related to the environment, including regulations on carbon pricing, renewable energy, road transport vehicles, stricter emission limits and/or altering the generation mix (i.e., a combination of primary energy sources used in a geographical area), including through taxes;
- harm to the reputation of the Group or the sector in which it operates generally due to social disapproval (whether or not justified) of its or their performance in relation to sustainable development initiatives. Any such adverse trends of opinion may affect the Guarantor's share price and initiatives that promote disinvestment in fossil fuel extraction companies to reduce the impact of their products on climate change may affect the shareholding base of the Guarantor;
- price signals generated by climate change or energy transition scenarios, which modify the exposure to market risks such as the volatility of the price of crude oil, natural gas or other commodities, such as emission allowances (EU Emissions Trading System) and carbon credits (voluntary markets); and
- greater difficulty or cost in raising funds to finance the development of certain projects due to shifts in investment positions that the financial sector or investors with exposure to the energy sector may adopt, such as new initiatives to contribute to climate targets, either voluntarily or as a result of regulations.

Over the medium to long term, the Group believes the most relevant risks related to climate change are as follows:

- changes in energy end-uses that lead to a reduction in demand for the Group's products, either as a result of natural market dynamics or induced by regulation, such as the electrification of vehicle fleets or consumers' preferences for innovative forms of mobility;
- changes in primary energy sources towards less carbon-intensive alternatives, resulting in a higher percentage of such less carbon-intensive energy sources and a reduction of the contribution of fossil fuel sources; and
- late adoption of new practices/processes/technologies for energy production (including renewable energies), distribution and storage, which ultimately prevail in the market or premature adoption of early or immature technologies, which ultimately fail to be adopted in the market.

If Repsol is unable to successfully mitigate the risks related to climate change, including the adaptation of its business to the changing energy environment, this could have an adverse impact on the business, financial position and results of operations of the Repsol Group.

***Repsol Group's strategy requires efficiency, innovation and suitable human capital in a highly competitive market.***

The oil and gas industry operates in the context of a highly competitive energy sector. This competition influences the conditions for accessing markets or following new business leads, the costs of licences and the pricing and marketing of products, requiring the Group's attention and continuous efforts towards improving efficiency and reducing unit costs, without compromising operational safety or undermining the management of other strategic, operational and financial risks.

Furthermore, the Repsol Group is exposed to negative impacts arising from the management of its organisation and its employees. If the Group were to fail to successfully recruit and retain diverse, skilled and experienced people or maintain a suitable organisational structure, both in terms of design and dimensioning, this could negatively affect its business.

The implementation of the Group's strategy requires a significant ability to anticipate and adapt to the market and continuous investment in technological advances, innovation and digitalisation. Should Repsol not be capable of anticipating and adapting to these market requirements or attracting and retaining human talent, it could have an adverse effect on the business, financial position and results of operations of the Repsol Group.

***Repsol may engage in acquisitions and investments and disposals as part of the Group's strategy.***

As part of the Group's strategy, Repsol may engage in acquisitions, investments and disposals of interests. There can be no assurance that Repsol will identify suitable acquisition opportunities, obtain the financing necessary to complete and support such acquisitions or investments, acquire businesses on satisfactory terms, or that any acquired business will prove to be profitable. In addition, acquisitions and investments involve a number of risks, including possible adverse effects on Repsol's operating income, risks associated with unanticipated events or liabilities relating to the acquired assets or businesses which may not have been disclosed during due diligence investigations, difficulties in the assimilation of the acquired operations, technologies, systems, services and products, and risks arising from contractual conditions that are triggered by a change of control of an acquired company.

Any failure to successfully integrate such acquisitions could have a material adverse effect upon the business, results of operations or financial condition of Repsol. Any disposal of interests may also adversely affect Repsol's financial condition, if such disposal results in a loss to Repsol.

Should any such risks materialise, this could have an adverse impact on the business, financial position and results of operations of the Repsol Group.

## **2. RISKS RELATING TO GEOPOLITICAL AND MACROECONOMIC CONDITIONS**

***Risks related to the location of Repsol's activities.***

Parts of the Group's oil and gas reserves and Repsol's activities are located in countries or regions that are, or could in the future become, economically or politically unstable. This could lead to situations such as the increase of taxes and royalties, the establishment of production limits and volumes for exports, mandatory renegotiations or annulment of contracts, regulation of product prices, nationalisation, expropriation or confiscation of assets, loss of concessions, changes in government policies, changes in commercial customs and practices, currency exchange restrictions and delayed payments. These may in turn cause production to decline, limit the Group's ability to pursue new opportunities, affect the recoverability of the Group's assets or cause it to incur additional costs, particularly due to the long-term nature of many of the Group's projects and significant capital expenditure required.

In addition, political changes may lead to changes in the business environment. Economic downturns, political instability or civil disturbances may disrupt the Group's supply chain or limit sales in the markets affected by such events and affect the safety of employees and contractors and the integrity of the Group's assets, whether physical or logical.

In general, but in particular in certain countries where the Group operates, Repsol is exposed to potential impacts deriving from acts of direct violence that may endanger the integrity of the Group's assets, both tangible and intangible, and the safety and wellbeing of the persons linked to the Group as a result of the actions of persons or groups motivated by any interests, whether governmental or not, including, among other things, acts of terrorism, criminal activity and piracy.

As disclosed in Note 21.3 to the Guarantor's consolidated financial statements for the year ended 31 December 2019, the countries where Repsol was exposed to geopolitical risk in 2019 were Venezuela, Vietnam, Libya and Algeria, where the Group's combined proved reserves amounted to 498 mmbob as of 31 December 2019 and the Group's combined average production of such countries for the year ended 31 December 2019 was 120,680 bob/d.

The exposure of the Group, its assets (including reserves) and employees to economically, socially or politically unstable countries or regions could have an adverse impact on the business, financial position and results of operations of the Repsol Group.

***Risks related to uncertainty in the current economic context.***

The rapid spread of COVID-19 has adversely affected the economies of many countries. According to the International Monetary Fund (“**IMF**”) (*Source: World Economic Outlook April 2020*), the global economy is projected to contract sharply by –3.0% in 2020, which is a much larger contraction than during the 2008–2009 financial crisis. However, the current expectation is for the economy to rebound quicker and grow by 5.8 percent in 2021 as economic activity normalises, with the support of economic policy.

The baseline scenario used by the IMF assumes that the pandemic diminishes during the second half of 2020 and the measures implemented worldwide to contain the spread of the virus can also be gradually unwound. However, there is still extreme uncertainty around the growth forecast of the global economy as this is dependent on certain factors that are difficult to predict. These include, among other examples: the trajectory of the COVID-19 pandemic, the progress made in discovering a vaccine and therapies to treat the virus, the intensity and effectiveness of the measures implemented to contain the spread of the virus, the success of economic policy focused on avoiding more restrictive financial conditions for borrowers and reactivating the activity or changes in behaviour (such as people avoiding shopping centres and public transportation) after the COVID-19 pandemic. Growth risks appear inclined towards a deeper global growth contraction in 2020 and a shallower recovery in 2021.

For more information, see Note 21 to the Issuer’s financial statements for the year ended 31 December 2019 and “*Description of the Guarantor and the Group—Recent developments—COVID-19*” and “*Description of the Guarantor and the Group—Recent developments—Measures in the context and the evolution of the current economic situation*” and sections “*Subsequent events*” and “*Future outlook*” in the Issuer’s Management Report 2019 (included in the Issuer’s financial statements for the year ended 31 December 2019, which are incorporated by reference in this Prospectus).

The global economy also faces other risks. Although global trade tensions have recently eased, it is currently unclear whether a full agreement between the U.S. and China can be reached in the short term. This means that increased tariffs continue to apply for the time being and the risks about a possible increase in tariffs between the U.S. and the European Union remain. This prolonged uncertainty regarding trade policy is negatively affecting investment and the demand for capital goods.

Should any of these risks materialise, this could lead to an abrupt shift in risk sentiment and expose financial vulnerabilities built up over years of low interest rates. Low inflation in advanced economies could become entrenched and constrain monetary policy space further into the future, limiting its effectiveness. The global economy also remains at risk from the effects of climate change.

The Group is exposed to the uncertain macroeconomic climate in a number of ways:

- An economic downturn in any of the countries in which the Group operates negatively affects business and consumer confidence, economic activity levels, unemployment trends and the state of the residential and commercial real estate sector. This in turn, may impact the Group’s customers, resulting in their inability to pay amounts owed to the Group and may affect demand for the Group’s goods and services.
- Should demand for crude oil, gas, electricity or oil derivatives drop beneath the Group’s forecasts as a result of an economic slowdown, the results of its main businesses would be adversely affected as this would affect business volume.
- An economic downturn also negatively affects the state of the equity, bond and foreign exchange markets, including their liquidity. This might affect the reasonable value of financial assets and

liabilities and increase the Group's financing costs, all of which could give rise to an impairment of the goodwill and the intangible or tangible fixed assets of the Group.

The Group is not able to predict how the economic cycle is likely to develop in the short term or the coming years or whether there will be a return to a recessive phase of the global economic cycle. Any further deterioration of the current economic situation in the markets in which the Group operates could have an adverse impact on the business, financial position and results of operations of the Repsol Group.

### **3. RISKS RELATED TO REPSOL'S BUSINESS ACTIVITIES AND INDUSTRY**

#### ***Risks related to fluctuations in international commodity prices and demand.***

World oil prices have fluctuated greatly in recent years and are driven by international supply and demand factors, which are beyond the Group's control.

International product prices are influenced by the price of crude oil and the demand for such products. Also, international prices of crude oil and products affect the refining margin. International oil prices and demand for crude oil may also fluctuate significantly during economic cycles. In addition to the macroeconomic environment, the scenarios associated with the energy transition process and the effects of climate change can also affect the price of other commodities such as electricity and emissions allowances and carbon credits.

The annual average price of a barrel of Brent crude oil has been highly volatile in the last decade, falling from a maximum annual average of U.S.\$111.7/bbl in 2012 to a minimum annual average of U.S.\$43.7/bbl in 2016; and the annual average was U.S.\$71.3/bbl in 2018 and U.S.\$64.2/bbl in 2019. In respect of gas prices (Henry Hub), prices are also now highly volatile, with an annual average of U.S.\$ 4.4/Mbtu in 2014, U.S.\$2.5/Mbtu in 2016, U.S.\$3.1/Mbtu in 2018 and U.S.\$2.6/Mbtu in 2019. Crude oil and natural gas prices are also influenced by geopolitical factors, including but not limited to, demand in China, India and Japan due to nuclear shutdown, oversupply of crude oil, the strong U.S. dollar and general market volatility.

In recent months, there is a clearer picture on the effects of the COVID-19-driven oil demand shock and it is now expected that the simultaneous global oversupply scenario will be deeper and more prolonged than originally expected and may extend throughout the year. While it is positive that the Organisation of the Petroleum Exporting Countries ("OPEC") returned to supply management with a historic deal to curb crude supply by 9.7 million barrels a day, according to some analysts (such as the International Energy Agency or U.S. Energy Information Administration, among others) it is unlikely that this will be sufficient to equilibrate the market, given the magnitude of the decline in oil demand, which according to the International Energy Agency could fall around 22 million bl/d just in the second quarter of 2020 when compared to the fourth quarter of 2019. Sharp cuts in capital spending and expenses are being seen across the whole oil industry as a first line of defence for the financial pressure.

In the short term, tank-tops were expected to fill up in early June 2020 in some regions including Cushing. However, an effective demand recovery due to the gradual lifting of confinement measures in several regions and a higher than expected drop in supply, particularly in U.S. Shale, have led to a clear slowdown of tanks filling and even a fall in Cushing. Prices have surged more than U.S.\$10 per barrel from April 2020 year-lows to hover around U.S.\$30 – U.S.\$35 in May 2020, but a higher rebound in oil prices will be determined by how quickly demand returns and refinery utilisation increases. There is significant uncertainty going forward as to how oil prices will fluctuate depending on, among other things, how long the effects of the COVID-19 pandemic will last, the success of the various stimulus packages provided by governments and central banks to help the global economy rebound as well as when US shale oil production will fall and by how much.

Reductions in crude oil and gas prices negatively affect Repsol's profitability and the value of its exploration and production assets and its plans for investment may have to change due to the delay, renegotiation or cancellation of projects. Likewise, any significant decrease in capital investment allocated to acquire, discover or develop new reserves could have an adverse effect on Repsol's ability to replace its crude oil and

gas reserves. Any such fluctuations in international prices of crude oil and gas, reference products or other commodities (such as gas, electricity, emissions allowances and carbon credits) as well as demand could have an adverse impact on the business, financial position and results of operations of the Repsol Group.

***Risks related to the Group's estimation of its oil and gas reserves.***

In the estimation of proved and unproved oil and gas reserves, Repsol uses the criteria established by the "SPE/WPC/AAPG/SPEE/SEG/SPWLA/EAGE Petroleum Resources Management System", commonly referred to by its acronym, SPE-PRMS, with SPE standing for the Society of Petroleum Engineers.

The accuracy of these estimates depends on a number of different factors, assumptions and variables, such as exploration and development activities including drilling, testing and production. After the date of the estimate, the results of activities may entail substantial upward or downward corrections in the estimate based on the quality of available geological, technical and economic data used (including changes in hydrocarbon prices) and its interpretation and valuation. Moreover, the production performance of reservoirs and recovery rates depend significantly on available technologies as well as Repsol's ability to implement them.

As a result of the foregoing, measures of reserves are not precise and are subject to revision. The estimate of proved and unproved reserves of oil and gas will also be subject to correction due to errors in the implementation of, and/or changes in, the standards published. Any downward revision in estimated quantities of proved reserves could adversely impact the Repsol Group, leading to increased depreciation, depletion and amortisation charges and/or impairment charges and, in turn, could have an adverse impact on the business, financial position and results of operations of the Repsol Group.

***Risks related to exploration and exploitation of hydrocarbons and the discovery and development of new reserves.***

Oil and gas exploration and production ("E&P") activities are subject to particular risks, many of which are beyond Repsol's control. These activities are exposed to production, facilities and transportation risks, errors or inefficiencies in operations management, purchasing processes and supply from contractors, natural hazards and other uncertainties relating to the physical characteristics of oil and gas fields, and their decommissioning. Furthermore, oil and gas exploration and development projects are complex in terms of their scale and by their very nature are susceptible to delays in execution and cost overruns with respect to initially-approved budgets. In addition to these risks, some of the Group's development projects are located in deep waters, mature areas and other difficult environments such as the Gulf of Mexico, Alaska, the North Sea, Brazil and the Amazon rainforest, or in complex oilfields, which could aggravate these risks further. Moreover, any means of transport of hydrocarbons implies inherent risks: during road, rail, maritime or pipe transportation, hydrocarbons or other hazardous substances may be spilled. This is a significant risk due to the potential impact a spill could have on the environment and on people, especially considering the high volume of products that can be carried at any one time. Should these risks materialise, Repsol may suffer major losses, interruptions to its operations and harm to its reputation.

Repsol's own exploration and production facilities, such as exploratory or production wells, surface facilities or oil platforms, both onshore and offshore, are exposed to accidents such as fires, explosions, toxic product leaks and environmental incidents with a large potential impact. Such accidents may cause death and injury to employees, contractors, residents in surrounding areas, as well as damage to the assets and property owned by Repsol and third parties as well as damage to the environment. The Repsol Group is exposed to impacts from any type of damage or temporary interruption of service associated with accidents in operations or involving land, sea, river and air transport vehicles for people, substances, goods and equipment.

Moreover, Repsol depends on the replacement of depleted oil and gas reserves with new proved reserves in a cost-effective manner for subsequent production to be economically viable. Repsol's ability to acquire or discover new reserves is, however, subject to a number of risks. For example, drilling may involve negative results, not only with respect to dry wells, but also with respect to wells that are productive but do not

produce sufficient net revenues to return a profit after drilling, operating and other costs are taken into account. In addition, Repsol generally faces intense competition in bidding for exploratory blocks, in particular those blocks offering the most attractive potential reserves. Such competition may result in Repsol's failing to obtain the desirable blocks, or acquiring them at a higher price, which could render subsequent production economically unviable.

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

***Risks related to Repsol's natural gas operations.***

Natural gas prices tend to vary between the different regions in which Repsol operates as a result of significantly different supply, demand and regulatory circumstances, and such prices may be lower than prevailing prices in other regions of the world. In addition, excess supply conditions that exist in some regions cannot be utilised in other regions due to a lack of infrastructure and difficulties in transporting natural gas.

Repsol has entered into long-term contracts to purchase and supply natural gas in various parts of the world. These contracts have different pricing formulas, which could result in higher purchase prices than the price at which such gas could be sold in increasingly liberalised markets. Furthermore, gas availability could be subject to the risk of counterparties breaching their contractual obligations. Thus, it might be necessary for Repsol to seek other sources of natural gas in the event of non-delivery from any of these sources, which could require payment of higher prices than those envisaged under the breached contracts.

Repsol also has long-term contracts to sell and deliver gas to customers which present additional types of risks as they are pegged to existing proved reserves in these countries. Should available reserves in these countries prove insufficient, Repsol might not be able to satisfy its obligations under these contracts, some of which include penalty clauses for breach of contract.

The occurrence of any of these risks could have an adverse impact on the business, financial position and results of operations of Repsol.

***Operating risks related to industrial businesses and the marketing of the Group's products.***

The refining, chemical, trading, and production and distribution activities related to oil derivative products, gas and liquefied petroleum gas ("LPG"), as well as the generation and commercialisation of electricity are exposed to risks which are inherent to their activities, and are related to the products' specific characteristics (flammability and toxicity), their use (including that of customers), emissions resulting from the production process (such as greenhouse gas effects), as well as the materials and waste used (dangerous waste, as well as water and energy management), which might impact health, safety and the environment. Repsol's industrial and commercial assets, such as refineries, petrochemical complexes, regasification plants, power generation plants, bases and warehouses, port facilities, pipelines, ships, tanker trucks, service stations, etc.) are also exposed to accidents such as fires, explosions, leaks of toxic products, as well as large-scale contaminating environmental incidents. Such accidents may cause death and injury to employees, contractors, residents in surrounding areas, as well as damage to the assets and property owned by Repsol and third parties as well as damage to the environment.

Industrial and commercial activities take place in a highly competitive environment. Refining and commercialisation margins may be affected by a number of factors, such as low demand arising from a deterioration in the economic situation of the countries in which Repsol's Industrial and Commercial and renewables business segments operate, the high price of crude oil and other raw materials, the trends of production-related energy costs and other commodities, excess refining capacity in Europe, and the growing competition from refineries in areas such as Russia, the Middle East, East Asia, and the U.S., where production costs are lower. Commercial businesses compete with international hydrocarbons industry operators as well as with other non-oil entities (supermarket chains as well as other commercial operators) to

acquire or open service stations. Repsol's service stations mainly compete based on price, service, and the availability of non-oil products.

If any of these risks materialise, the activities of Repsol, its operational results and financial position could be significantly and adversely affected.

***Repsol is subject to risks relating to project execution and supply chain.***

Repsol's organic growth depends on its ability to build and maintain a resilient portfolio in a variety of market contexts, which entails the creation or development of a portfolio of high-quality assets resulting not only from an efficient selection process, but also from guaranteeing their execution, through their entire life, from their inception to their decommissioning.

However, the execution of such projects, which is sometimes carried out in extremely challenging conditions, is exposed to risks of a diverse nature, including geological, technical, economic, legal and regulatory, commercial and environmental, safety and sustainability.

Furthermore, as project execution also depends on the performance of third parties (including service providers, partners in joint arrangements, associates, and other parties) which are not under the direct control of Repsol, the Group is exposed to execution risk through such entities. These risks may compromise the deliverability of goods and services, the compliance with pre-agreed budgets and deadlines, and the fulfilment of defined specifications and/or operational reliability of Repsol's projects. Accordingly, this could prevent or otherwise adversely affect the successful execution of the Group's projects under agreed technical and financial conditions, and, accordingly, have a negative impact on the value of the Group's assets, results of operations and financial position.

The supply chain risk events can occur as a result of a variety of causes, including but not limited to the socio-political context, labour conflicts, accidents or force majeure events, including the outbreak or threatened outbreak of any severe communicable disease, and can impact not only project execution, but the performance of the Group's business activities as well.

The occurrence of any of these risks could have an adverse impact on the business, financial position and results of operations of Repsol.

***Risks related to operations carried out through joint arrangements and associate companies.***

Certain of the Repsol Group's operations are conducted through joint arrangements and associates (for further information see Note 14 and Annex I to the Guarantor's consolidated financial statements for the year ended 31 December 2019). If Repsol does not act as the operator on those projects or operations, its ability to control and influence the performance and management of the operations and to identify and manage risk is limited. Additionally, there is a possibility that if any of Repsol's partners or members of a joint venture or associated company fails to comply with its financial or other obligations, which, in turn, could have an adverse impact on the business, financial position and results of operations of the Repsol Group.

***Risks related to information technology.***

The reliability and security of the Group's information technology ("IT") systems are critical to maintaining the availability of its business processes and the confidentiality and integrity of the data belonging to the Group and third parties.

The Group is in particular exposed to:

- unavailability of critical IT infrastructure (central and local, including owned or external infrastructure), as well as critical system services (internal and external applications/platforms); and



- cyber-attacks of any type, including contamination with malware affecting the availability of critical systems, attacks specifically designed to target Repsol's assets, theft of confidential information, theft of personal data, whether from customers, employees or other parties and external fraud through fraudulent mail, impersonation or phishing.

The Repsol Group cannot guarantee that it will not suffer economic and/or material losses in the future caused by such events. Any such event could have an adverse effect on the business, financial position and results of operations of the Repsol Group.

***Risks related to the Group's insurance coverage.***

Repsol holds insurance coverage against certain risks inherent in the oil and gas industry in line with industry practice. Insurance coverage is subject to deductibles and limits that in certain cases may be materially exceeded by the losses and/or liabilities incurred. In addition, Repsol's insurance policies contain exclusions that could leave the Group with limited coverage in certain circumstances. Repsol may also be unable to recover losses, in part or at all, in the event of the insolvency of its insurers. Furthermore, Repsol may not be able to maintain adequate insurance at rates or on terms considered reasonable or acceptable to Repsol, or be able to obtain insurance against certain risks that could materialise in the future. If Repsol were to experience an incident against which it is not insured, or the costs of which materially exceed its coverage, it could have an adverse effect on its business, financial position and results of operations.

#### **4. LEGAL AND REGULATORY RISKS**

***Risks related to administrative, judicial and arbitration proceedings.***

The Repsol Group is subject to the effects of administrative, judicial and arbitration proceedings, the scope, content and outcome of which cannot be predicted with precision. As of 31 December 2019, Repsol had recorded provisions for administrative, judicial and arbitration proceedings amounting to €948 million (compared to €106 million as of 31 December 2018). For more information, see Note 15 to the Guarantor's consolidated financial statements for the year ended 31 December 2019.

In addition, the Repsol Group is subject to the effects of administrative and judicial proceedings with tax implications arising between Repsol and the tax authorities with respect to the tax treatment applicable to certain operations that might be adverse to the Group's interest and that have given rise to litigious situations that could result in contingent tax liabilities. It is difficult to predict when these tax proceedings will be resolved due to the extensive appeals process. As of 31 December 2019, Repsol had recorded tax provisions amounting to €1,680 million (compared to €1,473 million as of 31 December 2018). For more information, see Note 23 to the Guarantor's consolidated financial statements for the year ended 31 December 2019.

Any current or future dispute inevitably involves a high degree of uncertainty and therefore any adverse outcome could affect the business, financial position and results of operations of the Repsol Group.

***Risks related to the regulatory, tax framework and environmental and safety legislation of the Group's operations.***

The energy industry and the Group's activity is heavily regulated. The regulatory framework to which the Group is currently subject affects aspects such as the environment (environmental product quality, air emissions, climate change and energy efficiency, extraction technologies, water discharges, remediation of soil and groundwater and the generation, storage, transport, treatment and final disposal of waste materials), competition, taxation, employment, industrial safety and IT security, accounting and transparency regulations, labour regulations and data protection provisions among others. Any changes that may be made to the applicable standards or their interpretation or any disputes relating to their compliance may adversely affect the business, results and financial position of the Repsol Group.

Upstream activities are subject to extensive regulation and intervention by governments, such as the award of exploration and production permits, the imposition of specific drilling and exploration obligations,

restrictions on production, price controls, divestments of assets, foreign currency controls, and the nationalisation, expropriation or cancellation of contractual rights. Repsol's Upstream activities are described in "*Information on the Guarantor and the Group—Business overview—Upstream*".

Likewise, in the Industrial business segment, oil refining and petrochemical activities, in general, are subject to extensive government regulation and intervention in matters such as safety and environmental controls. Repsol's Industrial activities are described in "*Information on the Guarantor and the Group—Business overview—Industrial*".

Specifically, Repsol is subject to extensive environmental and safety regulations in all the countries in which it operates. These regulations affect, among other matters, Repsol's operations, environmental quality standards for products, air emissions and climate change, energy efficiency, extraction technologies, water discharges, remediation of soil and groundwater and the generation, storage, transportation, treatment and final disposal of waste materials and safety.

As a result of Repsol's acquisition on 8 May 2015 of Repsol Oil & Gas Canada, Inc. ("**ROGCI**"), formerly Talisman Energy, Inc., Repsol increased its activity in unconventional hydrocarbons. From an environmental and social standpoint, concern over the environmental impact of exploring for and producing these types of resources could prompt governments and authorities to approve new regulations or impose new requirements on their development.

In addition, the energy sector, and particularly the oil industry, is subject to a unique tax framework. In Upstream activities it is common to see specific taxes on profit and production, and with respect to the Industrial and Commercial and renewable business segments, the existence of taxes on product consumption is also common.

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

#### ***Risks related to sanctions.***

The European Union, its Member States, the United States of America and various other countries, as well as the United Nations, may impose economic and trade sanctions or embargoes with respect to certain countries in support of their respective foreign policy and security goals. These economic and trade sanctions or embargoes generate restrictions with respect to activities or transactions with countries, governments, entities or individuals that are the target of the corresponding sanctions, such as those related to activities in Venezuela.

While Repsol has always been, and is fully committed to, complying with any applicable international regulations on sanctions and embargoes and has not been sanctioned and does not engage in, and does not expect to engage in, any actions that would cause it to breach any sanctions regime applicable to it, there can be no assurance that Repsol's operations will not be affected by international sanctions in the future, which could have an adverse effect on its financial position, businesses, or results of operations.

#### ***Risks related to misconduct or violations of applicable legislation by Repsol's employees.***

In the development of Repsol's activities, its directors, executives and employees, who perform duties which involve relationships with counterparties such as authorities, partners and contractors, among others, could potentially commit breaches of the Group's internal Ethics and Business Conduct Code, therefore failing to comply with the principles of corporate loyalty, good faith, integrity and respect for the law and the ethical values defined by the Group. Potential breaches include, but are not limited to, corruption or other criminal offences, fraudulent disclosure of financial or non-financial information, market manipulation, tax fraud and human rights violations.

The existence of management or employee misconduct or breach of applicable legislation or the Group's internal code, when occurring, could cause harm to the Group's reputation, in addition to incurring sanctions and legal or criminal liability.

## 5. FINANCIAL RISKS

### *Market risk.*

Repsol's results of operations and shareholders' equity are exposed to market risks due to fluctuations in (i) commodity prices, (ii) the exchange rates of the currencies in which the Group operates, and (iii) interest rates.

- (i) *Commodity price risk.* In the normal course of operations and trading activities, the earnings of the Repsol Group are exposed to volatility in the price of oil, natural gas, Spanish electricity prices and related derivative products (see also “—Risks Related to Repsol's Business Activities and Industry—Risks related to fluctuations in international commodity prices and demand” and “—Risks Related To Repsol's Business Activities and Industry—Risks related to Repsol's natural gas operations” above). Therefore, changes in prices of crude oil, natural gas and their derivatives could have an adverse effect on the Repsol Group's business, results and financial position.
- (ii) *Exchange rate fluctuation risk.* Fluctuations in exchange rates may adversely affect the results of transactions and the value of Repsol's equity. In general, this exposure to fluctuations in currency exchange rates stems from the fact that the Group has assets, liabilities and cash flows denominated in a currency other than the functional currency of the Repsol Group. Cash flows generated by oil, natural gas and refined product sales are generally denominated in U.S. dollars. Repsol is also exposed to exchange risk in relation to the value of its financial assets and investments, predominantly those denominated in U.S. dollars.

In addition, cash flows from transactions carried out in the countries where Repsol conducts its activities are exposed to fluctuations in currency exchange rates of the respective local currencies against the major currencies in which the raw materials used as reference for the fixing of prices in the local currency are traded. Repsol's financial statements are expressed in euros and, consequently, the assets and liabilities of subsidiary investee companies with a different functional currency are translated into euros.

- (iii) *Interest rate risk.* The market value of the Group's net financing and net interest expenses could be affected as a consequence of interest rate fluctuations which could affect the interest income and interest cost of financial assets and liabilities tied to floating interest rates, as well as the fair value of financial assets and liabilities tied to a fixed interest rate.

Although, when considered appropriate, Repsol may decide to hedge the interest rate risk by means of derivative financial instruments for which there is a liquid market, these hedging mechanisms are limited and, therefore, could be insufficient. Consequently, changes in interest rates could have an adverse effect on the Repsol Group's business, results and financial position.

For further additional details on these financial risks, see Note 10 and Note 11.1, which includes the sensitivity of the net profit/loss and equity, to the Guarantor's consolidated financial statements for the year ended 31 December 2019, which are incorporated by reference into this Prospectus.

### *Credit risk.*

Credit risk is the risk of a third party failing to carry out its contractual obligations resulting in a cost or loss to the Group.

The exposure of the Group to credit risk is mainly attributable to commercial debts from trading transactions, which are measured and controlled in relation to customers or individual third parties. To this end, the Group

has, in line with best practices, its own systems for a constant monitoring of the creditworthiness of all its debtors and determining risk limits with respect to third parties.

As a general rule, the Group establishes a bank guarantee issued by financial entities as the most suitable instrument of protection from credit risk. In some cases, the Group has taken out credit insurance policies to transfer partially the credit risk related to the commercial activity of some of its businesses to third parties.

Additionally, the Group is exposed to counterparty risk derived from non-commercial contractual transactions that may lead to defaults. In these cases, the Group analyses the solvency of counterparties with which the Group has or may have non-commercial contractual transactions. Any breach of payment obligations by Repsol's customers and counterparties, in the agreed time frame and form, could result in an adverse effect on Repsol's business, results or financial position.

The exposure of the Group to credit risk is mainly attributable to commercial debts from trading transactions, which are measured and controlled in relation to customers or individual third parties.

For further information see, Note 11.3 to the Guarantor's consolidated financial statements for the year ended 31 December 2019.

#### ***Credit rating risk.***

Credit rating agencies regularly rate the Group, and their ratings are based on, among other things, external factors, such as the conditions that affect the oil and gas sector, the general state of the economy and the performance of the financial markets.

As at the date of this Prospectus, the long-term credit ratings of the Guarantor are as follows:

	<u>Standard &amp; Poor's</u>	<u>Moody's</u>	<u>Fitch Ratings</u>
Long-term credit rating of the Guarantor	BBB (stable outlook)	Baa2 (negative outlook)	BBB (stable outlook)

Credit ratings affect the pricing and other conditions under which the Repsol Group is able to obtain financing. A credit 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 downgrade in the credit rating of the Guarantor could restrict or limit the Group's access to the financial markets, increase its new borrowing costs and have a negative effect on its liquidity.

#### ***Liquidity risk.***

Liquidity risk is associated with the Group's ability to finance its obligations at reasonable market prices, as well as its ability to carry out its business plans with stable financing sources.

In the case that Repsol were unable to meet its needs for liquidity in the future or needed to be required to incur increased costs to meet them, this could have an adverse effect on the business, financial position and results of operations of the Repsol Group.

For further information, see Note 11.2 to the Guarantor's consolidated financial statements for the year ended 31 December 2019.

## **(II) RISKS RELATING TO WITHHOLDING**

### ***Risks in relation to Spanish Taxation.***

The Guarantor considers that payments under the Guarantee should be characterised as an indemnity and, accordingly, be made free and clear of, and without withholding or deduction for, any taxes imposed by the Kingdom of Spain. However, although no clear precedent, statement of law or regulation exists in relation thereto, in the event that the Spanish Tax Authorities take the view that the Guarantor has validly, legally and effectively assumed all the obligations of the Issuer under the Securities subject to and in accordance with the Guarantee, they may attempt to impose withholding tax in Spain on any payments made by the Guarantor in respect of interest.

In such case, Additional Provision One of Law 10/2014 of 26 June, on supervision and solvency of credit entities ("**Law 10/2014**"), would apply to the Securities and payments of interest in respect of the Securities will be made without withholding tax in Spain provided that the Fiscal Agent provides the Guarantor in a timely manner with a certificate containing certain information in accordance with section 44 paragraph 5 of the Royal Decree 1065/2007 relating to the Securities. See "*Taxation—Spanish Tax—Payments made by the Guarantor*".

This information must be provided by the Fiscal Agent to the Guarantor, before the close of business on the Business Day (as defined in the Conditions) immediately preceding the date on which any payment of interest under the Guarantee, principal or of any amounts in respect of the early redemption of the Securities (each a "**Payment Date**") is due.

The Issuer, the Guarantor and the Fiscal Agent have arranged certain procedures to facilitate the collection of information concerning the Securities. If, despite these procedures, the relevant information is not received by the Guarantor on each Payment Date, the Guarantor will withhold tax at the then-applicable rate (currently 19%) from any payment of interest in respect of the relevant Securities. Neither the Issuer nor the Guarantor will pay any additional amounts with respect to any such withholding.

The Fiscal Agency Agreement provides that the Fiscal Agent will, to the extent applicable, comply with the relevant procedures to deliver the required information concerning the Securities to the Guarantor in a timely manner.

These procedures may be modified, amended or supplemented, among other reasons, to reflect a change in applicable Spanish law, regulation, ruling or an administrative interpretation thereof. None of the Issuer, the Guarantor or the Joint Bookrunners assumes any responsibility therefor.

Prospective purchasers of the Securities should consult their own tax advisers as to the consequences under the tax laws of the Kingdom of Spain of receiving payments of interest under the Securities.

## **(III) RISKS RELATED TO THE STRUCTURE OF THE SECURITIES**

### ***The Issuer's obligations under the Securities and the Coupons are subordinated.***

The Issuer's obligations under the Securities will be unsecured and subordinated obligations of the Issuer and will rank junior to the claims of unsubordinated and other subordinated creditors of the Issuer, except for subordinated creditors whose claims are expressed to rank *pari passu* with the Securities. See Condition 2 (*Status and Subordination of the Securities and Coupons*). By virtue of such subordination, payments to a Holder of Securities will, in the event of an Issuer Winding-up (as described in the Conditions) only be made after, and any set-off by a Holder of Securities shall be excluded until, all obligations of the Issuer resulting from higher ranking claims have been satisfied. A Holder of Securities may therefore recover less than the holders of unsubordinated or other subordinated liabilities of the Issuer or for payments to the Holder of Securities to be delayed compared to holders of such other claims. Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in

connection with the Securities and each Holder shall, by virtue of being the Holder of any Security, be deemed to have waived all such rights of set-off. Although subordinated debt securities may pay a higher rate of interest than comparable debt securities which are not subordinated, there is a real risk that an investor in subordinated securities such as the Securities will lose all or some of his investment should the Issuer become insolvent.

***The Guarantee is a subordinated obligation.***

The Guarantor's obligations under the Guarantee will be unsecured and subordinated obligations of the Guarantor. The Guarantor's obligations under the Guarantee will be subordinated in right of payment to the prior payment in full of all other liabilities of the Guarantor, except for obligations which rank equally with or junior to the Guarantee. See Condition 3 (*Guarantee, Status and Subordination of the Guarantee*).

Holders of the Securities are advised that unsubordinated liabilities of the Guarantor may also arise out of events that are not reflected on the balance sheet of the Guarantor including, without limitation, the issuance of guarantees on an unsubordinated basis. Claims made under such guarantees will become unsubordinated liabilities of the Guarantor that in the insolvency of the Guarantor will need to be paid in full before the obligations under the Guarantee may be satisfied.

***There are no events of default under the Securities.***

The Conditions do not provide for events of default allowing acceleration of the Securities if certain events occur. Accordingly, if the Issuer or the Guarantor fails to meet any obligations under the Securities or the Guarantee, as the case may be, including the payment of any interest, Holders of the Securities will not have the right to require the early redemption of the Securities. Upon a payment default, the sole remedy available to the Holders for recovery of amounts owing in respect of any payment of principal or interest on the Securities will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, in no event shall the Issuer or the Guarantor, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it).

***The Securities are undated securities.***

The Securities are undated securities, with no specified maturity date. The Issuer is under no obligation to redeem or repurchase the Securities at any time and the Holders have no right to require redemption of the Securities. Therefore, prospective investors should be aware that they may be required to bear the financial risks of an investment in the Securities for an indefinite period of time and may not recover their investment in the foreseeable future.

***The Issuer may redeem the Securities under certain circumstances.***

Holders should be aware that the Securities may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount (plus any accrued and outstanding interest and any outstanding Arrears of Interest) on any date during the Relevant Period and on any Interest Payment Date thereafter.

The redemption at the option of the Issuer may affect the market value of the Securities. During any period when the Issuer may elect to redeem the Securities or when the Issuer is perceived to be able to redeem the Securities, the market value of the Securities generally will not rise substantially above the price at which they can be redeemed.

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

In addition, the Securities are also subject to redemption in whole, but not in part, at the Issuer's option upon the occurrence of a Capital Event, a Tax Event, a Withholding Tax Event, an Accounting Event or a Substantial Purchase Event (each as defined in Condition 17 (*Definitions*)).

The relevant redemption amount may be less than the then current market value of the Securities.

***The Issuer may redeem the Securities after a Tax Event relating to an intra-group loan.***

The net proceeds of the issue of the Securities will be on-lent by the Issuer to the Guarantor pursuant to a Subordinated Loan (as defined in the Conditions). The Issuer may redeem the Securities in whole, but not in part, in certain circumstances, including if, as a result of a Tax Law Change (as defined in the Conditions), in respect of (i) the Issuer's obligation to make any payment under the Securities (including any Interest Payment) on the next following Interest Payment Date; or (ii) the obligation of the Guarantor to make any payment in favour of the Issuer under the Subordinated Loan on the next following due date for such payment, the Issuer or the Guarantor (as the case may be) would no longer be entitled to claim a deduction when computing its tax liabilities in The Netherlands or in Spain (as the case may be), or such entitlement is materially reduced.

The direct connection between a Tax Event and the Subordinated Loan may limit the Issuer's ability to prevent the occurrence of a Tax Event, and may increase the possibility of the Issuer exercising its option to redeem the Securities upon the occurrence of a Tax Event.

***The current IFRS accounting classification of financial instruments such as the Securities as equity instruments may change which may result in the occurrence of an Accounting Event.***

In June 2018, the IASB (International Accounting Standards Board) published the discussion paper DP/2018/1 on "Financial Instruments with Characteristics of Equity" (the "**DP/2018/1 Paper**"). While the final timing and outcome are uncertain, if the proposals set out in the DP/2018/1 Paper are implemented in their current form, the IFRS equity classification of financial instruments such as the Securities may change. If such a change leads to an Accounting Event, the Issuer will have the option to redeem, in whole but not in part, the Securities pursuant to Condition 6.4 (*Redemption for Accounting Reasons*) or substitute or vary the terms of the Securities pursuant to Condition 12.3 (*Substitution and Variation*).

The implementation of any of the proposals set out in the DP/2018/1 Paper or any other similar such proposals that may be made in the future, including the extent and timing of any such implementation, if at all, is uncertain. Accordingly, no assurance can be given as to the future classification of the Securities from an accounting perspective or whether any such change may result in the occurrence of an Accounting Event.

***The Issuer has the right to defer interest payments on the Securities.***

The Issuer may, at its discretion, elect to defer (in whole or in part) any payment of interest on the Securities. Any such deferral of interest payment shall not constitute a default for any purpose. See Condition 5 (*Optional Interest Deferral*). Any interest in respect of the Securities the payment of which is deferred will, so long as the same remains outstanding, constitute Arrears of Interest. Arrears of Interest will be payable as outlined in Condition 5.2 (*Optional Settlement of Arrears of Interest*) and Condition 5.3 (*Mandatory Settlement of Arrears of Interest*). While the deferral of payment of interest continues, the Issuer is not prohibited from making payments on any instrument ranking senior to the Securities or, in certain limited circumstances, on certain instruments ranking *pari passu* or junior to the Securities (as further set out in Condition 5.3 (*Mandatory Settlement of Arrears of Interest*)). In such event, the Holders are not entitled to claim immediate payment of interest so deferred.

As a result of the interest deferral provision of the Securities, the market price of the Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest payments are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's and/or the Guarantor's financial condition. Investors should be aware that any deferral of interest payments may have an adverse effect on the market price of the Securities.

***Substitution or variation of the Securities.***

There is a risk that, after the issue of the Securities, a Tax Event, a Withholding Tax Event, an Accounting Event or a Capital Event may occur which would entitle the Issuer, without any requirement for the consent or approval of the Holders, to substitute or vary the Securities (including the substitution of the Securities for securities issued by a wholly-owned finance subsidiary of the Guarantor resident in a taxing jurisdiction other than The Netherlands or Spain), subject to certain conditions intended to protect the interests of the Holders, so that after such substitution or variation the Securities remain or become, as the case may be, eligible for the same or (from the perspective of the Issuer or the Guarantor) more favourable tax, accounting or ratings treatment than the treatment to which they were entitled prior to the relevant event occurring.

Furthermore, there is a risk that if at any time after the Issue Date, the Issuer is required to withhold on account of Taxes levied in The Netherlands on any payment under the Securities, the Issuer may, without any requirement for the consent of the Holders, substitute or vary the Securities.

Any such substitution or variation may have an adverse impact on the price of, and/or the market for, the Securities.

***Changes in rating methodologies may lead to the early redemption of the Securities.***

S&P, Moody's and Fitch Ratings (in each case as defined in the Conditions) may change, amend or clarify their rating methodology or may apply a different set of criteria after the Issue Date (due to changes in the rating previously assigned to the Issuer and/or the Guarantor or to any other reasons), and as a result the Securities may no longer be eligible for the same or a higher amount of "equity credit" attributable to the Securities at the date of their issue, in which case the Issuer may redeem all of the Securities (but not some only), as provided in Condition 6.5 (*Redemption for Rating Reasons*).

***No limitation on issuing senior or pari passu securities or other liabilities.***

There is no restriction on the amount of securities or other liabilities which the Issuer or the Guarantor may issue, incur or guarantee and which rank senior to, or *pari passu* with, the Securities or the Guarantee (as the case may be). The issue of any such securities, the granting of any such guarantees or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders on the insolvency, winding-up, liquidation or dissolution of the Issuer or the Guarantor (as the case may be) and/or may increase the likelihood of a deferral of Interest Payments under the Securities.

If the Issuer's and/or the Guarantor's financial condition were to deteriorate, the Holders could suffer direct and materially adverse consequences, including loss of interest and, if the Issuer and/or the Guarantor were liquidated (whether voluntarily or not), the Holders could suffer loss of their entire investment.

***Interest rate reset may result in a decline of yield.***

The Securities pay interest at a fixed interest rate that will be reset during the term of the Securities and therefore the Holders are exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the yield of the Securities in advance.

***Any decline in the credit ratings of the Issuer and/or the Guarantor may affect the market value of the Securities.***

The Securities are expected to be assigned a rating by each of S&P, Moody's and Fitch Ratings. The rating expected to be granted by each of S&P, Moody's and Fitch Ratings or any other rating assigned to the Securities may not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the Securities. A credit rating is not a statement as to the likelihood of deferral of interest on the Securities. Holders have a greater risk of deferral of interest payments than persons holding other securities with similar credit ratings but no, or more limited, interest deferral provisions.



In addition, each of S&P, Moody's and Fitch Ratings, or any other rating agency may change its methodologies for rating securities with features similar to the Securities in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Securities sometimes called "notching". If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Securities were to be subsequently lowered, this may have a negative impact on the trading price of the Securities.

***Risks relating to EURIBOR.***

The determination of the Prevailing Interest Rate in respect of the Securities is dependent upon the relevant 6-month EURIBOR administered by the European Money Markets Institute at the relevant time (as specified in the Conditions) and the 5 year Swap Rate appearing on the Reuters Screen Page "ICESWAP2" provided by ICE Benchmark Administration Limited.

EURIBOR and other interest rate or other types of rates and indices which are deemed to be benchmarks ("**benchmarks**") are the subject of ongoing national and international regulatory reform. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. Any such consequence could affect the manner in which interest determinations are required to be made pursuant to the Conditions, and have a material adverse effect on the value of and return on the Securities.

Benchmark Events include (amongst other events) permanent discontinuation of an Original Reference Rate. If a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest is likely to result in the Securities performing differently (which may include payment of a lower interest rate) than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Independent Adviser, the Conditions provide that the Issuer and the Independent Adviser may agree to vary the Conditions, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Holders.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Conditions also provide that an Adjustment Spread will be determined by the Independent Adviser, following consultation with the Issuer, and applied to such Successor Rate or Alternative Rate.

The Adjustment Spread is (i) the spread, formula or methodology which is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), (ii) if no such recommendation has been made, or in the case of an Alternative Rate, the spread, formula or methodology which the Independent Adviser, following consultation with the Issuer, determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate, or (iii) if the Independent Adviser determines that no such spread is customarily applied, the spread, formula or methodology which the Independent Adviser determines and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate, as the case may be.

Accordingly, the application of an Adjustment Spread may result in the Securities performing differently (which may include payment of a lower interest rate) than they would do if the Original Reference Rate were to continue to apply in its current form.

The Issuer may be unable to appoint an Independent Adviser or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the terms and conditions of the Securities.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or the Independent Adviser is unable to determine a Successor Rate or Alternative Rate before the next Reset Interest Determination Date, the 5 year Swap Rate for the next succeeding Reset Period will be equal to the last observable 5-year mid swap rate for euro swap transactions, which is displayed on the Reset Screen Page, as determined by the Agent Bank, or, where the Benchmark Event occurs before the First Reset Date, the interest rate will be 3.750 per cent. for the 6 Year Non-Call Securities and 4.247 per cent. for the 8.5 Year Non-Call Securities. This could result in the effective application of a fixed rate to the Securities.

Where the Issuer has been unable to appoint an Independent Adviser or, the Independent Adviser has failed, to determine a Successor Rate or Alternative Rate in respect of any given Reset Period, it will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Reset Interest Determination Date and/or to determine a Successor Rate or Alternative Rate to apply the next succeeding and any subsequent Reset Periods, as necessary.

Notwithstanding the fallback provisions relating to Benchmark Events discussed above, no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to (i) result in a reduction of the amount of “equity credit” assigned to the Securities by any Rating Agency when compared to the “equity credit” assigned to the Securities immediately prior to the occurrence of the relevant Benchmark Event from such Rating Agency or (ii) otherwise prejudice the eligibility of the Securities for “equity credit” from any Rating Agency.

In addition, in the event that the relevant 5 year Swap Rate does not appear on the Reset Screen Page on the relevant Reset Interest Determination Date, the 5 year Swap Rate will be the percentage rate calculated by the Agent Bank on the basis of the 5 Year Swap Rate Quotations (as defined in the Conditions) provided by five leading swap dealers in the interbank market. In the event that the Issuer fails to provide the Agent Bank with the identity of such five leading swap dealers or if none of such swap dealers provide such 5 Year Swap Rate Quotations, the relevant 5 year Swap Rate will be equal to the last observable 5-year mid swap rate for euro swap transactions, as applicable, which is displayed on the Reset Screen Page, as determined by the Agent Bank. The Agent Bank will not be responsible to the Issuer or any third party for any failure of such swap dealers to fulfil their duties or meet their obligations to provide the 5 Year Swap Rate Quotations.

Applying the initial interest rate, or the last observable 5-year mid swap rate for euro swap transactions, as applicable, which is displayed on the Reset Screen Page before the occurrence of the Benchmark Event or before the relevant Reset Interest Determination Date (as referred to in the paragraph above), as applicable, is likely to result in the Securities performing differently (which may include payment of a lower interest rate) than they would do if the relevant benchmark were to continue to apply, if a Successor Rate or Alternative Rate could be determined or if the relevant 5 year Swap Rate did appear on the Reset Screen Page on the relevant Reset Interest Determination Date or if the 5 Year Swap Rate Quotations were provided.

Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Securities or could have a material adverse effect on the value or liquidity of, and the amount payable under the Securities. Investors should consider these matters when making their investment decision with respect to the Securities.

#### **(IV) RISKS RELATED TO THE SECURITIES GENERALLY**

Set out below is a brief description of certain risks relating to the Securities generally:

##### ***Majority decisions bind all Holders.***

The relevant Conditions contain provisions for calling meetings of Holders of the Securities to consider matters affecting their interests generally. At the first call for a meeting, one or more persons present or represented holding Securities representing 5% in nominal amount of the Securities outstanding is sufficient to form a quorum for the transaction of business (75% in the case of a special quorum resolution or two thirds in the case of an Extraordinary Resolution). At an adjourned meeting, it is sufficient for one Holder (irrespective of its holding) to be present or represented to form a quorum, including for the passing of an Extraordinary Resolution (25% for a special quorum resolution). These provisions permit the defined majorities to bind all Holders of the Securities including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

##### ***Change of law.***

The Conditions are based on law (including tax law) and administrative practice in effect at the date of this Prospectus, and having due regard to the expected tax treatment of all relevant entities under such law and administrative practice. No assurance can be given that there will not be any change to such law, tax or administrative practice after the date of this Prospectus, which change might impact on the Conditions and the expected payments of interest and repayment of principal.

##### ***Exchange rate fluctuations may affect the value of the Securities.***

The Issuer will pay principal and interest on the Securities in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to euro would decrease (1) the Investor's Currency-equivalent yield on the Securities, (2) the Investor's Currency-equivalent value of the principal payable on the Securities and (3) the Investor's Currency-equivalent market value of the Securities.

Government and monetary authorities may impose exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal. Any of the foregoing events could adversely affect the price of the Securities.

## DOCUMENTS INCORPORATED BY REFERENCE

The documents set out below, which have been filed with the CSSF, shall be deemed to be incorporated by reference in, and to form part of, this Prospectus. As long as any of the Securities are outstanding, each document incorporated by reference into this Prospectus will be made available, free of charge, at the specified offices of the Fiscal Agent, unless such documents have been modified or superseded, and at the offices of the Issuer in each case during normal business hours and on the website of the Guarantor at:

- (A) The audited consolidated financial statements, including the notes to such financial statements, the auditors' report thereon and the Consolidated Management Report of Repsol, S.A. for the year ended 31 December 2019:

[https://www.repsol.com/imagenes/global/en/ORI20022020\\_2019\\_annual\\_financial\\_report\\_tcm14-174953.pdf](https://www.repsol.com/imagenes/global/en/ORI20022020_2019_annual_financial_report_tcm14-174953.pdf)

- (B) The audited consolidated financial statements, including the notes to such financial statements, the auditors' report thereon and the Consolidated Management Report of Repsol, S.A. for the year ended 31 December 2018 (the "FY 2018 Financial Statements"):

[https://www.repsol.com/imagenes/global/en/28022019-Repsol-Annual-Financial-Report-2018\\_tcm14-147383.pdf](https://www.repsol.com/imagenes/global/en/28022019-Repsol-Annual-Financial-Report-2018_tcm14-147383.pdf)

The date "December 31, 20X1" which can be found on PDF page 4 of the FY 2018 Financial Statements should be read as "December 31, 2018".

- (C) Information on oil and gas exploration and production activities (unaudited information) for 2019, 2018 and 2017:

[https://www.repsol.com/imagenes/global/en/ORI20022020\\_information\\_repsol\\_group\\_oil\\_gas\\_exploration\\_production\\_activities\\_tcm14-174963.pdf](https://www.repsol.com/imagenes/global/en/ORI20022020_information_repsol_group_oil_gas_exploration_production_activities_tcm14-174963.pdf)

- (D) The audited standalone financial statements of the Issuer, including the notes to such financial statements and the audit reports thereon, for the financial year ended 31 December 2019:

[https://www.repsol.com/imagenes/global/en/rif\\_2019\\_annual\\_statements\\_tcm14-177721.pdf](https://www.repsol.com/imagenes/global/en/rif_2019_annual_statements_tcm14-177721.pdf)

- (E) The audited consolidated financial statements of the Issuer, including the notes to such financial statements and the audit reports thereon, for the financial year ended 31 December 2018:

[https://www.repsol.com/imagenes/global/en/rif-2018-annual-accounts\\_tcm14-149452.pdf](https://www.repsol.com/imagenes/global/en/rif-2018-annual-accounts_tcm14-149452.pdf)

- (F) The unaudited Guarantor's interim consolidated results for the three months ended 31 March 2020:

[https://www.repsol.com/imagenes/global/en/OIR05052020\\_IPP1\\_Nota\\_1Q20\\_en\\_tcm14-178898.pdf](https://www.repsol.com/imagenes/global/en/OIR05052020_IPP1_Nota_1Q20_en_tcm14-178898.pdf)

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The information incorporated by reference that is not included in the cross-reference list is considered as additional information and is not required by the relevant schedules of the Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004.

Pursuant to Spanish regulatory requirements, the audited consolidated financial statements of the Guarantor are required to be accompanied by the respective Consolidated Management Reports. These Consolidated Management Reports are incorporated by reference in this Prospectus only in order to comply with such regulatory requirements. Investors are strongly cautioned that the information contained in the Consolidated Management Reports has been neither audited nor prepared for the specific purpose of the issue of the Securities. Accordingly, the Consolidated Management Reports should be read together with the other sections of this Prospectus, and in particular the section "Risk Factors". Any information contained in the Consolidated Management Reports shall be deemed to be modified or superseded by any information elsewhere in the Prospectus that is subsequent to or inconsistent with it. Furthermore, the Consolidated Management Reports include certain forward-looking statements that are subject to inherent uncertainty (see "Important Notices—Forward-Looking Statements"). Accordingly, investors are cautioned not to rely upon the information contained in such Consolidated Management Reports.

## TERMS AND CONDITIONS OF THE 6 YEAR NON-CALL SECURITIES

*The following are the terms and conditions substantially in the form in which they will be endorsed on the 6 Year Non-Call Securities. Sentences in italics shall not form part of these terms and conditions.*

The issue of the €750,000,000 6 Year Non-Call Undated Deeply Subordinated Guaranteed Fixed Rate Securities (the “**Securities**”, which expression shall include any further Securities issued pursuant to Condition 13 (*Further Issues*) of Repsol International Finance B.V. (the “**Issuer**”) was authorised by a resolution of the sole shareholder of the Issuer dated 1 June 2020, a resolution of the Board of Managing Directors of the Issuer dated 1 June 2020 and a resolution of two managing directors of the Issuer dated 2 June 2020. The guarantee (the “**Guarantee**”) of the Securities was authorised by a resolution of the Chief Executive Officer (*Consejero Delegado*) of Repsol S.A. (the “**Guarantor**”) dated 2 June 2020, by a resolution of the Board of Directors of the Guarantor dated 4 May 2020 and by a resolution of the shareholders acting through the general shareholders’ meeting of the Guarantor dated 31 May 2019.

A fiscal agency agreement dated on or around 11 June 2020 (the “**Fiscal Agency Agreement**”) has been entered into in relation to the Securities between the Issuer, the Guarantor, Citibank, N.A., London Branch as fiscal agent and agent bank and the paying agents named therein. The fiscal agent, the agent bank and the paying agents for the time being are referred to as the “**Fiscal Agent**”, the “**Agent Bank**” and the “**Paying Agents**” (which expression shall include the Fiscal Agent), respectively.

The Fiscal Agency Agreement includes the form of the Securities and the coupons relating to them (the “**Coupons**”, which expression includes, where the context so permits, talons for further coupons (the “**Talons**”).

Copies of the Fiscal Agency Agreement and the Guarantee are available for inspection during normal business hours at the specified offices of the Paying Agents. The Holders of the Securities and the Holders of the Coupons (each as defined in Condition 1.2 (*Title*) below) (whether or not attached to the relevant Securities) are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

### 1. FORM, DENOMINATION AND TITLE

#### 1.1 Form and denomination

The Securities are serially numbered and in bearer form in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000, each with Coupons attached on issue. No Securities in definitive form will be issued with a denomination above €199,000. Securities of one denomination will not be exchangeable for Securities of another denomination.

#### 1.2 Title

Title to the Securities and Coupons passes by delivery. The holder of any Security or Coupon (a “**Holder**”) will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person shall be liable for so treating the Holder.

### 2. STATUS AND SUBORDINATION OF THE SECURITIES AND COUPONS

#### 2.1 Status of the Securities and Coupons

The Securities and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer (senior only to Junior Obligations of the Issuer) and will at all times rank *pari passu* and without any preference among themselves.



## **2.2 Subordination of the Securities**

In the event of an Issuer Winding-up, the rights and claims of the Holders against the Issuer in respect of or arising under the Securities and the Coupons will rank (i) junior to the claims of all holders of Senior Obligations of the Issuer, (ii) *pari passu* with the claims of holders of all Parity Obligations of the Issuer and (iii) senior to the claims of holders of all Junior Obligations of the Issuer.

Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Securities or the Coupons and each Holder shall, by virtue of being the Holder, be deemed to have waived all such rights of set-off. This Condition 2.2 (*Subordination of the Securities*) is an irrevocable stipulation (*derdenbeding*) for the benefit of the creditors of Senior Obligations of the Issuer and each such creditor may rely on and enforce this Condition 2.2 (*Subordination of the Securities*) under Section 6:253 of the Dutch Civil Code.

Neither the Issuer nor the Guarantor has any Preferred Shares outstanding. *For so long as any of the Securities remains outstanding, neither the Guarantor nor the Issuer intends to issue any Preferred Shares.*

## **3. GUARANTEE, STATUS AND SUBORDINATION OF THE GUARANTEE**

### **3.1 Guarantee**

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Securities and the Coupons on a subordinated basis. Its obligations in that respect (the “**Guarantee**”) are set out in the deed of guarantee dated the Issue Date and made by the Guarantor for the benefit of the Holders.

### **3.2 Status of the Guarantee**

Subject to mandatory provisions of Spanish applicable law, the payment obligations of the Guarantor under the Guarantee constitute direct, unsecured and subordinated obligations of the Guarantor (senior only to Junior Obligations of the Guarantor) and will at all times rank *pari passu* and without any preference among themselves.

### **3.3 Subordination of the Guarantee**

Subject to mandatory provisions of Spanish applicable law, in the event of the Guarantor being declared insolvent (*concurso*) under the Spanish Insolvency Law (as defined below), the rights and claims of Holders against the Guarantor in respect of or arising under the Guarantee will rank (i) junior to the claims of the holders of all Senior Obligations of the Guarantor, (ii) *pari passu* with the claims of the holders of all Parity Obligations of the Guarantor and (iii) senior to the claims of the holders of all Junior Obligations of the Guarantor.

Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Guarantor arising under or in connection with the Guarantee and each Holder shall, by virtue of being the Holder, be deemed to have waived all such rights of set-off.

## **4. INTEREST PAYMENTS**

### **4.1 General**

The Securities bear interest at the Prevailing Interest Rate from (and including) 11 June 2020 (the “**Issue Date**”) in accordance with the provisions of this Condition 4 (*Interest Payments*).

Subject to Condition 5 (*Optional Interest Deferral*), interest shall be payable on the Securities with respect to any Interest Period annually in arrear on each Interest Payment Date in each case as provided in this Condition 4 (*Interest Payments*).

## 4.2 Interest Accrual

The Securities will cease to bear interest from (and including) the date of redemption thereof pursuant to Condition 6 (*Redemption and Purchase*) or the date of any substitution thereof pursuant to Condition 12.3 (*Substitution and Variation*) unless, upon due presentation, payment of all amounts due in respect of the Securities is not made, in which event interest shall continue to accrue in respect of unpaid amounts on the Securities, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date.

Interest in respect of any Security shall be calculated per €1,000 in principal amount thereof (the “**Calculation Amount**”). The interest payable on each Security on any Interest Payment Date shall be calculated by multiplying the Prevailing Interest Rate for the Interest Period ending immediately prior to such Interest Payment Date by the Calculation Amount and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). Interest in respect of any Security for any Interest Period, and where it is necessary to compute an amount of interest in respect of any Security for a period which is less than a complete year, shall be calculated on the basis of the actual number of days in the relevant period from (and including) the first day of such period to (but excluding) the last day of such period divided by the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the next succeeding Interest Payment Date (with rounding as aforesaid occurring only following such calculation).

## 4.3 Prevailing Interest Rate

Unless previously redeemed or repurchased and cancelled in accordance with these Conditions and subject to the further provisions of this Condition 4 (*Interest Payments*), the Securities will bear interest on their principal amount as follows:

- (a) from (and including) the Issue Date to (but excluding) the First Reset Date, at the rate of 3.750 per cent. per annum, payable annually in arrear on each Interest Payment Date, commencing on 11 June 2021; and
- (b) from (and including) the First Reset Date, at the applicable 5 year Swap Rate in respect of the relevant Reset Period plus:
  - (i) in respect of the period commencing on the First Reset Date to (but excluding) 11 June 2031, 4.000 per cent. per annum;
  - (ii) in respect of the period commencing on 11 June 2031 to (but excluding) 11 June 2046, 4.250 per cent. per annum<sup>5</sup>; and
  - (iii) from and including 11 June 2046, 5.000 per cent. per annum<sup>6</sup>,

all as determined by the Agent Bank, payable annually in arrear on each Interest Payment Date, commencing on 11 June 2027, subject to Condition 5 (*Optional Interest Deferral*),

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<sup>5</sup> Step-up of 25 basis points 11 years after the Issue Date

<sup>6</sup> Step-up of an additional 75 basis points 26 years after the Issue Date

and where:

“**5 year Swap Rate**” means, in respect of any Reset Period, the 5-year mid-swap rate for euro swap transactions as displayed on Reuters screen “ICESWAP2” or, if such rate is not displayed on such screen at the relevant time, the mid-swap rate as displayed on a successor page (in each case, the “**Reset Screen Page**”) as at 11:00 a.m. (Central European time) on the relevant Reset Interest Determination Date.

Subject to the operation of Condition 4.4 (*Benchmark Replacement*), in the event that the relevant 5 year Swap Rate does not appear on the Reset Screen Page on the relevant Reset Interest Determination Date, the 5 year Swap Rate will be the Reset Reference Bank Rate on such Reset Interest Determination Date.

“**Reset Reference Bank Rate**” means the percentage rate calculated by the Agent Bank on the basis of the 5 Year Swap Rate Quotations provided by five leading swap dealers in the interbank market (the “**Reset Reference Banks**”) to the Issuer and the Agent Bank at approximately 11:00 a.m. (Central European time) on the relevant Reset Interest Determination Date. If (a) at least three quotations are provided, the Reset Reference Bank Rate will be determined by the Agent Bank on the basis of the arithmetic mean (or, if only three quotations are provided, the median) 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); (b) only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided; (c) only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided; and (d) no quotations are provided, the Reset Reference Bank Rate for the relevant period will be equal to the last observable 5-year mid swap rate for euro swap transactions which is displayed on the Reset Screen Page, as determined by the Agent Bank.

The “**5 year Swap Rate Quotations**” means, in relation to any Reset Period, 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 which (i) has a term of 5 years commencing on the relevant Reset Date, (ii) 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 (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on the basis of the actual number of days elapsed and a year of 360 days).

#### **4.4 Benchmark Replacement**

##### **(a) Independent Adviser**

Notwithstanding the provisions above in this Condition 4 (*Interest Payments*), if the Issuer determines that a Benchmark Event has occurred in relation to the Original Reference Rate when any interest rate (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, with a view to the Independent Adviser determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.4(b) (*Successor Rate or Alternative Rate*)) and, in either case, an Adjustment Spread, if any, and any Benchmark Amendments (in accordance with Condition 4.4(d) (*Benchmark Amendments*)). In making such determination, the Independent Adviser appointed pursuant to this Condition 4.4(a) (*Independent Adviser*) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agents or the Holders for any determination made by it pursuant to this Condition 4.4 (*Benchmark Replacement*).

If (A) the Issuer is unable to appoint an Independent Adviser using its reasonable endeavours; or (B) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4.4(a) (*Independent Adviser*) prior to the relevant

Reset Interest Determination Date, the 5 year Swap Rate applicable to the next succeeding Reset Period shall be equal to the last observable 5-year mid swap rate for euro swap transactions which is displayed on the Reset Screen Page, as determined by the Agent Bank. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Reset Period only and any subsequent Reset Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4.4(a) (*Independent Adviser*).

**(b) Successor Rate or Alternative Rate**

If the Independent Adviser, following consultation with the Issuer, determines that:

- (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread, if any, shall subsequently be used in place of the Original Reference Rate to determine the interest rate (or the relevant component part thereof) for all future payments of interest on the Securities; or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread, if any, shall subsequently be used in place of the Original Reference Rate to determine the interest rate (or the relevant component part thereof) for all future payments of interest on the Securities.

**(c) Adjustment Spread**

If the Independent Adviser, following consultation with the Issuer, determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be), the Independent Adviser, following consultation with the Issuer, shall determine the quantum of, or the formula or methodology for determining, the Adjustment Spread and such Adjustment Spread shall then be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

**(d) Benchmark Amendments**

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4.4 (*Benchmark Replacement*) and the Independent Adviser and the Issuer agree that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”), then the Independent Adviser and the Issuer shall agree the terms of the Benchmark Amendments. In such case, the Issuer shall, subject to giving notice thereof in accordance with Condition 4.4(e) (*Notices*), without any requirement for the consent or approval of Holders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 4.4(d) (*Benchmark Amendments*), the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

**(e) Notices**

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4.4 (*Benchmark Replacement*) will be notified promptly by the Issuer to the Paying Agents, the Agent Bank, the Fiscal Agent and, in accordance with Condition 14 (*Notices*), the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

**(f) Survival of Original Reference Rate**

Without prejudice to the obligations of the Issuer under this Condition 4.4 (*Benchmark Replacement*), the Original Reference Rate and the fallback provisions provided for in Condition 4.3 (*Prevailing Interest Rate*) will continue to apply unless and until the Issuer determines that a Benchmark Event has occurred and the Agent Bank, the Paying Agents and the Fiscal Agent have been notified of the Successor Rate or the Alternative Rate (as the case may be) and any Adjustment Spread and Benchmark Adjustments.

**(g) No Successor Rate, etc. if Reduction in Equity Credit**

Notwithstanding any other provision of this Condition 4.4 (*Benchmark Replacement*), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to (i) result in a reduction of the amount of “equity credit” assigned to the Securities by any Rating Agency when compared to the “equity credit” assigned to the Securities immediately prior to the occurrence of the relevant Benchmark Event from such Rating Agency or (ii) otherwise prejudice the eligibility of the Securities for “equity credit” from any Rating Agency.

**4.5 Publication of Prevailing Interest Rates**

The Issuer shall cause notice of the Prevailing Interest Rate and the corresponding amount payable per Calculation Amount determined in accordance with this Condition 4 (*Interest Payments*) in respect of each relevant Reset Period commencing on or after the First Reset Date and the relevant dates scheduled for payment to be given to the Fiscal Agent, the Paying Agents, any stock exchange on which the Securities are for the time being listed or admitted to trading and, in accordance with Condition 14 (*Notices*), the Holders, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

**4.6 Agent Bank and Reset Reference Banks**

With effect from the first Reset Interest Determination Date, the Issuer will maintain an Agent Bank and will select the number of Reset Reference Banks provided above where the Prevailing Interest Rate is to be calculated by reference to them. The name of the initial Agent Bank is Citibank, N.A., London Branch and its initial specified office is Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.

The Issuer may from time to time replace the Agent Bank or any Reset Reference Bank with another leading financial institution. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank or fails duly to determine the Prevailing Interest Rate in respect of any Reset Period as provided in Condition 4.3 (*Prevailing Interest Rate*), the Issuer shall forthwith appoint another leading financial institution to act as such in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed as aforesaid.

**4.7 Determinations of Agent Bank Binding**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 (*Interest Payments*) by the Agent Bank shall (in the absence of wilful default, fraud or manifest error) be binding on the Issuer, the Agent Bank the Fiscal Agent, the Paying Agents and all Holders and (in the absence as aforesaid) no liability to the Holders or the Issuer shall attach to the Agent Bank in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

## 5. OPTIONAL INTEREST DEFERRAL

### 5.1 Deferral of Interest Payments

The Issuer may, subject as provided in Conditions 5.2 (*Optional Settlement of Arrears of Interest*) and 5.3 (*Mandatory Settlement of Arrears of Interest*), elect in its sole discretion to defer (in whole or in part) any Interest Payment that is otherwise scheduled to be paid on an Interest Payment Date by giving notice (a “**Deferral Notice**”) of such election to the Holders in accordance with Condition 14 (*Notices*), the Fiscal Agent and the Paying Agents not more than 14 and not less than seven Business Days prior to the relevant Interest Payment Date. Any Interest Payment that the Issuer has elected to defer pursuant to this Condition 5.1 (*Deferral of Interest Payments*) and that has not been satisfied is referred to as a “**Deferred Interest Payment**”.

If any Interest Payment is deferred pursuant to this Condition 5.1 (*Deferral of Interest Payments*), then such Deferred Interest Payment shall itself bear interest (such further interest together with the Deferred Interest Payment, being “**Arrears of Interest**”) at the relevant Prevailing Interest Rate applicable from time to time, from (and including) the date on which (but for such deferral) the Deferred Interest Payment would otherwise have been due to be made to (but excluding) the date on which such Deferred Interest Payment is paid in accordance with Conditions 5.2 (*Optional Settlement of Arrears of Interest*) and 5.3 (*Mandatory Settlement of Arrears of Interest*), in each case such further interest being compounded on each Interest Payment Date. Any such Arrears of Interest will be calculated by the Agent Bank.

Non-payment of interest deferred pursuant to this Condition 5.1 (*Deferral of Interest Payments*) shall not constitute a default by the Issuer or the Guarantor under the Securities or the Guarantee or for any other purpose.

### 5.2 Optional Settlement of Arrears of Interest

Arrears of Interest may be satisfied at the option of the Issuer, in whole or in part, at any given time (the “**Optional Deferred Interest Settlement Date**”) following delivery of a notice to such effect given by the Issuer to the Holders in accordance with Condition 14 (*Notices*), the Fiscal Agent and the Paying Agents not more than 14 and no less than seven Business Days prior to the relevant Optional Deferred Interest Settlement Date informing them of its election so to satisfy such Arrears of Interest (or part thereof) and specifying the relevant Optional Deferred Interest Settlement Date.

### 5.3 Mandatory Settlement of Arrears of Interest

Notwithstanding the provisions of Condition 5.2 (*Optional Settlement of Arrears of Interest*), the Issuer shall pay any outstanding Arrears of Interest in whole, but not in part, on the first occurring Mandatory Settlement Date following the Interest Payment Date on which any outstanding Deferred Interest Payment was first deferred.

Notice of the occurrence of any Mandatory Settlement Date shall be given to the Holders in accordance with Condition 14 (*Notices*), the Fiscal Agent and the Paying Agents as soon as reasonably practicable prior to the relevant Mandatory Settlement Date.

“**Mandatory Settlement Date**” means the earliest of:

- (a) as soon as reasonably practicable (but not later than the fifth Business Day) following the date on which a Compulsory Arrears of Interest Settlement Event occurs;
- (b) following any Deferred Interest Payment, on the next scheduled Interest Payment Date on which the Issuer does not elect to defer in whole the Interest Payment in respect of the relevant Interest Period;

- (c) the date on which the Securities are redeemed or repaid in accordance with Condition 6 (*Redemption and Purchase*) or become due and payable in accordance with Condition 9 (*Enforcement Events and No Events of Default*); and
- (d) the date on which the Securities are substituted or varied in accordance with Condition 12.3 (*Substitution and Variation*).

A “**Compulsory Arrears of Interest Settlement Event**” shall have occurred if:

- (a) a Dividend Declaration is made in respect of any Junior Obligations or any Parity Obligations (other than in respect of any such dividend, distribution or payment paid or made exclusively in Ordinary Shares of the Guarantor); or
- (b) the Guarantor or any of its subsidiaries has repurchased, redeemed or otherwise acquired any Junior Obligations or any Parity Obligations,

save, in the case of (a) any such Dividend Declaration or such redemption, repurchase or acquisition that is mandatory under the terms of any such Parity Obligations; (b) any Dividend Declaration in respect of any such dividend, distribution or payment by the Issuer to the Guarantor or any of its Affiliates, (c) any Dividend Declaration or repurchase which is required to be validly resolved on, declared, paid or made in respect of, any share option, share allocation or share incentive plan, in each case reserved for directors, officers and/or employees of the Guarantor or any of its Affiliates or any associated liquidity agreements or any associated hedging transactions; (d) any purchase of Ordinary Shares of the Guarantor by or on behalf of the Guarantor as part of an intra-day transaction that does not result in an increase in the aggregate number of Ordinary Shares of the Guarantor held by or on behalf of the Guarantor as treasury shares at 8:30 a.m. (Central European time) on the Interest Payment Date on which any outstanding Deferred Interest Payment was first deferred; (e) any repurchase or acquisition of Parity Obligations that is made for a consideration less than the aggregate nominal or par value of such Parity Obligations that are purchased or acquired; (f) any repurchase or acquisition of Ordinary Shares of the Guarantor resulting from mandatory obligations or hedging of any convertible securities issued by the Issuer or the Guarantor; or (g) any repurchase or acquisition of Ordinary Shares of the Guarantor resulting from the settlement of existing equity derivatives after the Interest Payment Date on which any outstanding Deferred Interest Payment was first deferred.

“**Dividend Declaration**” means the authorisation by resolution of the general meeting of shareholders or the board of directors or other competent corporate body (as the case may be) of the Issuer or the Guarantor (as applicable) of the payment, or the making of, a dividend or other distribution or payment (or, if no such authorisation is required, the payment, or the making of, a dividend or other distribution or payment).

## **6. REDEMPTION AND PURCHASE**

### **6.1 Final redemption**

Subject to any early redemption described below, the Securities are undated securities with no specified maturity date. The Securities may not be redeemed at the option of the Issuer other than in accordance with Conditions 6.2 (*Issuer’s Call Option*), 6.3 (*Redemption for Taxation Reasons*), 6.4 (*Redemption for Accounting Reasons*), 6.5 (*Redemption for Rating Reasons*) and 6.6 (*Redemption following a Substantial Purchase Event*).

### **6.2 Issuer’s Call Option**

The Issuer may, by giving not less than 10 nor more than 60 days’ notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Holders (which notice shall be irrevocable), redeem the Securities in whole, but not in part, (i) on any date during the Relevant

Period, or (ii) on any Interest Payment Date thereafter at their principal amount together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest.

### **6.3 Redemption for Taxation Reasons**

If, immediately prior to the giving of the notice referred to below, a Tax Event or a Withholding Tax Event has occurred and is continuing, then the Issuer may, subject to having given not less than 10 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Holders (which notice shall be irrevocable) and subject to Condition 6.7 (*Preconditions to Redemption*), redeem the Securities in whole, but not in part, in accordance with these Conditions at any time, in each case at (i) their Early Redemption Amount (in the case of a Tax Event if the Redemption Date falls prior to the start of the Relevant Period) or (ii) their principal amount (in the case of (a) a Withholding Tax Event or (b) a Tax Event if the Redemption Date falls on or after the start of the Relevant Period), together, in each case, with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

### **6.4 Redemption for Accounting Reasons**

If, immediately prior to the giving of the notice referred to below, an Accounting Event has occurred and is continuing, then the Issuer may, subject to having given not less than 10 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Holders (which notice shall be irrevocable) and subject to Condition 6.7 (*Preconditions to Redemption*), redeem the Securities in accordance with these Conditions in whole, but not in part, at any time, in each case (i) at their Early Redemption Amount if the Redemption Date falls before the start of the Relevant Period, or (ii) at their principal amount if the Redemption Date falls on or after the start of the Relevant Period, together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

The Issuer may notify the redemption of the Securities as a result of the occurrence of an Accounting Event from (and including) the date on which the change in the relevant IFRS-EU standards or any other accounting standards that may replace IFRS-EU for the purposes of the annual, semi-annual or quarterly consolidated financial statements of the Guarantor (the “**Change**”) is officially adopted, which may be before the Change has come into effect.

### **6.5 Redemption for Rating Reasons**

If, immediately prior to the giving of the notice referred to below, a Capital Event has occurred and is continuing, then the Issuer may, subject to having given not less than 10 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Holders (which notice shall be irrevocable) and subject to Condition 6.7 (*Preconditions to Redemption*), redeem the Securities in accordance with these Conditions in whole, but not in part, at any time, in each case (i) at their Early Redemption Amount if the Redemption Date falls before the start of the Relevant Period, or (ii) at their principal amount if the Redemption Date falls on or after the start of the Relevant Period, together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

### **6.6 Redemption following a Substantial Purchase Event**

If, immediately prior to the giving of the notice referred to below, a Substantial Purchase Event has occurred, then the Issuer may, subject to having given not less than 10 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Holders (which notice shall be irrevocable) and subject to Condition 6.7 (*Preconditions to Redemption*),



redeem the Securities in whole, but not in part, in accordance with these Conditions at any time, in each case at their principal amount, together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest. Upon expiry of such notice, the Issuer shall redeem the Securities.

## **6.7 Preconditions to Redemption, Substitution or Variation**

Prior to serving any notice of redemption pursuant to this Condition 6 (*Redemption and Purchase*) (other than Condition 6.2 (*Issuer's Call Option*)) or any notice of substitution or variation pursuant to Condition 12.3 (*Substitution and Variation*), the Guarantor shall:

- (a) deliver to the Fiscal Agent a certificate signed by (i) two directors of the Guarantor or (ii) two attorneys duly authorised by the Board of Directors of the Guarantor, in each case stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary, as applicable, is satisfied;
- (b) in the case of a Tax Event or Withholding Tax Event, deliver to the Fiscal Agent an opinion of independent legal or other tax advisers to the effect set out in paragraph (a) above;
- (c) in the case of an Accounting Event, deliver to the Fiscal Agent the relevant opinion from the relevant accountancy firm; and
- (d) in the case of a Capital Event, deliver to the Fiscal Agent the relevant confirmation from the relevant Rating Agency.

Any such certificate, opinion or confirmation referred to in paragraphs (a) to (d) above shall, absent manifest error, be final and binding on all parties.

## **6.8 Cancellation**

All Securities redeemed in accordance with Conditions 6.2 (*Issuer's Call Option*), 6.3 (*Redemption for Taxation Reasons*), 6.4 (*Redemption for Accounting Reasons*), 6.5 (*Redemption for Rating Reasons*) and 6.6 (*Redemption following a Substantial Purchase Event*) and any unmaturing Coupons attached to or surrendered with them will be cancelled and may not be re-issued or re-sold.

## **6.9 Purchase**

Each of the Issuer, the Guarantor and their respective subsidiaries may at any time purchase Securities in the open market or otherwise at any price (provided that, if they should be surrendered to the Fiscal Agent for cancellation pursuant to this Condition 6.9 (*Purchase*), they are purchased together with all unmaturing Coupons and all unexchanged Talons relating to them). The Securities so purchased may be held, re-issued or re-sold or, at the option of the relevant purchaser, surrendered to the Fiscal Agent for cancellation, but while held by or on behalf of the Issuer, the Guarantor or any such subsidiary, shall not entitle the holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders or for the purposes of Condition 12 (*Meetings of Holders of Securities and Modification*).

*As at the date of this Prospectus, it is the Guarantor's intention (without thereby assuming any obligation whatsoever) at any time, that it or the Issuer will redeem or repurchase the Securities (or any part thereof) only to the extent that the amount of "equity credit" (as defined below) of the Securities (or any part thereof) to be redeemed or repurchased does not exceed the aggregate amount of "equity credit" of the Replacement Securities (as defined below) sold or issued on or prior to the date of such redemption or repurchase, unless:*

- (i) *the rating (or such similar nomenclature then used by S&P) assigned by S&P to the Guarantor is at least equal to the rating assigned to the Guarantor on the date of the most recent*

*additional hybrid security issuance (excluding any refinancing) which was assigned by S&P a similar “equity credit” and the Guarantor is of the view that such rating would not fall below this level as a result of such redemption or repurchase, or*

*(ii) in the case of a repurchase, such repurchase is of less than (a) 10 per cent. of the aggregate principal amount of hybrid capital of the Group outstanding in any period of 12 consecutive months or (b) 25 per cent. of the aggregate principal amount of hybrid capital of the Group outstanding in any period of 10 consecutive years, or*

*(iii) the Securities are redeemed pursuant to a Tax Event, a Capital Event, an Accounting Event, a Substantial Purchase Event or a Withholding Tax Event, or*

*(iv) the Securities are not assigned any category of “equity credit” at the time of such redemption or repurchase, or*

*(v) in the case of any repurchase, such repurchase relates to an aggregate principal amount of Securities repurchased up to the S&P Excess Amount, or*

*(vi) such redemption or repurchase occurs on or after the Interest Payment Date falling on or after 11 June 2046.*

*For the purposes of the paragraph above:*

*“equity credit” means the equity credit assigned to the relevant securities at the time of their issuance, sale, repurchase or redemption, as applicable (or such similar nomenclature used by S&P from time to time);*

*“Group” means the Guarantor together with its consolidated subsidiaries from time to time;*

*“Replacement Securities” means securities (other than the Securities) sold or issued by the Guarantor or any subsidiary of the Guarantor to third party purchasers (other than group entities of the Guarantor) and which are assigned by S&P, at the time of their sale or issuance, an “equity credit” that is equal to or greater than the “equity credit” assigned to the Securities (or any part thereof) to be redeemed or repurchased at their time of issuance (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Securities); and*

*“S&P Excess Amount” means the amount by which the aggregate principal amount of outstanding hybrid capital of the Guarantor and any subsidiaries of the Guarantor exceeds the maximum aggregate principal amount of hybrid capital for which S&P under its then-prevailing methodology would recognise “equity credit” from time to time based on the Guarantor’s adjusted total capitalisation.*

## **7. PAYMENTS**

### **7.1 Method of Payment**

Payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Securities or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent by transfer to a euro account maintained by the payee with a bank in a city in which banks have access to the TARGET System. Payments of interest due in respect of any Security other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Security.

## **7.2 Payments subject to fiscal laws**

All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*). No commissions or expenses shall be charged to the Holders in respect of such payments.

## **7.3 Unmatured Coupons**

Upon the due date for redemption of any Security, unmaturred Coupons relating to such Security (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Security is presented for redemption without all unmaturred Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer and the Guarantor may require.

## **7.4 Exchange of Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Securities, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10 (*Prescription*)).

## **7.5 Payments on business days**

If the due date for payment of any amount in respect of any Security or Coupon is not a business day in the place of presentation (and, in the case of payment by transfer to a euro account, a day that is not a Business Day), the Holder thereof shall not be entitled to payment until the next business day in the place of presentation (and, in the case of payment by transfer to a euro account, on the next day that is a Business Day). No further interest or other payment will be made as a consequence of such delay. In this Condition 7.5 (*Payments on business days*), “**business day**” means a day on which commercial banks and foreign exchange markets settle payments and are open in the relevant city.

## **7.6 Paying Agents**

The initial Paying Agents and their initial specified offices are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that they will maintain (i) a Fiscal Agent and (ii) a Paying Agent (which may be the Fiscal Agent) having specified offices in London or an alternative European city (as the Issuer may select), other than Spain or The Netherlands. Notice of any change in the Paying Agents or their specified offices will promptly be given to the Holders in accordance with Condition 14 (*Notices*).

# **8. TAXATION**

## **8.1 Additional Amounts**

All payments of principal and interest in respect of the Securities and the Coupons by the Issuer or (as the case may be) the Guarantor under the Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges (collectively, “**Taxes**”) of whatever nature imposed or levied by or on behalf of The Netherlands or the Kingdom of Spain or, in each case, any authority therein or thereof having power to tax (each a “**Taxing Authority**”), unless the withholding or deduction of such Taxes is required by law.

In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts (“**Additional Amounts**”) as may be necessary in order that the net amounts received by the Holders after such withholding or deduction of Taxes shall equal the respective amounts of principal and interest which would have been received in respect of the Securities or (as the case may be) Coupons, in the absence of such withholding or deduction of Taxes; except that no Additional Amounts shall be payable with respect to any payment in respect of any Security or Coupon or (as the case may be) under the Guarantee:

- (a) to, or to a third party on behalf of, a Holder or to the beneficial owner of any Security or Coupon who is liable for Taxes in respect of such Security or Coupon by reason of his having some connection with The Netherlands or the Kingdom of Spain other than the mere holding of the Security or Coupon;
- (b) presented for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder or the beneficial owner thereof would have been entitled to such Additional Amounts on presenting the same for payment on the thirtieth such day;
- (c) in relation to any estate, inheritance, gift, sales, transfer or similar Taxes;
- (d) while the Securities are represented by Global Securities and the Global Securities are deposited with a common depository for Euroclear and/or Clearstream, Luxembourg, to, or to a third party on behalf of, a Holder or to the beneficial owner of any Security or Coupon if the Issuer or the Guarantor does not receive in a timely manner a duly executed and completed certificate from the Fiscal Agent, pursuant to Law 10/2014, and Royal Decree 1065/2007 of 27 July, as amended by Royal Decree 1145/2011 of 29 July, and any implementing legislation or regulation;
- (e) while the Securities are represented by Definitive Securities, where such withholding or deduction of Taxes is imposed, withheld or deducted by reason of the failure of the Holder or the beneficial owner of any Security or Coupon to comply with the Issuer’s or the Guarantor’s request addressed to the Holder or the beneficial owner to provide a valid certificate of tax residence duly issued by the tax authorities of the country of tax residence of the Holder or the beneficial owner of any Security or Coupon confirming that the Holder or the beneficial owner is (i) resident for tax purposes in a Member State of the European Union, not considered a tax haven pursuant to Spanish law, other than Spain; or (ii) resident for tax purposes in a jurisdiction with which Spain has entered into a tax treaty to avoid double taxation, which makes provision for full exemption from tax imposed in Spain on interest and within the meaning of the referred tax treaty; as it is required to provide by the applicable tax laws and regulations of the relevant Taxing Authority as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by such relevant Taxing Authority;
- (f) presented for payment in the Kingdom of Spain or The Netherlands;
- (g) where such withholding or deduction is required pursuant to Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (the “**Code**”), the regulations thereunder and official interpretations thereof, agreements entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (collectively, “**FATCA**”); or
- (h) presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Security to another Paying Agent in a Member State of the European Union.

In addition, Additional Amounts will not be payable with respect to (i) any Taxes that are imposed in respect of any combination of the items set forth above and (ii) any Holder who is a fiduciary, a partnership, a limited liability company or other than the sole beneficial owner of that payment, to the extent that payment would be required by the laws of the relevant Taxing Authority to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interest holder in that limited liability company or a beneficial owner who would not have been entitled to the Additional Amounts had it been the Holder.

## 8.2 Definitions

References in these Conditions to (i) “**principal**” shall be deemed to include all amounts in the nature of principal payable pursuant to Condition 7 (*Payments*) or any amendment or supplement to it; (ii) “**interest**” shall be deemed to include all Arrears of Interest and all other amounts payable pursuant to Condition 4 (*Interest Payments*) or any amendment or supplement to it; and (iii) “**principal**” and/or “**interest**” shall be deemed to include any Additional Amounts.

If the Issuer or the Guarantor, as the case may be, becomes subject at any time to any taxing jurisdiction other than, or in addition to, The Netherlands or the Kingdom of Spain, as the case may be, references in these Conditions to The Netherlands and the Kingdom of Spain, respectively shall be read and construed as references to The Netherlands or the Kingdom of Spain, as the case may be, and/or to such other jurisdiction and, in the event that (and for so long as) the Kingdom of Spain is not the taxing jurisdiction of either the Issuer or the Guarantor, paragraphs (d) and (e) of Condition 8.1 (*Additional Amounts*) shall no longer apply.

## 8.3 Substitute Taxing Jurisdiction

If, pursuant to the Issuer’s option under Condition 12.3 (*Substitution and Variation*), the Securities are exchanged for new securities of any wholly-owned direct or indirect finance subsidiary of the Guarantor that is subject to any taxing jurisdiction other than The Netherlands or Spain, respectively, references in these Conditions to The Netherlands or Spain shall be construed as references to The Netherlands or (as the case may be) Spain and/or such other jurisdiction.

## 9. ENFORCEMENT EVENTS AND NO EVENTS OF DEFAULT

There are no events of default in respect of the Securities.

However, if an Issuer Winding-up occurs, or an order is made or an effective resolution passed for the winding-up, dissolution or liquidation of the Guarantor (except for the purposes of a solvent merger, reconstruction or amalgamation), any Holder of a Security, in respect of such Security and provided that such Holder does not contravene a previously adopted Extraordinary Resolution (if any) may, by written notice to the Issuer and the Guarantor, declare that such Security and all interest then accrued but unpaid on such Security shall be forthwith due and payable, whereupon the same shall become immediately due and payable, together with all interest accrued thereon.

In such case the Holder of a Security may, at its sole discretion, institute steps in order to obtain a judgment against the Issuer and/or the Guarantor for any amounts due in respect of the Securities, including the institution of proceedings for the declaration of insolvency (*declaración de concurso*) of the Guarantor under the Spanish Insolvency Law and/or proving and/or claiming in an Issuer Winding-up or in the winding-up, dissolution, liquidation or insolvency proceeding of the Guarantor for such amount.

Each Holder may, at its discretion and without further notice, institute such proceedings as it may think fit to enforce any term or condition binding on the Issuer or the Guarantor under the Securities or the Guarantee but in no event shall the Issuer or the Guarantor by the virtue of such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

No remedy against the Issuer or the Guarantor, other than as referred to in this Condition 9 (*Enforcement Events and No Events of Default*) shall be available to the Holders, whether for the recovery of amounts owing in respect of the Securities or the Guarantee or in respect of any other breach by the Issuer or the Guarantor of any of their respective other obligations under or in respect of the Securities or the Guarantee.

## **10. PRESCRIPTION**

Claims in respect of principal and interest or any other amount will become void unless presentation for payment is made as required by Condition 7 (*Payments*) within a period of 10 years in the case of principal (or any other amount in the nature of principal) and five years in the case of interest (or any other amount in the nature of interest, including Arrears of Interest) from the appropriate Relevant Date.

## **11. REPLACEMENT OF SECURITIES AND COUPONS**

If any Security or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent subject to all applicable laws and requirements of any stock exchange, listing authority, quotation system or other relevant authority, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Guarantor and the Fiscal Agent may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Securities or Coupons must be surrendered before replacements will be issued. In case any such lost, stolen, mutilated, defaced or destroyed Coupon has become or is about to become due and payable, the Issuer in its discretion may, instead of delivering replacements therefor, pay such Coupon when due.

## **12. MEETINGS OF HOLDERS OF SECURITIES AND MODIFICATION, SUBSTITUTION AND VARIATION**

### **12.1 Meetings of Holders of Securities**

The Fiscal Agency Agreement contains provisions for convening meetings of Holders of Securities to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Holders of Securities holding not less than one twentieth in principal amount of the Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing at least two thirds of the aggregate principal amount of the Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders of Securities whatever the principal amount of the Securities held or represented. Any Extraordinary Resolution duly passed shall be binding on Holders of Securities (whether or not they were present at the meeting at which such resolution was passed) and on all Holders of Coupons.

The Fiscal Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders of Securities duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders of Securities.

### **12.2 Modification**

The Securities, these Conditions, the Deed of Covenant and the Deed of Guarantee may be amended without the consent of the Holders to correct a manifest error or pursuant to Conditions 4.4 (*Benchmark Replacement*) and 12.3 (*Substitution and Variation*). No other modification may be

made to the Securities, these Conditions, the Deed of Covenant or the Deed of Guarantee except with the sanction of a resolution of the Holders.

In addition, the parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Holders, to any such modification unless, in the opinion of the Issuer and the Guarantor, (i) it is of a formal, minor or technical nature; (ii) it is made to correct a manifest error; or (iii) it is not materially prejudicial to the interests of the Holders.

### 12.3 Substitution and Variation

(a) If at any time after the Issue Date, the Issuer and/or the Guarantor determines that a Tax Event, a Withholding Tax Event, an Accounting Event or a Capital Event has occurred, the Issuer may, as an alternative to an early redemption of the Securities pursuant to Condition 6 (*Redemption and Purchase*), on any applicable Interest Payment Date, without the consent of the Holders:

- (i) exchange the Securities into new securities (the “**Exchanged Securities**”) of the Issuer, the Guarantor or any wholly-owned direct or indirect finance subsidiary of the Guarantor (a “**Substitute Issuer**”) with a guarantee of the Guarantor, or
- (ii) vary the terms of the Securities (the “**Varied Securities**”),

(such exchange and variation together, a “**Variation or Substitution**”) so that in either case:

- (A) in the case of a Tax Event, in respect of (I) the Issuer’s (or Substitute Issuer’s) obligation to make any payment of interest under the Exchanged Securities or Varied Securities; or (II) the obligation of the Guarantor to make any payment of interest in favour of the Issuer (or Substitute Issuer) under the Subordinated Loan (or any replacement thereof between the Guarantor and Substitute Issuer), the Issuer, the Guarantor or the Substitute Issuer (as the case may be) is entitled to claim a deduction or a higher deduction (as the case may be) in respect of interest paid when computing its tax liabilities in The Netherlands, in Spain or in the taxing jurisdiction of the Substitute Issuer (as the case may be), which deduction would not have been available or would have been of a lower amount had a Variation or Substitution not occurred;
- (B) in the case of a Withholding Tax Event, in making any payments in respect of the Exchanged Securities or Varied Securities or the Exchanged or Varied Guarantee (as defined below), the Issuer, the Guarantor or the Substitute Issuer (as the case may be) are not required to pay any Additional Amounts or are required to pay lower Additional Amounts when compared to the situation where no Variation or Substitution had occurred;
- (C) in the case of an Accounting Event, the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) is recorded as “equity” pursuant to IFRS-EU or any other accounting standards that may replace IFRS-EU for the purposes of the annual, semi-annual or quarterly consolidated financial statements of the Guarantor; or
- (D) in the case of a Capital Event, the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) or following any relevant refinancing of the Securities such part of the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) benefitting from “equity credit”, is assigned “equity credit” (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument

exhibits the characteristics of an ordinary share) by the relevant Rating Agency that is equal to or greater than that which was assigned to the Securities on the Issue Date.

- (b) Any Variation or Substitution shall be subject to the following conditions:
- (i) the Issuer giving not less than 10 nor more than 60 days' notice to the Fiscal Agent and the Holders in accordance with Condition 14 (*Notices*);
  - (ii) the Issuer complying with the rules of any stock exchange, listing authority, quotation system or other relevant authority on which the Securities are for the time being admitted to trading, and (for so long as the rules of such exchange, authority or system so require) the publication of any appropriate supplement, listing particulars or offering circular in connection therewith, and the Exchanged Securities or Varied Securities continue to be admitted to trading on the same stock exchange, listing authority, quotation system or other relevant authority as the Securities if they were admitted to trading immediately prior to the relevant Variation or Substitution;
  - (iii) the Issuer paying any outstanding Arrears of Interest in full prior to the relevant Variation or Substitution;
  - (iv) the Exchanged Securities or Varied Securities:
    - (A) ranking at least *pari passu* with the Securities if the Exchanged Securities or Varied Securities and the Securities were outstanding at the same time immediately prior to the Variation or Substitution,
    - (B) having the benefit of a guarantee (the “**Exchanged or Varied Guarantee**”) from the Guarantor on terms not less favourable to Holders than the terms of the Guarantee (as reasonably determined by the Issuer or Substitute Issuer and the Guarantor),
    - (C) benefitting from the same or more favourable interest rates and the same Interest Payment Dates, the same First Reset Date and early redemption rights (provided that the relevant Variation or Substitution may not itself trigger any early redemption right), the same rights to accrued interest and any other amounts payable under the Securities which, in each case, has accrued to the Holders and has not been paid, the same rights to principal and interest, and, if publicly rated by a Rating Agency immediately prior to such Variation or Substitution, at least the same credit rating immediately after such Variation or Substitution by each Rating Agency (as the case may be), as compared with the relevant rating(s) immediately prior to such Variation or Substitution (as determined by the Issuer or Substitute Issuer and the Guarantor using reasonable measures available to it including discussions with the relevant Rating Agency to the extent practicable), and otherwise containing terms not materially less favourable to Holders than the terms of the Securities (as reasonably determined by the Issuer or Substitute Issuer and the Guarantor).
    - (D) not containing terms providing for the mandatory deferral of interest; and
    - (E) not containing terms providing for loss absorption through principal write-down or conversion to shares;



- (v) the preconditions to redemption set out in Condition 6.7 (*Preconditions to Redemption*) having been satisfied and the terms of the exchange or variation (in the sole opinion of the Issuer or Substitute Issuer or the Guarantor, as the case may be) not being prejudicial to the interests of the Holders, including compliance with paragraph (iv) above, as certified to the benefit of the Holders by two directors of the Guarantor or two attorneys duly authorised by the Board of Directors of the Guarantor, having consulted with an independent investment bank of international standing, and any such certificate shall, absent fraud or manifest error, be final and binding on all parties. However, a change in the governing law of the provisions of Condition 2.2 (*Subordination of the Securities*) to the laws of the jurisdiction of incorporation of the Substitute Issuer, in connection with any substitution of the Issuer pursuant to this Condition 12.3 (*Substitution and Variation*), shall be deemed not to be prejudicial to the interests of the Holders; and
- (vi) the issue of legal opinions addressed to the Fiscal Agent from one or more international law firms in England and the relevant jurisdictions of the Issuer, Guarantor and Substitute Issuer, as applicable, selected by the Issuer or the Guarantor and confirming (x) that each of the Issuer, the Substitute Issuer and the Guarantor (as the case may be) has capacity to assume all rights, duties and obligations under the Exchanged Securities or Varied Securities and the Exchanged or Varied Guarantee (as the case may be) and has obtained all necessary corporate or governmental authorisation to assume all such rights and obligations and (y) the legality, validity and enforceability of the Exchanged Securities or Varied Securities.

### **13. FURTHER ISSUES**

The Issuer may from time to time without the consent of the Holders create and issue further securities either having the same terms and conditions as the Securities in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Securities) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Securities include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Securities.

### **14. NOTICES**

Notices to Holders of Securities will be deemed to be validly given if published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe. The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange, listing authority, quotation system or other relevant authority on which the Securities are for the time being listed and/or admitted to trading.

Notwithstanding the above, while all the Securities are represented by a Security in global form and such global form Security is deposited with a common depositary for Euroclear and/or Clearstream, Luxembourg, notices to Holders of Securities may be given, in substitution for publication in a daily newspaper as required by the paragraph above, by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg in accordance with their respective rules and operating procedures, and such notices shall be deemed to have been given to Holders on the date of delivery to Euroclear and/or Clearstream, Luxembourg. Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to the Holders of Securities in accordance with this Condition.

Any such notice shall be deemed to have been validly given on the date of the first such publication or, if published more than once on the first date on which publication is made.

## **15. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999.

## **16. GOVERNING LAW**

### **16.1 Governing Law**

The Fiscal Agency Agreement, the Securities, the Coupons and the Guarantee and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law, other than the provisions of Condition 2 (*Status and Subordination of the Securities and Coupons*) which are governed by and construed in accordance with the laws of The Netherlands, and the provisions of Conditions 3.2 (*Status of the Guarantee*) and 3.3 (*Subordination of the Guarantee*), and the corresponding provisions of the Guarantee, which are governed by and construed in accordance with the laws of the Kingdom of Spain.

### **16.2 Jurisdiction**

The courts of England have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising from or connected with the Securities or the Coupons (including a dispute relating to the existence, validity or termination of the Securities or any non-contractual obligations arising out of or in connection with the Securities or the consequences of their nullity). The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary. This Condition is for the benefit of the Holders only. As a result, nothing in this Condition 16.2 (*Jurisdiction*) prevents any Holder from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, Holders may take concurrent Proceedings in any number of jurisdictions.

### **16.3 Agent for Service of Process**

The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Leadenhall Secretaries Limited at 125 Wood Street, London EC2V 7AW, or, if different, its registered office for the time being or at any address of the Issuer in England at which process may be served on it.

If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall forthwith appoint a further person in England to accept service of process on its behalf in England and notify the name and address of such person to the Fiscal Agent and, failing such appointment within 15 days, any Holder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Holder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England.

## **17. DEFINITIONS**

In these Conditions:

“**2015 Dated Securities**” means the €1,000,000,000 10 Year Non-Call Securities due 2075 (ISIN: XS1207058733) issued by the Issuer on 25 March 2015 and unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor;

“**2015 Perpetual Securities**” means the €1,000,000,000 6 Year Non-Call Perpetual Securities (ISIN: XS1207054666) issued by the Issuer on 25 March 2015 and unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor;

“**2015 Securities**” means the 2015 Dated Securities and the 2015 Perpetual Securities;

“**5 year Swap Rate**” has the meaning given to it in Condition 4.3 (*Prevailing Interest Rate*);

“**5 year Swap Rate Quotations**” has the meaning given to it in Condition 4.3 (*Prevailing Interest Rate*);

“**8.5 Year Non-Call Securities**” means the €750,000,000 8.5 Year Non-Call Undated Deeply Subordinated Guaranteed Fixed Rate Securities issued by the Issuer with the Securities and unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor;

“**30/360 Day Count**” means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period (such number of days being calculated on the basis of a 360 day year consisting of 12 months of 30 days each), divided by 360;

an “**Accounting Event**” shall be deemed to occur if the Issuer or the Guarantor has received, and notified the Holders in accordance with Condition 14 (*Notices*) that it has so received, an opinion of a recognised accountancy firm of international standing, stating that, as a result of a change in the accounting rules or methodology effective after the Issue Date, the Securities must not or must, from the implementation date of the relevant IFRS-EU standards or any other accounting standards that may replace IFRS-EU, no longer be recorded as “equity” pursuant to IFRS-EU or any other accounting standards that may replace IFRS-EU for the purposes of the annual, semi-annual or quarterly consolidated financial statements of the Guarantor;

“**Additional Amounts**” has the meaning given to it in Condition 8.1 (*Additional Amounts*);

“**Adjustment Spread**” means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case which the Independent Adviser, following consultation with the Issuer, has determined to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (a) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (b) if no such recommendation has been made, or in the case of an Alternative Rate, the Independent Adviser, following consultation with the Issuer, determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or
- (c) if the Independent Adviser determines that no such spread is customarily applied, the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

“**Affiliates**” means an entity that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Guarantor;

“**Alternative Rate**” means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4.4(b) (*Successor Rate or Alternative Rate*) is customarily

applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same interest period and in euros;

“**Arrears of Interest**” has the meaning given to it in Condition 5.1 (*Deferral of Interest Payments*);

“**Benchmark Amendments**” has the meaning given to it in Condition 4.4(d) (*Benchmark Amendments*);

“**Benchmark Event**” means:

- (a) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (b) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease to publish the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (c) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Securities; or
- (e) a public statement by the supervisor of the administrator of the Original Reference Rate that, in the view of such supervisor, such Original Reference Rate is no longer representative of an underlying market; or
- (f) it has become unlawful for any Paying Agent, the Issuer or other party to calculate any payments due to be made to any Holder using the Original Reference Rate,

provided that in the case of sub-paragraphs (b), (c) and (d), the Benchmark Event shall occur on the later of (i) the date which is six months prior to the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be and (ii) the date of the relevant public statement.

“**business day**” has the meaning given to it in Condition 7.5 (*Payments on business days*);

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which the Target System is operating;

“**Calculation Amount**” has the meaning given to it in Condition 4.2 (*Interest Accrual*);

a “**Capital Event**” shall be deemed to occur if the Issuer or the Guarantor (directly or via publication by such Rating Agency) has received, and notified the Holders in accordance with Condition 14 (*Notices*) that it has so received, confirmation from any Rating Agency that, due to any amendment to, clarification of, or change in hybrid capital methodology or a change in the interpretation thereof, in each case occurring or becoming effective after the Issue Date all or any of the Securities will no longer be eligible (or if the Securities have been partially or fully refinanced since the Issue Date and are no longer eligible for “equity credit” from such Rating Agency in part or in full as a result, all or any of the Securities that would no longer have been eligible as a result of such amendment, clarification, change in hybrid capital methodology or change in the interpretation had they not been refinanced) for the same or a higher amount of “equity credit” (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the

characteristics of an ordinary share) attributed to the Securities at the Issue Date (or, if “equity credit” is not assigned to the Securities by the relevant Rating Agency on the Issue Date, at the date on which “equity credit” is assigned by such Rating Agency for the first time);

“**Code**” has the meaning given to it in Condition 8.1 (*Additional Amounts*);

“**Compulsory Arrears of Interest Settlement Event**” has the meaning given to it in Condition 5.3 (*Mandatory Settlement of Arrears of Interest*);

“**Condition**” means the terms and conditions of the Securities;

“**Deferral Notice**” has the meaning given to it in Condition 5.1 (*Deferral of Interest Payments*);

“**Deferred Interest Payment**” has the meaning given to it in Condition 5.1 (*Deferral of Interest Payments*);

“**Dividend Declaration**” has the meaning given to it in Condition 5.3 (*Mandatory Settlement of Arrears of Interest*);

“**Early Redemption Amount**” means in respect of a redemption of the Securities following the occurrence of a Tax Event, an Accounting Event or a Capital Event, 101 per cent. of the principal amount of such Securities;

“**Exchanged or Varied Guarantee**” has the meaning given to it in Condition 12.3 (*Substitution and Variation*);

“**Exchanged Securities**” has the meaning given to it in Condition 12.3 (*Substitution and Variation*);

“**FATCA**” has the meaning given to it in Condition 8.1 (*Additional Amounts*);

“**First Reset Date**” means 11 June 2026;

“**Fitch Ratings**” means Fitch Ratings España, S.A.U.;

“**Further Securities**” means any Securities issued pursuant to Condition 13 (*Further Issues*) and forming a single series with the outstanding Securities;

“**Guarantor**” means Repsol, S.A.;

“**Holder**” has the meaning given to it in Condition 1.2 (*Title*);

“**IFRS-EU**” means International Financial Reporting Standards, as adopted by the European Union;

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4.4(a) (*Independent Adviser*);

“**Interest Payment**” means, in respect of an interest payment on an Interest Payment Date, the amount of interest payable on the presentation and surrender of the relevant Coupon for the relevant Interest Period in accordance with Condition 4 (*Interest Payments*);

“**Interest Payment Date**” means 11 June in each year;

“**Interest Period**” means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

“**Issue Date**” means 11 June 2020;

“**Issuer**” means Repsol International Finance B.V.;

“**Issuer Winding-up**” means a situation where (i) an order is made or a decree or resolution is passed for the winding-up, liquidation or dissolution of the Issuer, except for the purposes of a solvent merger, reconstruction or amalgamation, or (ii) a trustee (*curator*) is appointed by the competent District Court in The Netherlands in the event of bankruptcy (*faillissement*) affecting the whole or a substantial part of the undertaking or assets of the Issuer and such appointment is not discharged within 30 days;

“**Junior Obligations**” means the Junior Obligations of the Guarantor and the Junior Obligations of the Issuer;

“**Junior Obligations of the Guarantor**” means all obligations of the Guarantor issued or incurred directly by it or indirectly through a wholly-owned subsidiary with the guarantee of the Guarantor, which rank or are expressed to rank junior to the Guarantee, including (i) any Preferred Shares of the Guarantor and (ii) Ordinary Shares of the Guarantor;

“**Junior Obligations of the Issuer**” means all obligations of the Issuer, issued or incurred directly or indirectly by it, which rank or are expressed to rank junior to the Securities, including (i) Ordinary Shares of the Issuer and (ii) Preferred Shares of the Issuer, if any;

“**Law 10/2014**” means the Additional Provision One of Law 10/2014 of 26 June 2014, on the supervision and solvency of credit entities (*Ordenación, supervisión y solvencia de entidades de crédito*) of the Kingdom of Spain (as amended or replaced from time to time);

“**Mandatory Settlement Date**” has the meaning given to it in Condition 5.3 (*Mandatory Settlement of Arrears of Interest*);

“**Moody’s**” means Moody’s Investors Service Limited;

“**Ordinary Shares of the Guarantor**” means ordinary shares in the capital of the Guarantor, having at the Issue Date a nominal amount of €1.00 each;

“**Ordinary Shares of the Issuer**” means ordinary shares in the capital of the Issuer, having on the Issue Date a nominal amount of €1,000 each;

“**Original Reference Rate**” means the 5 year Swap Rate (or any component part thereof) (provided that if, following one or more Benchmark Events, the 5 year Swap Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term “Original Reference Rate” shall include any such Successor Rate or Alternative Rate (or any component part thereof));

“**Parity Obligations**” means the Parity Obligations of the Guarantor and the Parity Obligations of the Issuer;

“**Parity Obligations of the Guarantor**” means any obligations of the Guarantor, issued directly by it or indirectly through a wholly-owned subsidiary with the guarantee of the Guarantor, which rank or are expressed to rank *pari passu* with the Guarantee (which include the guarantees granted on a subordinated basis by the Guarantor in connection with the 2015 Securities and the 8.5 Year Non-Call Securities);

**“Parity Obligations of the Issuer”** means any obligations of the Issuer, issued or incurred directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Securities including the 2015 Securities and the 8.5 Year Non-Call Securities;

**“Preferred Shares of the Guarantor”** means any series of preferred securities (*participaciones preferentes*) issued directly by the Guarantor or indirectly through a wholly-owned subsidiary with the guarantee of the Guarantor in accordance with Law 10/2014 (or any other law or regulation of Spain or of any other jurisdiction applicable from time to time);

**“Preferred Shares of the Issuer”** means any preference shares in the capital of the Issuer (and, if divided into classes, each class thereof);

**“Preferred Shares”** means the Preferred Shares of the Guarantor and the Preferred Shares of the Issuer;

**“Prevailing Interest Rate”** means the rate of interest payable on the Securities applicable from time to time pursuant to Condition 4 (*Interest Payments*);

**“Proceedings”** has the meaning given to it in Condition 16.2 (*Jurisdiction*);

**“Rating Agency”** means S&P, Moody’s or Fitch Ratings or, or any other rating agency of equivalent international standing requested by the Issuer or the Guarantor to grant a corporate credit rating to the Issuer or the Guarantor, or in each case, any affiliate or any successor to the rating agency business thereof;

**“Redemption Date”** means the date fixed for redemption of the Securities pursuant to Condition 6 (*Redemption and Purchase*);

**“Relevant Date”** means (i) in respect of any payment other than a sum to be paid by the Issuer or the Guarantor in a winding-up or administration of the Issuer or the Guarantor, as the case may be, the date on which such payment first becomes due and payable, but if the full amount of moneys payable on such date has not been received by the Fiscal Agent on or prior to such date, the Relevant Date means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders in accordance with Condition 14 (*Notices*) and (ii) in respect of a sum to be paid by the Issuer or the Guarantor in a winding-up or administration of the Issuer or the Guarantor, as the case may be, the date that is one day prior to the date on which an order is made or a resolution is passed for the winding-up, or in the case of an administration, one day prior to the date on which any dividend is distributed;

**“Relevant Nominating Body”** means, in respect of a benchmark or screen rate (as applicable):

- (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of such central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof;

**“Relevant Period”** means the period commencing on (and including) 11 March 2026 and ending on (and including) the First Reset Date;

**“Reset Date”** means the First Reset Date and each date falling on the fifth anniversary thereafter;

**“Reset Interest Determination Date”** means, in respect of any Reset Period, the day falling two Business Days prior to the beginning of the relevant Reset Period;

**“Reset Period”** means each period from and including the First Reset Date to but excluding the next following Reset Date and thereafter from and including each Reset Date to but excluding the next following Reset Date;

**“Reset Reference Banks”** has the meaning given to it in Condition 4.3 (*Prevailing Interest Rate*);

**“Reset Reference Bank Rate”** has the meaning given to it in Condition 4.3 (*Prevailing Interest Rate*);

**“Reset Screen Page”** has the meaning given to it in Condition 4.3 (*Prevailing Interest Rate*);

**“S&P”** means S&P Global Ratings Europe Limited;

**“Senior Obligations of the Guarantor”** means all obligations of the Guarantor, including subordinated obligations of the Guarantor according to the Spanish Insolvency Law, other than Parity Obligations of the Guarantor and Junior Obligations of the Guarantor;

**“Senior Obligations of the Issuer”** means all obligations of the Issuer, including subordinated obligations of the Issuer according to Dutch insolvency law, other than Parity Obligations of the Issuer and Junior Obligations of the Issuer;

**“Spanish Insolvency Law”** means Law 22/2003, of 9 July 2003 (*Ley Concursal*), as amended from time to time or any equivalent legal provision which replaces it in the future;

**“Subordinated Loan”** means the subordinated loan made by the Issuer to the Guarantor and expected to be dated on or around 11 June 2020, pursuant to which the proceeds of the issue of the Securities are on-lent to the Guarantor;

a **“Substantial Purchase Event”** shall be deemed to have occurred if at least 75 per cent. of the aggregate principal amount of the Securities originally issued (which for these purposes shall include any Further Securities) is purchased by the Issuer, the Guarantor or any subsidiary of the Guarantor (and in each case is cancelled in accordance with Condition 6.9 (*Purchase*));

**“Substitute Issuer”** has the meaning given to it in Condition 12.3 (*Substitution and Variation*);

**“Successor Rate”** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body;

**“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;

**“Taxes”** has the meaning given to it in Condition 8.1 (*Additional Amounts*);

**“Taxing Authority”** has the meaning given to it in Condition 8.1 (*Additional Amounts*);

a **“Tax Event”** shall be deemed to have occurred if, as a result of a Tax Law Change, in respect of (i) the Issuer’s obligation to make any payment of interest under the Securities on the next following Interest Payment Date; or (ii) the obligation of the Guarantor to make any payment of interest in favour of the Issuer under the Subordinated Loan on the next following due date for such payment, the Issuer or the Guarantor (as the case may be) would no longer be entitled to claim a deduction in respect of interest paid when computing its tax liabilities in The Netherlands or in Spain (as the case may be), or such entitlement is materially reduced.



**“Tax Law Change”** means a change in or proposed change in, or amendment to, or proposed amendment to, the laws or regulations of The Netherlands or Spain or, in either case, any political subdivision or any authority thereof or therein having power to tax, including, without limitation, any treaty to which The Netherlands or Spain is a party, or any change in the official or generally published interpretation of such laws or regulations, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations or interpretations thereof that differs from the previously generally accepted position in relation to similar transactions, which change, amendment or interpretation becomes or would become, effective after 4 June 2020, other than the entry into force of the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*) on 1 January 2021 in the form as published in the Official Gazette (*Staatsblad*) Stb. 2019, 513 of 27 December 2019;

**“Variation or Substitution”** has the meaning given to it in Condition 12.3 (*Substitution and Variation*);

**“Varied Securities”** has the meaning given to it in Condition 12.3 (*Substitution and Variation*);

a **“Withholding Tax Event”** shall be deemed to occur if as a result of a Tax Law Change, in making any payments in respect of the Securities or the Guarantee the Issuer or the Guarantor has paid or will or would on the next Interest Payment Date be required to pay Additional Amounts in respect of the Securities or the Guarantee that cannot be avoided by the Issuer or the Guarantor, as the case may be, taking measures reasonably available to it.

## TERMS AND CONDITIONS OF THE 8.5 YEAR NON-CALL SECURITIES

*The following are the terms and conditions substantially in the form in which they will be endorsed on the 8.5 Year Non-Call Securities. Sentences in italics shall not form part of these terms and conditions.*

The issue of the €750,000,000 8.5 Year Non-Call Undated Deeply Subordinated Guaranteed Fixed Rate Securities (the “**Securities**”, which expression shall include any further Securities issued pursuant to Condition 13 (*Further Issues*) of Repsol International Finance B.V. (the “**Issuer**”) was authorised by a resolution of the sole shareholder of the Issuer dated 1 June 2020, a resolution of the Board of Managing Directors of the Issuer dated 1 June 2020 and a resolution of two managing directors of the Issuer dated 2 June 2020. The guarantee (the “**Guarantee**”) of the Securities was authorised by a resolution of the Chief Executive Officer (*Consejero Delegado*) of Repsol S.A. (the “**Guarantor**”) dated 2 June 2020, by a resolution of the Board of Directors of the Guarantor dated 4 May 2020 and by a resolution of the shareholders acting through the general shareholders’ meeting of the Guarantor dated 31 May 2019.

A fiscal agency agreement dated on or around 11 June 2020 (the “**Fiscal Agency Agreement**”) has been entered into in relation to the Securities between the Issuer, the Guarantor, Citibank, N.A., London Branch as fiscal agent and agent bank and the paying agents named therein. The fiscal agent, the agent bank and the paying agents for the time being are referred to as the “**Fiscal Agent**”, the “**Agent Bank**” and the “**Paying Agents**” (which expression shall include the Fiscal Agent), respectively.

The Fiscal Agency Agreement includes the form of the Securities and the coupons relating to them (the “**Coupons**”, which expression includes, where the context so permits, talons for further coupons (the “**Talons**”).

Copies of the Fiscal Agency Agreement and the Guarantee are available for inspection during normal business hours at the specified offices of the Paying Agents. The Holders of the Securities and the Holders of the Coupons (each as defined in Condition 1.2 (*Title*) below) (whether or not attached to the relevant Securities) are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

### 1. FORM, DENOMINATION AND TITLE

#### 1.1 Form and denomination

The Securities are serially numbered and in bearer form in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000, each with Coupons attached on issue. No Securities in definitive form will be issued with a denomination above €199,000. Securities of one denomination will not be exchangeable for Securities of another denomination.

#### 1.2 Title

Title to the Securities and Coupons passes by delivery. The holder of any Security or Coupon (a “**Holder**”) will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person shall be liable for so treating the Holder.

### 2. STATUS AND SUBORDINATION OF THE SECURITIES AND COUPONS

#### 2.1 Status of the Securities and Coupons

The Securities and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer (senior only to Junior Obligations of the Issuer) and will at all times rank *pari passu* and without any preference among themselves.

## **2.2 Subordination of the Securities**

In the event of an Issuer Winding-up, the rights and claims of the Holders against the Issuer in respect of or arising under the Securities and the Coupons will rank (i) junior to the claims of all holders of Senior Obligations of the Issuer, (ii) *pari passu* with the claims of holders of all Parity Obligations of the Issuer and (iii) senior to the claims of holders of all Junior Obligations of the Issuer.

Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Securities or the Coupons and each Holder shall, by virtue of being the Holder, be deemed to have waived all such rights of set-off. This Condition 2.2 (*Subordination of the Securities*) is an irrevocable stipulation (*derdenbeding*) for the benefit of the creditors of Senior Obligations of the Issuer and each such creditor may rely on and enforce this Condition 2.2 (*Subordination of the Securities*) under Section 6:253 of the Dutch Civil Code.

Neither the Issuer nor the Guarantor has any Preferred Shares outstanding. *For so long as any of the Securities remains outstanding, neither the Guarantor nor the Issuer intends to issue any Preferred Shares.*

## **3. GUARANTEE, STATUS AND SUBORDINATION OF THE GUARANTEE**

### **3.1 Guarantee**

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Securities and the Coupons on a subordinated basis. Its obligations in that respect (the “**Guarantee**”) are set out in the deed of guarantee dated the Issue Date and made by the Guarantor for the benefit of the Holders.

### **3.2 Status of the Guarantee**

Subject to mandatory provisions of Spanish applicable law, the payment obligations of the Guarantor under the Guarantee constitute direct, unsecured and subordinated obligations of the Guarantor (senior only to Junior Obligations of the Guarantor) and will at all times rank *pari passu* and without any preference among themselves.

### **3.3 Subordination of the Guarantee**

Subject to mandatory provisions of Spanish applicable law, in the event of the Guarantor being declared insolvent (*concurso*) under the Spanish Insolvency Law (as defined below), the rights and claims of Holders against the Guarantor in respect of or arising under the Guarantee will rank (i) junior to the claims of the holders of all Senior Obligations of the Guarantor, (ii) *pari passu* with the claims of the holders of all Parity Obligations of the Guarantor and (iii) senior to the claims of the holders of all Junior Obligations of the Guarantor.

Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Guarantor arising under or in connection with the Guarantee and each Holder shall, by virtue of being the Holder, be deemed to have waived all such rights of set-off.

## **4. INTEREST PAYMENTS**

### **4.1 General**

The Securities bear interest at the Prevailing Interest Rate from (and including) 11 June 2020 (the “**Issue Date**”) in accordance with the provisions of this Condition 4 (*Interest Payments*).

Subject to Condition 5 (*Optional Interest Deferral*), interest shall be payable on the Securities with respect to any Interest Period annually (except for a short first Interest Period) in arrear on each Interest Payment Date in each case as provided in this Condition 4 (*Interest Payments*).

## 4.2 Interest Accrual

The Securities will cease to bear interest from (and including) the date of redemption thereof pursuant to Condition 6 (*Redemption and Purchase*) or the date of any substitution thereof pursuant to Condition 12.3 (*Substitution and Variation*) unless, upon due presentation, payment of all amounts due in respect of the Securities is not made, in which event interest shall continue to accrue in respect of unpaid amounts on the Securities, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date.

Interest in respect of any Security shall be calculated per €1,000 in principal amount thereof (the “**Calculation Amount**”). The interest payable on each Security on any Interest Payment Date shall be calculated by multiplying the Prevailing Interest Rate for the Interest Period ending immediately prior to such Interest Payment Date by the Calculation Amount and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). Interest in respect of any Security for any Interest Period, and where it is necessary to compute an amount of interest in respect of any Security for a period which is less than a complete year, shall be calculated on the basis of the actual number of days in the relevant period from (and including) the first day of such period to (but excluding) the last day of such period divided by the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, 11 December 2019) to (but excluding) the next succeeding Interest Payment Date (with rounding as aforesaid occurring only following such calculation).

## 4.3 Prevailing Interest Rate

Unless previously redeemed or repurchased and cancelled in accordance with these Conditions and subject to the further provisions of this Condition 4 (*Interest Payments*), the Securities will bear interest on their principal amount as follows:

- (a) from (and including) the Issue Date to (but excluding) the First Reset Date, at the rate of 4.247 per cent. per annum, payable annually (except for a short first Interest Period) in arrear on each Interest Payment Date, commencing on 11 December 2020; and
- (b) from (and including) the First Reset Date, at the applicable 5 year Swap Rate in respect of the relevant Reset Period plus:
  - (i) in respect of the period commencing on the First Reset Date to (but excluding) 11 December 2033, 4.409 per cent. per annum;
  - (ii) in respect of the period commencing on 11 December 2033 to (but excluding) 11 December 2048, 4.659 per cent. per annum<sup>7</sup>; and
  - (iii) from and including 11 December 2048, 5.409 per cent. per annum<sup>8</sup>,

all as determined by the Agent Bank, payable annually in arrear on each Interest Payment Date, commencing on 11 December 2029, subject to Condition 5 (*Optional Interest Deferral*),

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<sup>7</sup> Step-up of 25 basis points 13.5 years after the Issue Date

<sup>8</sup> Step-up of an additional 75 basis points 28.5 years after the Issue Date

and where:

“**5 year Swap Rate**” means, in respect of any Reset Period, the 5-year mid-swap rate for euro swap transactions as displayed on Reuters screen “ICESWAP2” or, if such rate is not displayed on such screen at the relevant time, the mid-swap rate as displayed on a successor page (in each case, the “**Reset Screen Page**”) as at 11:00 a.m. (Central European time) on the relevant Reset Interest Determination Date.

Subject to the operation of Condition 4.4 (*Benchmark Replacement*), in the event that the relevant 5 year Swap Rate does not appear on the Reset Screen Page on the relevant Reset Interest Determination Date, the 5 year Swap Rate will be the Reset Reference Bank Rate on such Reset Interest Determination Date.

“**Reset Reference Bank Rate**” means the percentage rate calculated by the Agent Bank on the basis of the 5 Year Swap Rate Quotations provided by five leading swap dealers in the interbank market (the “**Reset Reference Banks**”) to the Issuer and the Agent Bank at approximately 11:00 a.m. (Central European time) on the relevant Reset Interest Determination Date. If (a) at least three quotations are provided, the Reset Reference Bank Rate will be determined by the Agent Bank on the basis of the arithmetic mean (or, if only three quotations are provided, the median) 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); (b) only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided; (c) only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided; and (d) no quotations are provided, the Reset Reference Bank Rate for the relevant period will be equal to the last observable 5-year mid swap rate for euro swap transactions which is displayed on the Reset Screen Page, as determined by the Agent Bank.

The “**5 year Swap Rate Quotations**” means, in relation to any Reset Period, 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 which (i) has a term of 5 years commencing on the relevant Reset Date, (ii) 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 (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on the basis of the actual number of days elapsed and a year of 360 days).

#### **4.4 Benchmark Replacement**

##### **(a) Independent Adviser**

Notwithstanding the provisions above in this Condition 4 (*Interest Payments*), if the Issuer determines that a Benchmark Event has occurred in relation to the Original Reference Rate when any interest rate (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, with a view to the Independent Adviser determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.4(b) (*Successor Rate or Alternative Rate*)) and, in either case, an Adjustment Spread, if any, and any Benchmark Amendments (in accordance with Condition 4.4(d) (*Benchmark Amendments*)). In making such determination, the Independent Adviser appointed pursuant to this Condition 4.4(a) (*Independent Adviser*) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agents or the Holders for any determination made by it pursuant to this Condition 4.4 (*Benchmark Replacement*).

If (A) the Issuer is unable to appoint an Independent Adviser using its reasonable endeavours; or (B) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4.4(a) (*Independent Adviser*) prior to the relevant

Reset Interest Determination Date, the 5 year Swap Rate applicable to the next succeeding Reset Period shall be equal to the last observable 5-year mid swap rate for euro swap transactions which is displayed on the Reset Screen Page, as determined by the Agent Bank. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Reset Period only and any subsequent Reset Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4.4(a) (*Independent Adviser*).

**(b) Successor Rate or Alternative Rate**

If the Independent Adviser, following consultation with the Issuer, determines that:

- (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread, if any, shall subsequently be used in place of the Original Reference Rate to determine the interest rate (or the relevant component part thereof) for all future payments of interest on the Securities; or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread, if any, shall subsequently be used in place of the Original Reference Rate to determine the interest rate (or the relevant component part thereof) for all future payments of interest on the Securities.

**(c) Adjustment Spread**

If the Independent Adviser, following consultation with the Issuer, determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be), the Independent Adviser, following consultation with the Issuer, shall determine the quantum of, or the formula or methodology for determining, the Adjustment Spread and such Adjustment Spread shall then be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

**(d) Benchmark Amendments**

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4.4 (*Benchmark Replacement*) and the Independent Adviser and the Issuer agree that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”), then the Independent Adviser and the Issuer shall agree the terms of the Benchmark Amendments. In such case, the Issuer shall, subject to giving notice thereof in accordance with Condition 4.4(e) (*Notices*), without any requirement for the consent or approval of Holders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 4.4(d) (*Benchmark Amendments*), the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

**(e) Notices**

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4.4 (*Benchmark Replacement*) will be notified promptly by the Issuer to the Paying Agents, the Agent Bank, the Fiscal Agent and, in accordance with Condition 14 (*Notices*), the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

**(f) Survival of Original Reference Rate**

Without prejudice to the obligations of the Issuer under this Condition 4.4 (*Benchmark Replacement*), the Original Reference Rate and the fallback provisions provided for in Condition 4.3 (*Prevailing Interest Rate*) will continue to apply unless and until the Issuer determines that a Benchmark Event has occurred and the Agent Bank, the Paying Agents and the Fiscal Agent have been notified of the Successor Rate or the Alternative Rate (as the case may be) and any Adjustment Spread and Benchmark Adjustments.

**(g) No Successor Rate, etc. if Reduction in Equity Credit**

Notwithstanding any other provision of this Condition 4.4 (*Benchmark Replacement*), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to (i) result in a reduction of the amount of “equity credit” assigned to the Securities by any Rating Agency when compared to the “equity credit” assigned to the Securities immediately prior to the occurrence of the relevant Benchmark Event from such Rating Agency or (ii) otherwise prejudice the eligibility of the Securities for “equity credit” from any Rating Agency.

**4.5 Publication of Prevailing Interest Rates**

The Issuer shall cause notice of the Prevailing Interest Rate and the corresponding amount payable per Calculation Amount determined in accordance with this Condition 4 (*Interest Payments*) in respect of each relevant Reset Period commencing on or after the First Reset Date and the relevant dates scheduled for payment to be given to the Fiscal Agent, the Paying Agents, any stock exchange on which the Securities are for the time being listed or admitted to trading and, in accordance with Condition 14 (*Notices*), the Holders, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

**4.6 Agent Bank and Reset Reference Banks**

With effect from the first Reset Interest Determination Date, the Issuer will maintain an Agent Bank and will select the number of Reset Reference Banks provided above where the Prevailing Interest Rate is to be calculated by reference to them. The name of the initial Agent Bank is Citibank, N.A., London Branch and its initial specified office is Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.

The Issuer may from time to time replace the Agent Bank or any Reset Reference Bank with another leading financial institution. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank or fails duly to determine the Prevailing Interest Rate in respect of any Reset Period as provided in Condition 4.3 (*Prevailing Interest Rate*), the Issuer shall forthwith appoint another leading financial institution to act as such in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed as aforesaid.

**4.7 Determinations of Agent Bank Binding**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 (*Interest Payments*) by the Agent Bank shall (in the absence of wilful default, fraud or manifest error) be binding on the Issuer, the Agent Bank the Fiscal Agent, the Paying Agents and all Holders and (in the absence as aforesaid) no liability to the Holders or the Issuer shall attach to the Agent Bank in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

## 5. OPTIONAL INTEREST DEFERRAL

### 5.1 Deferral of Interest Payments

The Issuer may, subject as provided in Conditions 5.2 (*Optional Settlement of Arrears of Interest*) and 5.3 (*Mandatory Settlement of Arrears of Interest*), elect in its sole discretion to defer (in whole or in part) any Interest Payment that is otherwise scheduled to be paid on an Interest Payment Date by giving notice (a “**Deferral Notice**”) of such election to the Holders in accordance with Condition 14 (*Notices*), the Fiscal Agent and the Paying Agents not more than 14 and not less than seven Business Days prior to the relevant Interest Payment Date. Any Interest Payment that the Issuer has elected to defer pursuant to this Condition 5.1 (*Deferral of Interest Payments*) and that has not been satisfied is referred to as a “**Deferred Interest Payment**”.

If any Interest Payment is deferred pursuant to this Condition 5.1 (*Deferral of Interest Payments*), then such Deferred Interest Payment shall itself bear interest (such further interest together with the Deferred Interest Payment, being “**Arrears of Interest**”) at the relevant Prevailing Interest Rate applicable from time to time, from (and including) the date on which (but for such deferral) the Deferred Interest Payment would otherwise have been due to be made to (but excluding) the date on which such Deferred Interest Payment is paid in accordance with Conditions 5.2 (*Optional Settlement of Arrears of Interest*) and 5.3 (*Mandatory Settlement of Arrears of Interest*), in each case such further interest being compounded on each Interest Payment Date. Any such Arrears of Interest will be calculated by the Agent Bank.

Non-payment of interest deferred pursuant to this Condition 5.1 (*Deferral of Interest Payments*) shall not constitute a default by the Issuer or the Guarantor under the Securities or the Guarantee or for any other purpose.

### 5.2 Optional Settlement of Arrears of Interest

Arrears of Interest may be satisfied at the option of the Issuer, in whole or in part, at any given time (the “**Optional Deferred Interest Settlement Date**”) following delivery of a notice to such effect given by the Issuer to the Holders in accordance with Condition 14 (*Notices*), the Fiscal Agent and the Paying Agents not more than 14 and no less than seven Business Days prior to the relevant Optional Deferred Interest Settlement Date informing them of its election so to satisfy such Arrears of Interest (or part thereof) and specifying the relevant Optional Deferred Interest Settlement Date.

### 5.3 Mandatory Settlement of Arrears of Interest

Notwithstanding the provisions of Condition 5.2 (*Optional Settlement of Arrears of Interest*), the Issuer shall pay any outstanding Arrears of Interest in whole, but not in part, on the first occurring Mandatory Settlement Date following the Interest Payment Date on which any outstanding Deferred Interest Payment was first deferred.

Notice of the occurrence of any Mandatory Settlement Date shall be given to the Holders in accordance with Condition 14 (*Notices*), the Fiscal Agent and the Paying Agents as soon as reasonably practicable prior to the relevant Mandatory Settlement Date.

“**Mandatory Settlement Date**” means the earliest of:

- (a) as soon as reasonably practicable (but not later than the fifth Business Day) following the date on which a Compulsory Arrears of Interest Settlement Event occurs;
- (b) following any Deferred Interest Payment, on the next scheduled Interest Payment Date on which the Issuer does not elect to defer in whole the Interest Payment in respect of the relevant Interest Period;



- (c) the date on which the Securities are redeemed or repaid in accordance with Condition 6 (*Redemption and Purchase*) or become due and payable in accordance with Condition 9 (*Enforcement Events and No Events of Default*); and
- (d) the date on which the Securities are substituted or varied in accordance with Condition 12.3 (*Substitution and Variation*).

A “**Compulsory Arrears of Interest Settlement Event**” shall have occurred if:

- (a) a Dividend Declaration is made in respect of any Junior Obligations or any Parity Obligations (other than in respect of any such dividend, distribution or payment paid or made exclusively in Ordinary Shares of the Guarantor); or
- (b) the Guarantor or any of its subsidiaries has repurchased, redeemed or otherwise acquired any Junior Obligations or any Parity Obligations,

save, in the case of (a) any such Dividend Declaration or such redemption, repurchase or acquisition that is mandatory under the terms of any such Parity Obligations; (b) any Dividend Declaration in respect of any such dividend, distribution or payment by the Issuer to the Guarantor or any of its Affiliates, (c) any Dividend Declaration or repurchase which is required to be validly resolved on, declared, paid or made in respect of, any share option, share allocation or share incentive plan, in each case reserved for directors, officers and/or employees of the Guarantor or any of its Affiliates or any associated liquidity agreements or any associated hedging transactions; (d) any purchase of Ordinary Shares of the Guarantor by or on behalf of the Guarantor as part of an intra-day transaction that does not result in an increase in the aggregate number of Ordinary Shares of the Guarantor held by or on behalf of the Guarantor as treasury shares at 8:30 a.m. (Central European time) on the Interest Payment Date on which any outstanding Deferred Interest Payment was first deferred; (e) any repurchase or acquisition of Parity Obligations that is made for a consideration less than the aggregate nominal or par value of such Parity Obligations that are purchased or acquired; (f) any repurchase or acquisition of Ordinary Shares of the Guarantor resulting from mandatory obligations or hedging of any convertible securities issued by the Issuer or the Guarantor; or (g) any repurchase or acquisition of Ordinary Shares of the Guarantor resulting from the settlement of existing equity derivatives after the Interest Payment Date on which any outstanding Deferred Interest Payment was first deferred.

“**Dividend Declaration**” means the authorisation by resolution of the general meeting of shareholders or the board of directors or other competent corporate body (as the case may be) of the Issuer or the Guarantor (as applicable) of the payment, or the making of, a dividend or other distribution or payment (or, if no such authorisation is required, the payment, or the making of, a dividend or other distribution or payment).

## **6. REDEMPTION AND PURCHASE**

### **6.1 Final redemption**

Subject to any early redemption described below, the Securities are undated securities with no specified maturity date. The Securities may not be redeemed at the option of the Issuer other than in accordance with Conditions 6.2 (*Issuer’s Call Option*), 6.3 (*Redemption for Taxation Reasons*), 6.4 (*Redemption for Accounting Reasons*), 6.5 (*Redemption for Rating Reasons*) and 6.6 (*Redemption following a Substantial Purchase Event*).

### **6.2 Issuer’s Call Option**

The Issuer may, by giving not less than 10 nor more than 60 days’ notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Holders (which notice shall be irrevocable), redeem the Securities in whole, but not in part, (i) on any date during the Relevant

Period, or (ii) on any Interest Payment Date thereafter at their principal amount together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest.

### **6.3 Redemption for Taxation Reasons**

If, immediately prior to the giving of the notice referred to below, a Tax Event or a Withholding Tax Event has occurred and is continuing, then the Issuer may, subject to having given not less than 10 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Holders (which notice shall be irrevocable) and subject to Condition 6.7 (*Preconditions to Redemption*), redeem the Securities in whole, but not in part, in accordance with these Conditions at any time, in each case at (i) their Early Redemption Amount (in the case of a Tax Event if the Redemption Date falls prior to the start of the Relevant Period) or (ii) their principal amount (in the case of (a) a Withholding Tax Event or (b) a Tax Event if the Redemption Date falls on or after the start of the Relevant Period), together, in each case, with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

### **6.4 Redemption for Accounting Reasons**

If, immediately prior to the giving of the notice referred to below, an Accounting Event has occurred and is continuing, then the Issuer may, subject to having given not less than 10 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Holders (which notice shall be irrevocable) and subject to Condition 6.7 (*Preconditions to Redemption*), redeem the Securities in accordance with these Conditions in whole, but not in part, at any time, in each case (i) at their Early Redemption Amount if the Redemption Date falls before the start of the Relevant Period, or (ii) at their principal amount if the Redemption Date falls on or after the start of the Relevant Period, together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

The Issuer may notify the redemption of the Securities as a result of the occurrence of an Accounting Event from (and including) the date on which the change in the relevant IFRS-EU standards or any other accounting standards that may replace IFRS-EU for the purposes of the annual, semi-annual or quarterly consolidated financial statements of the Guarantor (the “**Change**”) is officially adopted, which may be before the Change has come into effect.

### **6.5 Redemption for Rating Reasons**

If, immediately prior to the giving of the notice referred to below, a Capital Event has occurred and is continuing, then the Issuer may, subject to having given not less than 10 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Holders (which notice shall be irrevocable) and subject to Condition 6.7 (*Preconditions to Redemption*), redeem the Securities in accordance with these Conditions in whole, but not in part, at any time, in each case (i) at their Early Redemption Amount if the Redemption Date falls before the start of the Relevant Period, or (ii) at their principal amount if the Redemption Date falls on or after the start of the Relevant Period, together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

### **6.6 Redemption following a Substantial Purchase Event**

If, immediately prior to the giving of the notice referred to below, a Substantial Purchase Event has occurred, then the Issuer may, subject to having given not less than 10 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Holders (which notice shall be irrevocable) and subject to Condition 6.7 (*Preconditions to Redemption*),

redeem the Securities in whole, but not in part, in accordance with these Conditions at any time, in each case at their principal amount, together with any accrued and unpaid interest up to (but excluding) the Redemption Date and any outstanding Arrears of Interest. Upon expiry of such notice, the Issuer shall redeem the Securities.

## **6.7 Preconditions to Redemption, Substitution or Variation**

Prior to serving any notice of redemption pursuant to this Condition 6 (*Redemption and Purchase*) (other than Condition 6.2 (*Issuer's Call Option*)) or any notice of substitution or variation pursuant to Condition 12.3 (*Substitution and Variation*), the Guarantor shall:

- (a) deliver to the Fiscal Agent a certificate signed by (i) two directors of the Guarantor or (ii) two attorneys duly authorised by the Board of Directors of the Guarantor, in each case stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary, as applicable, is satisfied;
- (b) in the case of a Tax Event or Withholding Tax Event, deliver to the Fiscal Agent an opinion of independent legal or other tax advisers to the effect set out in paragraph (a) above;
- (c) in the case of an Accounting Event, deliver to the Fiscal Agent the relevant opinion from the relevant accountancy firm; and
- (d) in the case of a Capital Event, deliver to the Fiscal Agent the relevant confirmation from the relevant Rating Agency.

Any such certificate, opinion or confirmation referred to in paragraphs (a) to (d) above shall, absent manifest error, be final and binding on all parties.

## **6.8 Cancellation**

All Securities redeemed in accordance with Conditions 6.2 (*Issuer's Call Option*), 6.3 (*Redemption for Taxation Reasons*), 6.4 (*Redemption for Accounting Reasons*), 6.5 (*Redemption for Rating Reasons*) and 6.6 (*Redemption following a Substantial Purchase Event*) and any unmatured Coupons attached to or surrendered with them will be cancelled and may not be re-issued or re-sold.

## **6.9 Purchase**

Each of the Issuer, the Guarantor and their respective subsidiaries may at any time purchase Securities in the open market or otherwise at any price (provided that, if they should be surrendered to the Fiscal Agent for cancellation pursuant to this Condition 6.9 (*Purchase*), they are purchased together with all unmatured Coupons and all unexchanged Talons relating to them). The Securities so purchased may be held, re-issued or re-sold or, at the option of the relevant purchaser, surrendered to the Fiscal Agent for cancellation, but while held by or on behalf of the Issuer, the Guarantor or any such subsidiary, shall not entitle the holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders or for the purposes of Condition 12 (*Meetings of Holders of Securities and Modification*).

*As at the date of this Prospectus, it is the Guarantor's intention (without thereby assuming any obligation whatsoever) at any time, that it or the Issuer will redeem or repurchase the Securities (or any part thereof) only to the extent that the amount of "equity credit" (as defined below) of the Securities (or any part thereof) to be redeemed or repurchased does not exceed the aggregate amount of "equity credit" of the Replacement Securities (as defined below) sold or issued on or prior to the date of such redemption or repurchase, unless:*

- (i) *the rating (or such similar nomenclature then used by S&P) assigned by S&P to the Guarantor is at least equal to the rating assigned to the Guarantor on the date of the most recent*

*additional hybrid security issuance (excluding any refinancing) which was assigned by S&P a similar “equity credit” and the Guarantor is of the view that such rating would not fall below this level as a result of such redemption or repurchase, or*

*(ii) in the case of a repurchase, such repurchase is of less than (a) 10 per cent. of the aggregate principal amount of hybrid capital of the Group outstanding in any period of 12 consecutive months or (b) 25 per cent. of the aggregate principal amount of hybrid capital of the Group outstanding in any period of 10 consecutive years, or*

*(iii) the Securities are redeemed pursuant to a Tax Event, a Capital Event, an Accounting Event, a Substantial Purchase Event or a Withholding Tax Event, or*

*(iv) the Securities are not assigned any category of “equity credit” at the time of such redemption or repurchase, or*

*(v) in the case of any repurchase, such repurchase relates to an aggregate principal amount of Securities repurchased up to the S&P Excess Amount, or*

*(vi) such redemption or repurchase occurs on or after the Interest Payment Date falling on or after 11 December 2048.*

*For the purposes of the paragraph above:*

*“equity credit” means the equity credit assigned to the relevant securities at the time of their issuance, sale, repurchase or redemption, as applicable (or such similar nomenclature used by S&P from time to time);*

*“Group” means the Guarantor together with its consolidated subsidiaries from time to time;*

*“Replacement Securities” means securities (other than the Securities) sold or issued by the Guarantor or any subsidiary of the Guarantor to third party purchasers (other than group entities of the Guarantor) and which are assigned by S&P, at the time of their sale or issuance, an “equity credit” that is equal to or greater than the “equity credit” assigned to the Securities (or any part thereof) to be redeemed or repurchased at their time of issuance (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Securities); and*

*“S&P Excess Amount” means the amount by which the aggregate principal amount of outstanding hybrid capital of the Guarantor and any subsidiaries of the Guarantor exceeds the maximum aggregate principal amount of hybrid capital for which S&P under its then-prevailing methodology would recognise “equity credit” from time to time based on the Guarantor’s adjusted total capitalisation.*

## **7. PAYMENTS**

### **7.1 Method of Payment**

Payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Securities or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent by transfer to a euro account maintained by the payee with a bank in a city in which banks have access to the TARGET System. Payments of interest due in respect of any Security other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Security.

## **7.2 Payments subject to fiscal laws**

All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*). No commissions or expenses shall be charged to the Holders in respect of such payments.

## **7.3 Unmatured Coupons**

Upon the due date for redemption of any Security, unmaturred Coupons relating to such Security (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Security is presented for redemption without all unmaturred Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer and the Guarantor may require.

## **7.4 Exchange of Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Securities, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10 (*Prescription*)).

## **7.5 Payments on business days**

If the due date for payment of any amount in respect of any Security or Coupon is not a business day in the place of presentation (and, in the case of payment by transfer to a euro account, a day that is not a Business Day), the Holder thereof shall not be entitled to payment until the next business day in the place of presentation (and, in the case of payment by transfer to a euro account, on the next day that is a Business Day). No further interest or other payment will be made as a consequence of such delay. In this Condition 7.5 (*Payments on business days*), “**business day**” means a day on which commercial banks and foreign exchange markets settle payments and are open in the relevant city.

## **7.6 Paying Agents**

The initial Paying Agents and their initial specified offices are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that they will maintain (i) a Fiscal Agent and (ii) a Paying Agent (which may be the Fiscal Agent) having specified offices in London or an alternative European city (as the Issuer may select), other than Spain or The Netherlands. Notice of any change in the Paying Agents or their specified offices will promptly be given to the Holders in accordance with Condition 14 (*Notices*).

# **8. TAXATION**

## **8.1 Additional Amounts**

All payments of principal and interest in respect of the Securities and the Coupons by the Issuer or (as the case may be) the Guarantor under the Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges (collectively, “**Taxes**”) of whatever nature imposed or levied by or on behalf of The Netherlands or the Kingdom of Spain or, in each case, any authority therein or thereof having power to tax (each a “**Taxing Authority**”), unless the withholding or deduction of such Taxes is required by law.

In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts (“**Additional Amounts**”) as may be necessary in order that the net amounts received by the Holders after such withholding or deduction of Taxes shall equal the respective amounts of principal and interest which would have been received in respect of the Securities or (as the case may be) Coupons, in the absence of such withholding or deduction of Taxes; except that no Additional Amounts shall be payable with respect to any payment in respect of any Security or Coupon or (as the case may be) under the Guarantee:

- (a) to, or to a third party on behalf of, a Holder or to the beneficial owner of any Security or Coupon who is liable for Taxes in respect of such Security or Coupon by reason of his having some connection with The Netherlands or the Kingdom of Spain other than the mere holding of the Security or Coupon;
- (b) presented for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder or the beneficial owner thereof would have been entitled to such Additional Amounts on presenting the same for payment on the thirtieth such day;
- (c) in relation to any estate, inheritance, gift, sales, transfer or similar Taxes;
- (d) while the Securities are represented by Global Securities and the Global Securities are deposited with a common depository for Euroclear and/or Clearstream, Luxembourg, to, or to a third party on behalf of, a Holder or to the beneficial owner of any Security or Coupon if the Issuer or the Guarantor does not receive in a timely manner a duly executed and completed certificate from the Fiscal Agent, pursuant to Law 10/2014, and Royal Decree 1065/2007 of 27 July, as amended by Royal Decree 1145/2011 of 29 July, and any implementing legislation or regulation;
- (e) while the Securities are represented by Definitive Securities, where such withholding or deduction of Taxes is imposed, withheld or deducted by reason of the failure of the Holder or the beneficial owner of any Security or Coupon to comply with the Issuer’s or the Guarantor’s request addressed to the Holder or the beneficial owner to provide a valid certificate of tax residence duly issued by the tax authorities of the country of tax residence of the Holder or the beneficial owner of any Security or Coupon confirming that the Holder or the beneficial owner is (i) resident for tax purposes in a Member State of the European Union, not considered a tax haven pursuant to Spanish law, other than Spain; or (ii) resident for tax purposes in a jurisdiction with which Spain has entered into a tax treaty to avoid double taxation, which makes provision for full exemption from tax imposed in Spain on interest and within the meaning of the referred tax treaty; as it is required to provide by the applicable tax laws and regulations of the relevant Taxing Authority as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by such relevant Taxing Authority;
- (f) presented for payment in the Kingdom of Spain or The Netherlands;
- (g) where such withholding or deduction is required pursuant to Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (the “**Code**”), the regulations thereunder and official interpretations thereof, agreements entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (collectively, “**FATCA**”); or
- (h) presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Security to another Paying Agent in a Member State of the European Union.

In addition, Additional Amounts will not be payable with respect to (i) any Taxes that are imposed in respect of any combination of the items set forth above and (ii) any Holder who is a fiduciary, a partnership, a limited liability company or other than the sole beneficial owner of that payment, to the extent that payment would be required by the laws of the relevant Taxing Authority to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interest holder in that limited liability company or a beneficial owner who would not have been entitled to the Additional Amounts had it been the Holder.

## 8.2 Definitions

References in these Conditions to (i) “**principal**” shall be deemed to include all amounts in the nature of principal payable pursuant to Condition 7 (*Payments*) or any amendment or supplement to it; (ii) “**interest**” shall be deemed to include all Arrears of Interest and all other amounts payable pursuant to Condition 4 (*Interest Payments*) or any amendment or supplement to it; and (iii) “**principal**” and/or “**interest**” shall be deemed to include any Additional Amounts.

If the Issuer or the Guarantor, as the case may be, becomes subject at any time to any taxing jurisdiction other than, or in addition to, The Netherlands or the Kingdom of Spain, as the case may be, references in these Conditions to The Netherlands and the Kingdom of Spain, respectively shall be read and construed as references to The Netherlands or the Kingdom of Spain, as the case may be, and/or to such other jurisdiction and, in the event that (and for so long as) the Kingdom of Spain is not the taxing jurisdiction of either the Issuer or the Guarantor, paragraphs (d) and (e) of Condition 8.1 (*Additional Amounts*) shall no longer apply.

## 8.3 Substitute Taxing Jurisdiction

If, pursuant to the Issuer’s option under Condition 12.3 (*Substitution and Variation*), the Securities are exchanged for new securities of any wholly-owned direct or indirect finance subsidiary of the Guarantor that is subject to any taxing jurisdiction other than The Netherlands or Spain, respectively, references in these Conditions to The Netherlands or Spain shall be construed as references to The Netherlands or (as the case may be) Spain and/or such other jurisdiction.

## 9. ENFORCEMENT EVENTS AND NO EVENTS OF DEFAULT

There are no events of default in respect of the Securities.

However, if an Issuer Winding-up occurs, or an order is made or an effective resolution passed for the winding-up, dissolution or liquidation of the Guarantor (except for the purposes of a solvent merger, reconstruction or amalgamation), any Holder of a Security, in respect of such Security and provided that such Holder does not contravene a previously adopted Extraordinary Resolution (if any) may, by written notice to the Issuer and the Guarantor, declare that such Security and all interest then accrued but unpaid on such Security shall be forthwith due and payable, whereupon the same shall become immediately due and payable, together with all interest accrued thereon.

In such case the Holder of a Security may, at its sole discretion, institute steps in order to obtain a judgment against the Issuer and/or the Guarantor for any amounts due in respect of the Securities, including the institution of proceedings for the declaration of insolvency (*declaración de concurso*) of the Guarantor under the Spanish Insolvency Law and/or proving and/or claiming in an Issuer Winding-up or in the winding-up, dissolution, liquidation or insolvency proceeding of the Guarantor for such amount.

Each Holder may, at its discretion and without further notice, institute such proceedings as it may think fit to enforce any term or condition binding on the Issuer or the Guarantor under the Securities or the Guarantee but in no event shall the Issuer or the Guarantor by the virtue of such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

No remedy against the Issuer or the Guarantor, other than as referred to in this Condition 9 (*Enforcement Events and No Events of Default*) shall be available to the Holders, whether for the recovery of amounts owing in respect of the Securities or the Guarantee or in respect of any other breach by the Issuer or the Guarantor of any of their respective other obligations under or in respect of the Securities or the Guarantee.

## **10. PRESCRIPTION**

Claims in respect of principal and interest or any other amount will become void unless presentation for payment is made as required by Condition 7 (*Payments*) within a period of 10 years in the case of principal (or any other amount in the nature of principal) and five years in the case of interest (or any other amount in the nature of interest, including Arrears of Interest) from the appropriate Relevant Date.

## **11. REPLACEMENT OF SECURITIES AND COUPONS**

If any Security or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent subject to all applicable laws and requirements of any stock exchange, listing authority, quotation system or other relevant authority, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Guarantor and the Fiscal Agent may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Securities or Coupons must be surrendered before replacements will be issued. In case any such lost, stolen, mutilated, defaced or destroyed Coupon has become or is about to become due and payable, the Issuer in its discretion may, instead of delivering replacements therefor, pay such Coupon when due.

## **12. MEETINGS OF HOLDERS OF SECURITIES AND MODIFICATION, SUBSTITUTION AND VARIATION**

### **12.1 Meetings of Holders of Securities**

The Fiscal Agency Agreement contains provisions for convening meetings of Holders of Securities to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Holders of Securities holding not less than one twentieth in principal amount of the Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing at least two thirds of the aggregate principal amount of the Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders of Securities whatever the principal amount of the Securities held or represented. Any Extraordinary Resolution duly passed shall be binding on Holders of Securities (whether or not they were present at the meeting at which such resolution was passed) and on all Holders of Coupons.

The Fiscal Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders of Securities duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders of Securities.

### **12.2 Modification**

The Securities, these Conditions, the Deed of Covenant and the Deed of Guarantee may be amended without the consent of the Holders to correct a manifest error or pursuant to Conditions 4.4 (*Benchmark Replacement*) and 12.3 (*Substitution and Variation*). No other modification may be



made to the Securities, these Conditions, the Deed of Covenant or the Deed of Guarantee except with the sanction of a resolution of the Holders.

In addition, the parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Holders, to any such modification unless, in the opinion of the Issuer and the Guarantor, (i) it is of a formal, minor or technical nature; (ii) it is made to correct a manifest error; or (iii) it is not materially prejudicial to the interests of the Holders.

### 12.3 Substitution and Variation

(a) If at any time after the Issue Date, the Issuer and/or the Guarantor determines that a Tax Event, a Withholding Tax Event, an Accounting Event or a Capital Event has occurred, the Issuer may, as an alternative to an early redemption of the Securities pursuant to Condition 6 (*Redemption and Purchase*), on any applicable Interest Payment Date, without the consent of the Holders:

- (i) exchange the Securities into new securities (the “**Exchanged Securities**”) of the Issuer, the Guarantor or any wholly-owned direct or indirect finance subsidiary of the Guarantor (a “**Substitute Issuer**”) with a guarantee of the Guarantor, or
- (ii) vary the terms of the Securities (the “**Varied Securities**”),

(such exchange and variation together, a “**Variation or Substitution**”) so that in either case:

- (A) in the case of a Tax Event, in respect of (I) the Issuer’s (or Substitute Issuer’s) obligation to make any payment of interest under the Exchanged Securities or Varied Securities; or (II) the obligation of the Guarantor to make any payment of interest in favour of the Issuer (or Substitute Issuer) under the Subordinated Loan (or any replacement thereof between the Guarantor and Substitute Issuer), the Issuer, the Guarantor or the Substitute Issuer (as the case may be) is entitled to claim a deduction or a higher deduction (as the case may be) in respect of interest paid when computing its tax liabilities in The Netherlands, in Spain or in the taxing jurisdiction of the Substitute Issuer (as the case may be), which deduction would not have been available or would have been of a lower amount had a Variation or Substitution not occurred;
- (B) in the case of a Withholding Tax Event, in making any payments in respect of the Exchanged Securities or Varied Securities or the Exchanged or Varied Guarantee (as defined below), the Issuer, the Guarantor or the Substitute Issuer (as the case may be) are not required to pay any Additional Amounts or are required to pay lower Additional Amounts when compared to the situation where no Variation or Substitution had occurred;
- (C) in the case of an Accounting Event, the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) is recorded as “equity” pursuant to IFRS-EU or any other accounting standards that may replace IFRS-EU for the purposes of the annual, semi-annual or quarterly consolidated financial statements of the Guarantor; or
- (D) in the case of a Capital Event, the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) or following any relevant refinancing of the Securities such part of the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) benefitting from “equity credit”, is assigned “equity credit” (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument

exhibits the characteristics of an ordinary share) by the relevant Rating Agency that is equal to or greater than that which was assigned to the Securities on the Issue Date.

- (b) Any Variation or Substitution shall be subject to the following conditions:
- (i) the Issuer giving not less than 10 nor more than 60 days' notice to the Fiscal Agent and the Holders in accordance with Condition 14 (*Notices*);
  - (ii) the Issuer complying with the rules of any stock exchange, listing authority, quotation system or other relevant authority on which the Securities are for the time being admitted to trading, and (for so long as the rules of such exchange, authority or system so require) the publication of any appropriate supplement, listing particulars or offering circular in connection therewith, and the Exchanged Securities or Varied Securities continue to be admitted to trading on the same stock exchange, listing authority, quotation system or other relevant authority as the Securities if they were admitted to trading immediately prior to the relevant Variation or Substitution;
  - (iii) the Issuer paying any outstanding Arrears of Interest in full prior to the relevant Variation or Substitution;
  - (iv) the Exchanged Securities or Varied Securities:
    - (A) ranking at least *pari passu* with the Securities if the Exchanged Securities or Varied Securities and the Securities were outstanding at the same time immediately prior to the Variation or Substitution,
    - (B) having the benefit of a guarantee (the “**Exchanged or Varied Guarantee**”) from the Guarantor on terms not less favourable to Holders than the terms of the Guarantee (as reasonably determined by the Issuer or Substitute Issuer and the Guarantor),
    - (C) benefitting from the same or more favourable interest rates and the same Interest Payment Dates, the same First Reset Date and early redemption rights (provided that the relevant Variation or Substitution may not itself trigger any early redemption right), the same rights to accrued interest and any other amounts payable under the Securities which, in each case, has accrued to the Holders and has not been paid, the same rights to principal and interest, and, if publicly rated by a Rating Agency immediately prior to such Variation or Substitution, at least the same credit rating immediately after such Variation or Substitution by each Rating Agency (as the case may be), as compared with the relevant rating(s) immediately prior to such Variation or Substitution (as determined by the Issuer or Substitute Issuer and the Guarantor using reasonable measures available to it including discussions with the relevant Rating Agency to the extent practicable), and otherwise containing terms not materially less favourable to Holders than the terms of the Securities (as reasonably determined by the Issuer or Substitute Issuer and the Guarantor).
    - (D) not containing terms providing for the mandatory deferral of interest; and
    - (E) not containing terms providing for loss absorption through principal write-down or conversion to shares;

- (v) the preconditions to redemption set out in Condition 6.7 (*Preconditions to Redemption*) having been satisfied and the terms of the exchange or variation (in the sole opinion of the Issuer or Substitute Issuer or the Guarantor, as the case may be) not being prejudicial to the interests of the Holders, including compliance with paragraph (iv) above, as certified to the benefit of the Holders by two directors of the Guarantor or two attorneys duly authorised by the Board of Directors of the Guarantor, having consulted with an independent investment bank of international standing, and any such certificate shall, absent fraud or manifest error, be final and binding on all parties. However, a change in the governing law of the provisions of Condition 2.2 (*Subordination of the Securities*) to the laws of the jurisdiction of incorporation of the Substitute Issuer, in connection with any substitution of the Issuer pursuant to this Condition 12.3 (*Substitution and Variation*), shall be deemed not to be prejudicial to the interests of the Holders; and
- (vi) the issue of legal opinions addressed to the Fiscal Agent from one or more international law firms in England and the relevant jurisdictions of the Issuer, Guarantor and Substitute Issuer, as applicable, selected by the Issuer or the Guarantor and confirming (x) that each of the Issuer, the Substitute Issuer and the Guarantor (as the case may be) has capacity to assume all rights, duties and obligations under the Exchanged Securities or Varied Securities and the Exchanged or Varied Guarantee (as the case may be) and has obtained all necessary corporate or governmental authorisation to assume all such rights and obligations and (y) the legality, validity and enforceability of the Exchanged Securities or Varied Securities.

### **13. FURTHER ISSUES**

The Issuer may from time to time without the consent of the Holders create and issue further securities either having the same terms and conditions as the Securities in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Securities) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Securities include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Securities.

### **14. NOTICES**

Notices to Holders of Securities will be deemed to be validly given if published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe. The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange, listing authority, quotation system or other relevant authority on which the Securities are for the time being listed and/or admitted to trading.

Notwithstanding the above, while all the Securities are represented by a Security in global form and such global form Security is deposited with a common depositary for Euroclear and/or Clearstream, Luxembourg, notices to Holders of Securities may be given, in substitution for publication in a daily newspaper as required by the paragraph above, by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg in accordance with their respective rules and operating procedures, and such notices shall be deemed to have been given to Holders on the date of delivery to Euroclear and/or Clearstream, Luxembourg. Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to the Holders of Securities in accordance with this Condition.

Any such notice shall be deemed to have been validly given on the date of the first such publication or, if published more than once on the first date on which publication is made.

## **15. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999.

## **16. GOVERNING LAW**

### **16.1 Governing Law**

The Fiscal Agency Agreement, the Securities, the Coupons and the Guarantee and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law, other than the provisions of Condition 2 (*Status and Subordination of the Securities and Coupons*) which are governed by and construed in accordance with the laws of The Netherlands, and the provisions of Conditions 3.2 (*Status of the Guarantee*) and 3.3 (*Subordination of the Guarantee*), and the corresponding provisions of the Guarantee, which are governed by and construed in accordance with the laws of the Kingdom of Spain.

### **16.2 Jurisdiction**

The courts of England have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising from or connected with the Securities or the Coupons (including a dispute relating to the existence, validity or termination of the Securities or any non-contractual obligations arising out of or in connection with the Securities or the consequences of their nullity). The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary. This Condition is for the benefit of the Holders only. As a result, nothing in this Condition 16.2 (*Jurisdiction*) prevents any Holder from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, Holders may take concurrent Proceedings in any number of jurisdictions.

### **16.3 Agent for Service of Process**

The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Leadenhall Secretaries Limited at 125 Wood Street, London EC2V 7AW, or, if different, its registered office for the time being or at any address of the Issuer in England at which process may be served on it.

If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall forthwith appoint a further person in England to accept service of process on its behalf in England and notify the name and address of such person to the Fiscal Agent and, failing such appointment within 15 days, any Holder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Holder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England.

## **17. DEFINITIONS**

In these Conditions:

“**2015 Dated Securities**” means the €1,000,000,000 10 Year Non-Call Securities due 2075 (ISIN: XS1207058733) issued by the Issuer on 25 March 2015 and unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor;

**“2015 Perpetual Securities”** means the €1,000,000,000 6 Year Non-Call Perpetual Securities (ISIN: XS1207054666) issued by the Issuer on 25 March 2015 and unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor;

**“2015 Securities”** means the 2015 Dated Securities and the 2015 Perpetual Securities;

**“5 year Swap Rate”** has the meaning given to it in Condition 4.3 (*Prevailing Interest Rate*);

**“5 year Swap Rate Quotations”** has the meaning given to it in Condition 4.3 (*Prevailing Interest Rate*);

**“6 Year Non-Call Securities”** means the €750,000,000 6 Year Non-Call Undated Deeply Subordinated Guaranteed Fixed Rate Securities issued by the Issuer with the Securities and unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor;

**“30/360 Day Count”** means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period (such number of days being calculated on the basis of a 360 day year consisting of 12 months of 30 days each), divided by 360;

an **“Accounting Event”** shall be deemed to occur if the Issuer or the Guarantor has received, and notified the Holders in accordance with Condition 14 (*Notices*) that it has so received, an opinion of a recognised accountancy firm of international standing, stating that, as a result of a change in the accounting rules or methodology effective after the Issue Date, the Securities must not or must, from the implementation date of the relevant IFRS-EU standards or any other accounting standards that may replace IFRS-EU, no longer be recorded as “equity” pursuant to IFRS-EU or any other accounting standards that may replace IFRS-EU for the purposes of the annual, semi-annual or quarterly consolidated financial statements of the Guarantor;

**“Additional Amounts”** has the meaning given to it in Condition 8.1 (*Additional Amounts*);

**“Adjustment Spread”** means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case which the Independent Adviser, following consultation with the Issuer, has determined to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (a) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (b) if no such recommendation has been made, or in the case of an Alternative Rate, the Independent Adviser, following consultation with the Issuer, determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or
- (c) if the Independent Adviser determines that no such spread is customarily applied, the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

**“Affiliates”** means an entity that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Guarantor;

**“Alternative Rate”** means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4.4(b) (*Successor Rate or Alternative Rate*) is customarily

applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same interest period and in euros;

“**Arrears of Interest**” has the meaning given to it in Condition 5.1 (*Deferral of Interest Payments*);

“**Benchmark Amendments**” has the meaning given to it in Condition 4.4(d) (*Benchmark Amendments*);

“**Benchmark Event**” means:

- (a) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (b) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease to publish the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (c) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Securities; or
- (e) a public statement by the supervisor of the administrator of the Original Reference Rate that, in the view of such supervisor, such Original Reference Rate is no longer representative of an underlying market; or
- (f) it has become unlawful for any Paying Agent, the Issuer or other party to calculate any payments due to be made to any Holder using the Original Reference Rate,

provided that in the case of sub-paragraphs (b), (c) and (d), the Benchmark Event shall occur on the later of (i) the date which is six months prior to the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be and (ii) the date of the relevant public statement.

“**business day**” has the meaning given to it in Condition 7.5 (*Payments on business days*);

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which the Target System is operating;

“**Calculation Amount**” has the meaning given to it in Condition 4.2 (*Interest Accrual*);

a “**Capital Event**” shall be deemed to occur if the Issuer or the Guarantor (directly or via publication by such Rating Agency) has received, and notified the Holders in accordance with Condition 14 (*Notices*) that it has so received, confirmation from any Rating Agency that, due to any amendment to, clarification of, or change in hybrid capital methodology or a change in the interpretation thereof, in each case occurring or becoming effective after the Issue Date all or any of the Securities will no longer be eligible (or if the Securities have been partially or fully refinanced since the Issue Date and are no longer eligible for “equity credit” from such Rating Agency in part or in full as a result, all or any of the Securities that would no longer have been eligible as a result of such amendment, clarification, change in hybrid capital methodology or change in the interpretation had they not been refinanced) for the same or a higher amount of “equity credit” (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the

characteristics of an ordinary share) attributed to the Securities at the Issue Date (or, if “equity credit” is not assigned to the Securities by the relevant Rating Agency on the Issue Date, at the date on which “equity credit” is assigned by such Rating Agency for the first time);

“**Code**” has the meaning given to it in Condition 8.1 (*Additional Amounts*);

“**Compulsory Arrears of Interest Settlement Event**” has the meaning given to it in Condition 5.3 (*Mandatory Settlement of Arrears of Interest*);

“**Condition**” means the terms and conditions of the Securities;

“**Deferral Notice**” has the meaning given to it in Condition 5.1 (*Deferral of Interest Payments*);

“**Deferred Interest Payment**” has the meaning given to it in Condition 5.1 (*Deferral of Interest Payments*);

“**Dividend Declaration**” has the meaning given to it in Condition 5.3 (*Mandatory Settlement of Arrears of Interest*);

“**Early Redemption Amount**” means in respect of a redemption of the Securities following the occurrence of a Tax Event, an Accounting Event or a Capital Event, 101 per cent. of the principal amount of such Securities;

“**Exchanged or Varied Guarantee**” has the meaning given to it in Condition 12.3 (*Substitution and Variation*);

“**Exchanged Securities**” has the meaning given to it in Condition 12.3 (*Substitution and Variation*);

“**FATCA**” has the meaning given to it in Condition 8.1 (*Additional Amounts*);

“**First Reset Date**” means 11 December 2028;

“**Fitch Ratings**” means Fitch Ratings España, S.A.U.;

“**Further Securities**” means any Securities issued pursuant to Condition 13 (*Further Issues*) and forming a single series with the outstanding Securities;

“**Guarantor**” means Repsol, S.A.;

“**Holder**” has the meaning given to it in Condition 1.2 (*Title*);

“**IFRS-EU**” means International Financial Reporting Standards, as adopted by the European Union;

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4.4(a) (*Independent Adviser*);

“**Interest Payment**” means, in respect of an interest payment on an Interest Payment Date, the amount of interest payable on the presentation and surrender of the relevant Coupon for the relevant Interest Period in accordance with Condition 4 (*Interest Payments*);

“**Interest Payment Date**” means 11 December in each year;

“**Interest Period**” means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

“**Issue Date**” means 11 June 2020;

“**Issuer**” means Repsol International Finance B.V.;

“**Issuer Winding-up**” means a situation where (i) an order is made or a decree or resolution is passed for the winding-up, liquidation or dissolution of the Issuer, except for the purposes of a solvent merger, reconstruction or amalgamation, or (ii) a trustee (*curator*) is appointed by the competent District Court in The Netherlands in the event of bankruptcy (*faillissement*) affecting the whole or a substantial part of the undertaking or assets of the Issuer and such appointment is not discharged within 30 days;

“**Junior Obligations**” means the Junior Obligations of the Guarantor and the Junior Obligations of the Issuer;

“**Junior Obligations of the Guarantor**” means all obligations of the Guarantor issued or incurred directly by it or indirectly through a wholly-owned subsidiary with the guarantee of the Guarantor, which rank or are expressed to rank junior to the Guarantee, including (i) any Preferred Shares of the Guarantor and (ii) Ordinary Shares of the Guarantor;

“**Junior Obligations of the Issuer**” means all obligations of the Issuer, issued or incurred directly or indirectly by it, which rank or are expressed to rank junior to the Securities, including (i) Ordinary Shares of the Issuer and (ii) Preferred Shares of the Issuer, if any;

“**Law 10/2014**” means the Additional Provision One of Law 10/2014 of 26 June 2014, on the supervision and solvency of credit entities (*Ordenación, supervisión y solvencia de entidades de crédito*) of the Kingdom of Spain (as amended or replaced from time to time);

“**Mandatory Settlement Date**” has the meaning given to it in Condition 5.3 (*Mandatory Settlement of Arrears of Interest*);

“**Moody’s**” means Moody’s Investors Service Limited;

“**Ordinary Shares of the Guarantor**” means ordinary shares in the capital of the Guarantor, having at the Issue Date a nominal amount of €1.00 each;

“**Ordinary Shares of the Issuer**” means ordinary shares in the capital of the Issuer, having on the Issue Date a nominal amount of €1,000 each;

“**Original Reference Rate**” means the 5 year Swap Rate (or any component part thereof) (provided that if, following one or more Benchmark Events, the 5 year Swap Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term “Original Reference Rate” shall include any such Successor Rate or Alternative Rate (or any component part thereof));

“**Parity Obligations**” means the Parity Obligations of the Guarantor and the Parity Obligations of the Issuer;

“**Parity Obligations of the Guarantor**” means any obligations of the Guarantor, issued directly by it or indirectly through a wholly-owned subsidiary with the guarantee of the Guarantor, which rank or are expressed to rank *pari passu* with the Guarantee (which include the guarantees granted on a subordinated basis by the Guarantor in connection with the 2015 Securities and the 6 Year Non-Call Securities);



**“Parity Obligations of the Issuer”** means any obligations of the Issuer, issued or incurred directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Securities including the 2015 Securities and the 6 Year Non-Call Securities;

**“Preferred Shares of the Guarantor”** means any series of preferred securities (*participaciones preferentes*) issued directly by the Guarantor or indirectly through a wholly-owned subsidiary with the guarantee of the Guarantor in accordance with Law 10/2014 (or any other law or regulation of Spain or of any other jurisdiction applicable from time to time);

**“Preferred Shares of the Issuer”** means any preference shares in the capital of the Issuer (and, if divided into classes, each class thereof);

**“Preferred Shares”** means the Preferred Shares of the Guarantor and the Preferred Shares of the Issuer;

**“Prevailing Interest Rate”** means the rate of interest payable on the Securities applicable from time to time pursuant to Condition 4 (*Interest Payments*);

**“Proceedings”** has the meaning given to it in Condition 16.2 (*Jurisdiction*);

**“Rating Agency”** means S&P, Moody’s or Fitch Ratings or, or any other rating agency of equivalent international standing requested by the Issuer or the Guarantor to grant a corporate credit rating to the Issuer or the Guarantor, or in each case, any affiliate or any successor to the rating agency business thereof;

**“Redemption Date”** means the date fixed for redemption of the Securities pursuant to Condition 6 (*Redemption and Purchase*);

**“Relevant Date”** means (i) in respect of any payment other than a sum to be paid by the Issuer or the Guarantor in a winding-up or administration of the Issuer or the Guarantor, as the case may be, the date on which such payment first becomes due and payable, but if the full amount of moneys payable on such date has not been received by the Fiscal Agent on or prior to such date, the Relevant Date means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders in accordance with Condition 14 (*Notices*) and (ii) in respect of a sum to be paid by the Issuer or the Guarantor in a winding-up or administration of the Issuer or the Guarantor, as the case may be, the date that is one day prior to the date on which an order is made or a resolution is passed for the winding-up, or in the case of an administration, one day prior to the date on which any dividend is distributed;

**“Relevant Nominating Body”** means, in respect of a benchmark or screen rate (as applicable):

- (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of such central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof;

**“Relevant Period”** means the period commencing on (and including) 11 September 2028 and ending on (and including) the First Reset Date;

**“Reset Date”** means the First Reset Date and each date falling on the fifth anniversary thereafter;

“**Reset Interest Determination Date**” means, in respect of any Reset Period, the day falling two Business Days prior to the beginning of the relevant Reset Period;

“**Reset Period**” means each period from and including the First Reset Date to but excluding the next following Reset Date and thereafter from and including each Reset Date to but excluding the next following Reset Date;

“**Reset Reference Banks**” has the meaning given to it in Condition 4.3 (*Prevailing Interest Rate*);

“**Reset Reference Bank Rate**” has the meaning given to it in Condition 4.3 (*Prevailing Interest Rate*);

“**Reset Screen Page**” has the meaning given to it in Condition 4.3 (*Prevailing Interest Rate*);

“**S&P**” means S&P Global Ratings Europe Limited;

“**Senior Obligations of the Guarantor**” means all obligations of the Guarantor, including subordinated obligations of the Guarantor according to the Spanish Insolvency Law, other than Parity Obligations of the Guarantor and Junior Obligations of the Guarantor;

“**Senior Obligations of the Issuer**” means all obligations of the Issuer, including subordinated obligations of the Issuer according to Dutch insolvency law, other than Parity Obligations of the Issuer and Junior Obligations of the Issuer;

“**Spanish Insolvency Law**” means Law 22/2003, of 9 July 2003 (*Ley Concursal*), as amended from time to time or any equivalent legal provision which replaces it in the future;

“**Subordinated Loan**” means the subordinated loan made by the Issuer to the Guarantor and expected to be dated on or around 11 June 2020, pursuant to which the proceeds of the issue of the Securities are on-lent to the Guarantor;

a “**Substantial Purchase Event**” shall be deemed to have occurred if at least 75 per cent. of the aggregate principal amount of the Securities originally issued (which for these purposes shall include any Further Securities) is purchased by the Issuer, the Guarantor or any subsidiary of the Guarantor (and in each case is cancelled in accordance with Condition 6.9 (*Purchase*));

“**Substitute Issuer**” has the meaning given to it in Condition 12.3 (*Substitution and Variation*);

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body;

“**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;

“**Taxes**” has the meaning given to it in Condition 8.1 (*Additional Amounts*);

“**Taxing Authority**” has the meaning given to it in Condition 8.1 (*Additional Amounts*);

a “**Tax Event**” shall be deemed to have occurred if, as a result of a Tax Law Change, in respect of (i) the Issuer’s obligation to make any payment of interest under the Securities on the next following Interest Payment Date; or (ii) the obligation of the Guarantor to make any payment of interest in favour of the Issuer under the Subordinated Loan on the next following due date for such payment, the Issuer or the Guarantor (as the case may be) would no longer be entitled to claim a deduction in respect of interest paid when computing its tax liabilities in The Netherlands or in Spain (as the case may be), or such entitlement is materially reduced.

**“Tax Law Change”** means a change in or proposed change in, or amendment to, or proposed amendment to, the laws or regulations of The Netherlands or Spain or, in either case, any political subdivision or any authority thereof or therein having power to tax, including, without limitation, any treaty to which The Netherlands or Spain is a party, or any change in the official or generally published interpretation of such laws or regulations, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations or interpretations thereof that differs from the previously generally accepted position in relation to similar transactions, which change, amendment or interpretation becomes or would become, effective after 4 June 2020, other than the entry into force of the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*) on 1 January 2021 in the form as published in the Official Gazette (*Staatsblad*) Stb. 2019, 513 of 27 December 2019;

**“Variation or Substitution”** has the meaning given to it in Condition 12.3 (*Substitution and Variation*);

**“Varied Securities”** has the meaning given to it in Condition 12.3 (*Substitution and Variation*);

a **“Withholding Tax Event”** shall be deemed to occur if as a result of a Tax Law Change, in making any payments in respect of the Securities or the Guarantee the Issuer or the Guarantor has paid or will or would on the next Interest Payment Date be required to pay Additional Amounts in respect of the Securities or the Guarantee that cannot be avoided by the Issuer or the Guarantor, as the case may be, taking measures reasonably available to it.

## SUMMARY OF PROVISIONS RELATING TO THE SECURITIES IN GLOBAL FORM

The Securities will initially be in the form of Temporary Global Securities which will be deposited on or around the Issue Date with a common depository for Euroclear and Clearstream, Luxembourg.

The Securities are not intended to be held in a manner which would allow Eurosystem eligibility.

Each Temporary Global Security will be exchangeable in whole or in part for interests in a Permanent Global Security not earlier than 40 days after the later of the commencement of the offering and the Issue Date upon certification as to non-U.S. beneficial ownership. No payments will be made under each Temporary Global Security unless exchange for interests in the corresponding Permanent Global Security is improperly withheld or refused. In addition, interest payments in respect of the Securities cannot be collected without such certification of non-U.S. beneficial ownership.

Each Permanent Global Security will become exchangeable in whole, but not in part, for the corresponding Securities in definitive form ("**Definitive Securities**") in the denomination of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 each at the request of the bearer of such Permanent Global Security if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) if principal in respect of any of the relevant Securities is not paid when due and payable. No Securities in definitive form will be issued with a denomination above €199,000. Securities of one denomination will not be exchangeable for Securities of another denomination.

Whenever a Permanent Global Security is to be exchanged for Definitive Securities, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Securities, duly authenticated and with Coupons and Talons attached, in an aggregate principal amount equal to the principal amount of such Permanent Global Security to the bearer of such Permanent Global Security against the surrender of such Permanent Global Security to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) the relevant Temporary Global Security is not duly exchanged, whether in whole or in part, for the corresponding Permanent Global Security by 5.00 p.m. (London time) on the thirtieth day after the time at which the preconditions to such exchange are first satisfied; or
- (b) Definitive Securities have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has duly requested exchange of a Permanent Global Security for Definitive Securities; or
- (c) a Temporary or Permanent Global Security (or any part of it) has become due and payable in accordance with the Conditions or the date for final redemption of the Securities has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Temporary or Permanent Global Security on the due date for payment,

then the relevant Global Security (including the obligation to deliver Definitive Securities) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) and (b) above) or at 5.00 p.m. (London time) on such due date (in the case of (c) above), and the bearer of such Global Security will have no further rights thereunder (but without prejudice to the rights which the bearer of the Global Security or others may have under a deed of covenant to be dated on or around 11 June 2020 (the "**Deed of Covenant**") executed by the Issuer and which relates to the relevant Securities). Under such Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the relevant Global Security, will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before such Global Security becomes void, they had been the holders of Definitive Securities in

an aggregate principal amount equal to the principal amount of Securities they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

In addition, each Temporary Global Security and Permanent Global Security will contain provisions which modify the Conditions of the corresponding Securities as they apply to such Temporary Global Security and Permanent Global Security. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of each Temporary Global Security and Permanent Global Security will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of such Temporary Global Security or (as the case may be) Permanent Global Security to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the relevant Securities. On each occasion on which a payment of principal or interest is made in respect of a Temporary Global Security or (as the case may be) the Permanent Global Security, the Issuer shall procure that the payment is entered pro rata in the records of Euroclear and Clearstream, Luxembourg.

*Payments on business days:* In the case of all payments made in respect of a Temporary Global Security or the Permanent Global Security “business day” means any day on which the TARGET System is open.

*Notices:* While all the Securities of a given series are represented by a Permanent Global Security (or by a Temporary Global Security) and such Permanent Global Security is (or such Temporary Global Security) is deposited with a common depository for Euroclear and Clearstream, Luxembourg, notices to Holders of the relevant Securities may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Holders in accordance with Condition 14 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg.

## FORM OF GUARANTEE

*The text of the Deed of Guarantee for each of the 6 Year Non-Call Securities and the 8.5 Year Non-Call Securities is as follows:*

This Deed of Guarantee is made on 11 June 2020

BY

(1) REPSOL, S.A. (the “**Guarantor**”)

IN FAVOUR OF

- (2) THE HOLDERS of any Security or Securities (as defined below) or the coupons relating to them; and
- (3) THE ACCOUNT HOLDERS (as defined in the Deed of Covenant described below).

WHEREAS

- (A) Repsol International Finance B.V. (the “**Issuer**”) proposes to issue [€750,000,000 6 Year Non-Call Undated Deeply Subordinated Guaranteed Fixed Rate Securities]/[€750,000,000 8.5 Year Non-Call Undated Deeply Subordinated Guaranteed Fixed Rate Securities] (the “**Securities**”, which expression shall, if the context so admits, include the Global Securities (whether in temporary or permanent form)) in connection with which, the Issuer and the Guarantor have become parties to a fiscal agency agreement (the “**Fiscal Agency Agreement**”) dated or around 11 June 2020 between, *inter alios*, the Issuer, the Guarantor and Citibank, N.A., London Branch in its various capacities as set out therein relating to the Securities, and the Issuer has executed and delivered a deed of covenant (the “**Deed of Covenant**”) dated on or around 11 June 2020.
- (B) The Guarantor has duly authorised the giving of a guarantee on a subordinated basis in respect of the Securities and the Deed of Covenant.

**THIS DEED WITNESSES** as follows:

### **1. Interpretation**

- 1.1 All terms and expressions which have defined meanings in the Conditions (as defined in the Deed of Covenant), the Fiscal Agency Agreement or the Deed of Covenant shall have the same meanings in this Deed of Guarantee except where the context requires otherwise or unless otherwise stated.
- 1.2 Any reference in this Deed of Guarantee to a Clause is, unless otherwise stated, to a clause hereof.
- 1.3 All references in this Deed of Guarantee to an agreement, instrument or other document (including the Conditions, the Fiscal Agency Agreement and the Deed of Covenant) shall be construed as a reference to that agreement, instrument or other document as the same may be amended, supplemented, replaced or novated from time to time.
- 1.4 Any reference in this Deed of Guarantee to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.
- 1.5 Clause headings are for ease of reference only.

## **2. Guarantee and Indemnity**

2.1 Subject to the limitations contained in this Deed of Guarantee, the Guarantor hereby unconditionally and irrevocably guarantees on a subordinated basis:

2.1.1 to each Holder the due and punctual payment of all sums from time to time payable by the Issuer in respect of any Security as and when the same become due and payable and accordingly agrees to pay to such Holder, forthwith upon demand by such Holder and in the manner and currency prescribed by the Conditions for payments by the Issuer thereunder, any and every sum or sums which the Issuer is at any time liable to pay in respect of such Security in accordance with the Conditions and which the Issuer has failed to pay at the time such demand is made; and

2.1.2 to each Account Holder the due and punctual payment of all sums from time to time payable by the Issuer to such Account Holder in respect of the Direct Rights in accordance with the Deed of Covenant as and when the same become due and payable and accordingly agrees to pay to such Account Holder, forthwith upon demand by such Account Holder in the manner and currency prescribed by the Conditions for payments by the Issuer thereunder, any and every sum or sums which the Issuer is at any time liable to pay to such Account Holder in respect of the Direct Rights in accordance with the Deed of Covenant and which the Issuer has failed to pay at the time such demand is made.

2.2 The Guarantor undertakes to each Holder and each Account Holder that, should any amount referred to in Clause 2.1 not be recoverable from the Guarantor thereunder for any reason whatsoever (including, without limitation, by reason of any Security, any provision of any Security, the Deed of Covenant or any provision thereof being or becoming void, unenforceable or otherwise invalid under any applicable law) then, notwithstanding that the same may have been known to such Holder or Account Holder, the Guarantor will, forthwith upon demand by such Holder or Account Holder, pay such sum by way of a full indemnity in the manner and currency prescribed by the Securities or (as the case may be) the Deed of Covenant. This indemnity constitutes a separate and independent obligation from the other obligations under this Guarantee and shall give rise to a separate and independent cause of action.

## **3. Taxes**

The Guarantor covenants in favour of each Holder and each Account Holder that it will duly perform and comply with its obligations expressed to be undertaken by it in Condition 8 (*Taxation*).

## **4. Preservation of Rights**

4.1 The obligations of the Guarantor herein contained shall be deemed to be undertaken as principal debtor.

4.2 The obligations of the Guarantor herein contained shall be continuing obligations notwithstanding any settlement of account or other matters or things whatsoever and, in particular but without limitation, shall not be considered satisfied by any partial payment or satisfaction of all or any of the Issuer's obligations under any Security or the Deed of Covenant and shall continue in full force and effect until all sums due from the Issuer in respect of the Securities and under the Deed of Covenant have been paid, and all other obligations of the Issuer thereunder or in respect thereof have been satisfied in full.

- 4.3 Neither the obligations of the Guarantor herein contained nor the rights, powers and remedies conferred upon the Holders, the Account Holders or any of them by this Deed of Guarantee or by law shall be discharged, impaired or otherwise affected by:
- 4.3.1 the winding up, bankruptcy, moratorium or dissolution of the Issuer or analogous proceeding in any jurisdiction or any change in its status, function, control or ownership; or
  - 4.3.2 any of the obligations of the Issuer under any of the Securities or the Deed of Covenant being or becoming illegal, invalid or unenforceable; or
  - 4.3.3 time or other indulgence being granted or agreed to be granted to the Issuer in respect of its obligations under any of the Securities or the Deed of Covenant; or
  - 4.3.4 any amendment to, or any variation, waiver or release of, any obligation of the Issuer under any of the Securities or the Deed of Covenant; or
  - 4.3.5 any other act, event or omission which, but for this Clause 4.3, might operate to discharge, impair or otherwise affect the obligations of the Guarantor herein or any of the rights, powers or remedies conferred upon the Holders, the Account Holders or any of them by this Deed of Guarantee or by law.
- 4.4 Any settlement or discharge between the Guarantor and the Holders, the Account Holders or any of them shall be conditional upon no payment to the Holders, the Account Holders or any of them by the Issuer or any other person on the Issuer's behalf being avoided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency or liquidation for the time being in force and, in the event of any such payment being so avoided or reduced, the Holders and the Account Holders shall each be entitled to recover the amount by which such payment is so avoided or reduced from the Guarantor subsequently as if such settlement or discharge had not occurred.
- 4.5 No Holder or Account Holder shall be obliged before exercising any of the rights, powers or remedies conferred upon it by this Deed of Guarantee or by law:
- 4.5.1 to make any demand of the Issuer, other than (in the case of a Holder) the presentation of the relevant Security;
  - 4.5.2 to take any action or obtain judgment in any court against the Issuer; or
  - 4.5.3 to make or file any claim or proof in a winding-up or dissolution of the Issuer
- and, save as aforesaid, the Guarantor hereby expressly waives, in respect of each Security, presentment, demand, protest and notice of dishonour.
- 4.6 The Guarantor agrees that so long as any amounts are or may be owed by the Issuer under any of the Securities or the Deed of Covenant or the Issuer is under any actual or contingent obligations thereunder, the Guarantor shall not exercise rights which the Guarantor may at any time have by reason of performance by the Guarantor of its obligations hereunder:
- 4.6.1 to claim any contribution from any other guarantor of the Issuer's obligations under the Securities or the Deed of Covenant; and/or
  - 4.6.2 to take the benefit, in whole or in part, of any security enjoyed in connection with any of the Securities or the Deed of Covenant, by any Holder or Account Holder; and/or
  - 4.6.3 to be subrogated to the rights of any Holder or Account Holder against the Issuer in respect of amounts paid by the Guarantor under this Deed of Guarantee.



## **5. Conditions, Status and Subordination**

- 5.1 The Guarantor covenants that it will duly perform those obligations in the Conditions which relate to it and which are expressed to relate to it.
- 5.2 The Guarantor undertakes that its obligations hereunder rank as described in Conditions 3.2 (*Status of the Guarantee*) and 3.3 (*Subordination of the Guarantee*).

## **6. Delivery of Deed of Guarantee**

A duly executed original of this Guarantee shall be delivered promptly after execution to the Fiscal Agent and such original shall be held by the Fiscal Agent until the date on which complete performance by the Issuer of its obligations in respect of the Securities occurs. A certified copy of this Guarantee may be obtained by any Holder or any Account Holder from the Fiscal Agent at its specified office at the expense of such Holder or Account Holder. Any Holder of or Account Holder may protect and enforce his rights under this Guarantee (in the courts specified in Clause 10 below) upon the basis described in the Deed of Covenant (in the case of an Account Holder) and a copy of this Guarantee certified as being a true copy by a duly authorised officer of the Issue and Paying Agent without the need for production in any court of the actual records described in the Deed of Covenant or this Guarantee. Any such certification shall be binding, except in the case of manifest error or as may be ordered by any court of competent jurisdiction, upon the Guarantor and all Holders and Account Holders. This Clause shall not limit any right of any Holder or Account Holder to the production of the originals of such records or documents or this Guarantee in evidence.

## **7. Deed Poll; Benefit of Guarantee**

- 7.1 This Deed of Guarantee shall take effect as a Deed Poll for the benefit of the Holders and the Account Holders from time to time.
- 7.2 The obligations assumed by the Guarantor herein shall ensure for the benefit of each Holder and Account Holder, and each Holder and each Account Holder shall be entitled severally to enforce such obligations against the Guarantor.
- 7.3 The Guarantor may not assign or transfer all or any of its rights, benefits and obligations hereunder except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation of the Guarantor on terms approved by an Extraordinary Resolution of the Holders.

## **8. Provisions Severable**

If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby.

## **9. Notices**

- 9.1 All communications to the Guarantor hereunder shall be made in writing (by letter or fax) and shall be sent to the Guarantor at:

Address: Calle Méndez Álvaro 44  
28045 Madrid  
Spain

Fax: + 34 902 555 134

Attention: Finance Department

or to such other address or fax number or for the attention of such other person or department as the Guarantor has notified to the Holders and Account Holders in the manner prescribed for the giving of notices in connection with the Securities.

9.2 Every communication sent in accordance with Clause 9.1 shall be effective upon receipt by the Guarantor; and provided, however, that any such notice or communication which would otherwise take effect after 4.00 p.m. (Central European time) on any particular day shall not take effect until 10.00 a.m. (Central European time) on the immediately succeeding business day in the place of the Guarantor.

**10. Law and Jurisdiction**

10.1 Governing Law: This Deed of Guarantee and all non-contractual obligations arising out of or connected with it shall be governed by, and shall be construed in accordance with, English law, except for the provisions of Conditions 3.2 and 3.3 referred to in Clause 5.2, which shall be governed by and construed in accordance with Spanish law.

10.2 Subject to subclause 10.3 below, the Guarantor agrees for the benefit of the Holders and the Account Holders only that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Deed of Guarantee (including any dispute relating to any non-contractual obligations arising out of or in connection with this Deed of Guarantee) and accordingly submits to the exclusive jurisdiction of the courts of England.

10.3 The Holders and Account Holders may take any suit, action or proceedings (including any proceedings relating to any non-contractual obligations arising out of or in connection with this Deed of Guarantee) (together referred to as “**Proceedings**”) against the Guarantor in any other court of competent jurisdiction and, to the extent allowed by law, may take concurrent Proceedings in any number of jurisdictions. The Guarantor hereby appoints Leadenhall Secretaries Limited at its registered office for the time being in England to accept service of any Proceedings on its behalf.

In witness whereof this Deed has been signed as a deed by the Guarantor and is hereby delivered on the date first above written.

**SIGNED as a DEED and DELIVERED** )  
 )  
on behalf of Repsol, S.A. )  
a company incorporated in the Kingdom of Spain )  
by: )  
 )  
being a person who in accordance with )  
the laws of that territory is acting under )  
the authority of the company )

## **USE OF PROCEEDS**

The net proceeds of the issuance of the Securities, amounting to approximately €1,491,675,000, will be used for the Group's general corporate and financing purposes, which may include the redemption or repurchase of existing debt securities of the Guarantor or any of its consolidated subsidiaries, including, without limitation, bonds or other types of financial instruments.

## DESCRIPTION OF THE ISSUER

### History

The Issuer was incorporated in The Netherlands on 20 December 1990 as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) for an indefinite duration pursuant to the laws of The Netherlands, under which it now operates.

The Issuer is registered with the trade register of the Dutch Chamber of Commerce under number 24251372. The Issuer is domiciled in The Netherlands and its registered office and principal place of business is Koninginnegracht 19, 2514 AB The Hague, The Netherlands, and its telephone number is (+31) 70 3141611. Its website is [www.repsol.com](http://www.repsol.com).

### Principal activities

The principal activity of the Issuer is to finance the business operations of the Repsol Group. The Issuer may, from time to time, obtain financing, including through loans or issuing other securities, which securities may rank *pari passu* with the Securities (see “*Terms and Conditions of the Securities—Negative Pledge*” below). In order to achieve its objectives, the Issuer raises funds primarily by issuing debt instruments in the capital and money markets.

### Organisational structure

The Issuer is a wholly-owned subsidiary of the Guarantor. At the date of this Prospectus, the authorised capital of the Issuer is €1,502,885,000 divided into 1,502,885 ordinary shares with a nominal value of €1,000 each and the issued share capital of the Issuer is €300,577,000, represented by 300,577 fully paid up shares.

As at the date of this Prospectus, the Issuer holds 25.00% ownership in Occidental de Colombia LLC, Delaware.<sup>(9)</sup>

### Functional currency

As a result of changes in events and conditions, the functional currency of the Issuer has changed from U.S. dollars to euro. In accordance with accepted accounting criteria and for accounting purposes, the change has been applied as of 1 July 2019 (the beginning of the Group reporting period closest to the changes).

### Change in scope of consolidation

The Issuer’s subsidiary Repsol Netherlands Finance B.V. was dissolved through voluntary liquidation effective on 25 June 2018. Since that date, the Issuer does not have any subsidiaries. As a result, the Issuer’s financial statements as of and for the year ended 31 December 2018 were the last consolidated financial statements of the Issuer and, consequently, the Issuer’s subsequent financial statements are prepared on a standalone basis.

### Recent developments

On 15 April 2020, the Issuer issued two senior unsecured bonds under its euro medium term note programme for an aggregated amount of €1.5 billion. Both bonds are listed on the regulated market of the Luxembourg Stock Exchange and were issued on the following terms:

- (i) €750,000,000, with an issue price of 99.967% and an annual fixed coupon of 2% due December 2025; and
- (ii) €750,000,000, with an issue price of 99.896% and an annual fixed coupon of 2.625% due April 2030.

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<sup>(9)</sup> The Issuer holds an indirect investment (25.00%) in Occidental Crude Sales LLC, Delaware through Occidental de Colombia LLC, Delaware.

## Administrative, management and supervisory bodies

As of the date of this Prospectus, the directors of the Issuer are:

<i>Name</i>	<i>Function</i>	<i>Principal activities outside Repsol</i>
Rolf Van Nauta Lemke	Director	Founder and owner of VNL Holding BV, Managing Partner of MaiAx Advisors BV, co-founder and Managing Partner of Iber Business Group Nederland BV, Owner of VNL Investment Fund BV, Supervisory Board of Q1 Energie AG.
Virginia de Luis Pastor	Director	N/A
José Manuel Díaz Fernández	Director	N/A
Alfredo Manero Ruiz	Director	N/A

The business address of each of the directors, as directors of the Issuer, is Koninginnegracht 19, 2514 AB The Hague, The Netherlands.

There are no conflicts of interest between any duties owed by the directors of the Issuer to the Issuer and their respective private interests and/or other duties.

## DESCRIPTION OF THE GUARANTOR AND THE GROUP

### Overview

The Guarantor is a limited liability company (*sociedad anónima*) duly incorporated on 31 December 1986 under the laws of the Kingdom of Spain, under which it now operates.

The Guarantor is registered with the Commercial Register of Madrid under page number M-65289, and its tax identification number is A-78/374725. It is domiciled in Spain with its registered office and principal place of business at Calle Méndez Álvaro, 44, 28045 Madrid, Spain, and its telephone number is (+34) 91 753 8000. Its website is [www.repsol.com](http://www.repsol.com).

The Guarantor is the parent company of the Group.

Repsol is an integrated energy company that operates in all business activities of the hydrocarbons sector, including exploration, development and production of crude oil and natural gas, transport of petroleum products, LPG and natural gas, refining, production of a wide range of petroleum products, petroleum by-products, and petrochemicals, LPG and natural gas products, along with electricity generation and commercialisation activities. While Repsol operates globally, it has a unified corporate structure with headquarters in Madrid, Spain.

### History

Repsol began operations in October 1987 as part of a reorganisation of the oil and gas businesses then owned by *Instituto Nacional de Hidrocarburos*, a Spanish government agency which acted as a holding company of government-owned oil and gas businesses.

Certain key milestones in the history of Repsol are set forth below:

- In 1989, the shares of the Guarantor were first listed on the Spanish stock exchanges (Madrid, Barcelona, Bilbao and Valencia) and, through American Depositary Shares (“ADS”), on the New York Stock Exchange (until March 2011), beginning the process of privatisation.
- The privatisation culminated with the public offers for the sale of shares in the Guarantor carried out by the *Sociedad Estatal de Participaciones Industriales*, a Spanish government agency, in 1996 and 1997.
- Repsol continued its international expansion, which reached its peak between 1999 and 2000, with the acquisition of 99% of YPF S.A. (“YPF”), Argentina’s leading oil company and a former national operator in the industry.
- On 26 February 2013, Repsol signed an agreement with the Shell Group for the sale of part of Repsol’s liquefied natural gas (“LNG”) assets and businesses. The sale concluded with three different transactions which closed in October and December 2013 and January 2014.
- In 2014, several agreements were signed to put an end to the controversy originated by the expropriation in 2012 of 51% and 60% of the Group’s shares in YPF and YPF Gas S.A., respectively. After the expropriation, settlement with the Republic of Argentina and the subsequent sale in 2014 of all its remaining interest in YPF which had not been subject to expropriation, Repsol’s divestment of YPF was completed.
- In May 2015, Repsol acquired 100% of the share capital of ROGCI, a Canadian company engaged in the exploration, development, production, transportation and marketing of crude oil, natural gas and other liquid hydrocarbons, for a total amount of €8,005 million.

- On 18 May 2018, Repsol, S.A. sold its stake (20.072%) in Naturgy to Rioja Bidco Shareholdings, S.L.U. for the price of €3,816 million.
- On 2 November 2018, Repsol completed its acquisition of Viesgo Generación, S.L.U.'s (“**Viesgo**”) non-regulated low-emission electricity generation businesses, in addition to its gas and electricity retail business for a purchase price of €733 million.
- On 2 December 2019, Repsol announced that it aims to become a net zero emissions company in 2050. In line with this new strategic orientation and in the context of the new oil and gas markets dynamics that consolidated in 2019, together with new public policies oriented towards a decarbonised economy, Repsol has reviewed its main hypothesis for assessing future investments and existing assets. In particular, it assumes a gradual decarbonisation of the economy, a reduction in the expectations of future oil and gas prices and the increase of expected costs for future CO<sub>2</sub> emissions, configuring a scenario compatible with the climate goals of the Paris Agreement and the United Nations Sustainable Development Goals.

In light of the above, Repsol recorded an extraordinary after-tax impairment charge of existing assets of €4,849 million mainly corresponding to productive gas assets in North America. For more information, see Note 21 to Repsol's consolidated financial statements for the year ended 31 December 2019, which are incorporated by reference in this Prospectus.

### *Strategy*

In June 2018, Repsol published an updated strategic plan for the years 2018 – 2020, following the early achievement of the targets set out in its strategic plan for the years 2016 – 2020. The current plan is geared towards growth and value creation and is focused on three pillars: (i) improving shareholder return, (ii) profitable portfolio growth and (iii) energy transition.

On 2 December 2019, Repsol announced that it aims to become a net zero emissions company in 2050, with a decarbonisation path through the reduction of its carbon intensity indicator of 10% in 2025, 20% in 2030 and 40% in 2040 (using 2016 as the reference year), respectively. In order to achieve its goal of becoming a net zero emissions company, Repsol intends to apply the best technology, including carbon capture, use and storage and, if necessary, additionally offset emissions through reforestation and other natural climate sinks. Repsol aims that the management of its different business units will be adapted to ensure, in this new scenario, their future profitability and the compliance with sustainability commitments.

For example, Repsol expects that its exploration and production business will prioritise the generation of value and cash over a production increase; industrial businesses will maintain the current position of leadership in refining profitability together with more challenging decarbonisation goals as well as an increase in the production of biofuels and chemical products with a low carbon footprint; new businesses will assume a more ambitious objective of low carbon power generation by 2025.

On 25 March 2020, in light of the current extraordinary volatility and market uncertainty, Repsol announced its decision to postpone the presentation of its 2020-2025 Strategic Plan, which had been scheduled to take place on 5 May 2020, until the social and business outlook becomes clearer.

As at the date of this Prospectus, Repsol maintains its target to reduce its carbon intensity indicator by 3% in 2020 (using 2016 as the reference year), to significantly increase its renewable power generation capacity and to reduce CO<sub>2</sub> emissions across all its businesses, reaffirming its commitment to lead the energy transition, in line with the Paris objectives and the United Nations' Sustainable Development Goals.

## ***Recent developments***

### ***COVID-19***

On 11 March 2020, the World Health Organisation raised the public health emergency caused by the SARS-CoV-2 virus (commonly known as coronavirus, causing the COVID-19 disease) to the status of an international pandemic. The rapid development of the situation, on an international scale, has developed into an unprecedented sanitary, social and economic crisis.

Even amidst these difficult circumstances, Repsol has managed to maintain the safe operation of its businesses, most of which are officially considered essential or strategic activities in the countries where they are present. However, the global decline in activity and, overall, the strong deterioration of economic conditions as a consequence of the pandemic are impacting the profitability of the Group's main businesses, as disclosed in the Guarantor's interim consolidated results for the three months ended 31 March 2020, which are incorporated by reference in this Prospectus.

For further information, see “*Risk Factors—Risk Factors that May Affect the Issuer's and the Guarantor's Ability to Fulfil Their Obligations under the Securities—Risks Relating to Geopolitical and Macroeconomic Conditions—Risks related to uncertainty in the current economic context*” and “*Risk Factors—Risk Factors that May Affect the Issuer's and the Guarantor's Ability to Fulfil Their Obligations under the Securities—Risks Related to Repsol's Business Activities and Industry—Risks related to fluctuations in international commodity prices and demand*”.

### ***Measures in the context and the evolution of the current economic situation***

On 25 March 2020, the Guarantor announced that its Board of Directors had adopted a series of measures after it assessed the context and the evolution of the current economic situation, particularly the global impact of COVID-19, the downturn in oil and gas market prices and their impact on the Group's business and activities. These measures include:

- reiterating Repsol's commitment to safeguard the health and safety of its employees, customers and suppliers in their dealings with Repsol, as well as to continue with its operations, maintaining the supply of essential energy products and services to society, both critical to sustain key services at the present time; and
- adopting a resilience plan (the “**Resilience Plan 2020**”) for all of the Group's business units, taking into account a very challenging macroeconomic environment for this year, which factors in an average price of Brent crude of \$35/bbl for the period from April 2020 to December 2020 and a Henry Hub price of \$1.8/Mbtu. The Resilience Plan 2020 also sets out a series of initiatives that includes the implementation of further reductions, including reducing its operating expenditure by more than €350 million and its capital expenditure by more than €1 billion in 2020, together with reductions of approximately €800 million in working capital, compared with the metrics in Repsol's original budget for 2020.

Repsol believes that the flexibility of its asset portfolio, which it believes allows it to take swift investment decisions based on various business scenarios, is a powerful resource to help it deal with this new and complex environment and is key to helping it achieve its objective of a reduction of 26% in planned investment for 2020.

As of the date of this Prospectus and assuming the successful implementation of the measures mentioned above, Repsol expects that its net debt at 31 December 2020 will not increase compared to the Group's net debt at 31 December 2019 and it believes it will be able to cover its short-term debt maturities until 2024, without the need to refinance.



- to not include the 5% reduction of Repsol’s total share capital (as of 31 December 2018) in the agenda of the annual general shareholders’ meeting due to the current market situation and the circumstances that have arisen as a consequence of COVID-19.

In addition, in light of the current extraordinary volatility and market uncertainty, Repsol also announced its decision to postpone the presentation of its 2020-2025 Strategic Plan, which had been scheduled to take place on 5 May 2020, until the social and business outlook becomes clearer (see “—Strategy” above).

#### *Annual general shareholders’ meeting*

On 8 May 2020, the annual shareholders’ meeting of the Guarantor approved, among other things, in respect of shareholder remuneration, to authorise the Board of Directors to continue with the “Repsol Flexible Dividend” programme in substitution of the 2019 final dividend and the 2020 interim dividend. In particular, the annual shareholders’ meeting approved, in substitution of the 2019 final dividend, a paid-up capital increase charged to reserves equivalent to a remuneration of approximately €0.55 gross per share and to approve a reduction of share capital through the cancellation of own shares with the intention to offset the dilutive effect of the capital increases to be carried out in 2020.

#### *Credit ratings*

On 2 April 2020, Moody’s announced its decision to downgrade the Guarantor’s long-term credit rating to Baa2 from Baa1, with negative outlook.

On 2 April 2020, Fitch announced its decision to maintain the Guarantor’s long-term credit rating at BBB but changed the outlook from positive to stable.

#### *Business segments and organisational structure*

In the first three months ended 31 March 2020, Repsol revised the definition of its operating and reporting segments, taking into account (i) its target to become CO2 emissions neutral by 2050 and (ii) its renewed strategic vision for the business divisions. In particular, Repsol aims to enhance its commercial businesses with a new multi-energy and customer-centric approach, as well as the development of new low carbon power generation businesses, from which a new business segment “Commercial and renewables” was created.

Repsol currently operates the following business segments:

- *Upstream*, corresponding to exploration and production of crude oil and natural gas reserves;
- *Industrial*, corresponding mainly to (i) refining activities, (ii) petrochemical, (iii) trading and transportation of crude oil and oil products and (iv) commercialisation, transportation and regasification of natural gas and LNG; and
- *Commercial and renewables*, corresponding mainly to (i) low carbon power generation and renewable sources, (ii) gas and power commercialisation, (iii) mobility and commercialisation of oil products and (iv) LPG.

Below is a list of the significant investee companies of the Group as at 31 December 2019, including the country of incorporation, main activities and the direct or indirect ownership interest of the Guarantor in such investee companies.

Name	Country	Activity	% Control owned <sup>(1)</sup>
Repsol, S.A. ....	Spain	Portfolio company	N/A
Repsol Exploración, S.A. ....	Spain	Exploration and production of oil and gas	100.00%
Repsol Petróleo, S.A. ....	Spain	Refining	99.97%

Repsol Comercial de Productos Petrolíferos, S.A. ....	Spain	Marketing of oil products	96.68%
Repsol Butano, S.A. ....	Spain	Marketing of LPG	100.00%
Repsol Química, S.A. ....	Spain	Production and sale of petrochemicals	100.00%
Repsol Oil & Gas Canada, Inc <sup>(2)</sup> .....	Canada	Exploration and production of oil and gas	100.00%
Repsol International Finance B.V. ....	Netherlands	Financing and portfolio company	100.00%
Petróleos del Norte, S.A. (“ <b>Petronor</b> ”).....	Spain	Refining	85.98%
Repsol E&P Bolivia, S.A. ....	Bolivia	Exploration and production of oil and gas	100.00%
Repsol Trading, S.A. ....	Spain	Trading of oil products	100.00%
Repsol Sinopec Brasil, S.A. ....	Brazil	Exploration and production of oil and gas	60.01%
Refinería de la Pampilla S.A.A. <sup>(2)</sup> .....	Perú	Refining and marketing of oil products	92.42%
Repsol Lubricantes y Especialidades, S.A. <sup>(2)</sup> .....	Spain	Production and sale of lubricants and Specialized products	100.00%
Repsol Electricidad y Gas, S.A. ....	Spain	Electricity and Gas	100.00%

(1) *There is no difference between the percentage of share capital owned and voting rights in the Guarantor.*

(2) *Indirect ownership interest.*

## Business Overview

### Upstream

Set forth below is certain information in respect of Repsol’s operating data for the periods indicated.

	<u>31/12/2019</u>	<u>31/12/2018</u>
	(unaudited)	
Net liquids production (kbbbl/d)	254	261
Net gas production (kboe/d)	455	454
Net hydrocarbon production (kboe/d)	709	715
Average crude oil realisation price (U.S.\$/bbl)	57.3	63.9
Average gas price (U.S.\$/kscf)	2.9	3.4

*Note: These metrics include, in proportion to the Group’s respective ownership interest, the figures corresponding to its joint ventures or other companies managed as such.*

Upstream includes the exploration and production of crude oil and natural gas in different parts of the world. The Upstream segment’s activity is mainly located in America (United States, Canada, Brazil, Trinidad and Tobago, Peru, Venezuela, Bolivia, Colombia, Ecuador and Mexico), North Africa (Algeria and Libya), Asia (Russia, Indonesia, Malaysia and Vietnam) and Europe (United Kingdom, Norway, Greece and Spain).

The following contains details of Repsol’s main material assets:

- U.S., where Repsol has interests in the Eagle Ford liquids-rich asset, a shale gas play located in southeast Texas and in the Marcellus dry gas shale play located mainly in northeast Pennsylvania. Repsol also participates in the Shenzi and Buckskin offshore productive fields and in the Blacktip exploration project along with a number of exploratory blocks in the Gulf of Mexico, and in the exploratory/appraisal project in Alaska North Slope.

In November 2019, Repsol reached an agreement with Equinor to acquire its 63% stake in Eagle Ford. Repsol therefore owns 100% of the working interest and is the operator of the asset. Total output for Repsol at Eagle Ford after the agreement reached approximately 54 kboe/d.

In June 2019, hydrocarbon production began in the Buckskin deepwater project, which is operated by LLOG (where Repsol holds 22.5% as at the date of this Prospectus) in the Keathley Canyon area in the Gulf of Mexico. In June 2019, the Blacktip-1 ST1 appraisal well located in the Alaminos

Canyon basin in the deep waters of the Gulf of Mexico was completed. As at the date of this Prospectus, Repsol holds 8.5% of this asset and participates in this exploratory project together with Shell (as operator), Chevron and Equinor. This is the second discovery made in this area following the first discovery at the Blacktip exploratory well in April 2019, which has a net crude area measuring approximately 122 metres thick. In April 2020, an oil discovery in the Monument exploration well in the US Gulf of Mexico was announced (where Repsol holds 20.0% as at the date of this Prospectus).

In the Alaska North Slope project, Repsol announced the largest U.S. onshore conventional hydrocarbons discovery in 30 years in March 2017, with the Horseshoe-1 and 1A wells confirming these wells as a significant emerging play in Alaska's North Slope. In January 2019, the presence of hydrocarbons was confirmed in the southern part of the Pikka Unit, where the first appraisal well, known as Pikka-B, was drilled. In April 2019, the drilling of the Pikka-C appraisal well was completed also with positive results. In April 2020, two additional exploratory discoveries were made in Alaska.

- Canada, where Repsol has production operations mainly in the Greater Edson (oil and gas production) and Chauvin (heavy oil production) areas, located in the Western Canadian Sedimentary Basin, primarily in Alberta, Canada. Repsol also has interests in Duvernay, a non-mature area in its first phase of development and evaluation, with production of crude and gas, located in the region of West-Central Alberta.
- Offshore deepwater fields in Brazil, where in Sapinhoá field (block BM-S-9) in 2016 the plateau of production of 150,000 barrels per day of crude oil was reached in the North Area. In the South Area the plateau of production was reached in 2014, with a production capacity of 120,000 barrels per day of crude oil. Lapa field, in block BM-S-9A was put into production by the end of 2016.

Repsol also has participations in the offshore production field Albacora Leste and in the exploratory block BM-C-33 where relevant discoveries to be developed have been made. In 2018, the National Agency of Petroleum (ANP) announced the winners of the BR-15 Exploratory Round: Repsol obtained three new exploration blocks with a 40% stake in all of them in association with Chevron (40%) and Wintershall (20%). Additionally, in October 2019, in the sixteenth exploratory bidding round, four exploration blocks were obtained pending official ratification as at 31 December 2019. Three of these are located in the Campos basin and the remaining one in the Santos basin. The blocks are C-M-795 (100% interest), C-M825 (60% interest, in a consortium with Chevron), C-M-845 (40% interest, with Chevron and Wintershall Dea) and S-M-766 (40% interest, with Chevron and Wintershall Dea).

- Trinidad and Tobago, where Repsol has a 30% stake in the productive assets of bpTT. In June 2017, an important gas discovery was announced in this offshore area with the Savannah and Macadamia exploratory wells. The discoveries are located in East Block, inside the Columbus basin, to the East of Trinidad, in water deep of about 150 meters. In 2018, the Angelin non-operated production platform reached the country's waters and was installed in the West Block field, 60 km from the south-eastern coast. The facilities are operated remotely and the gas generated flows to the Serrette platform through a new 21 km pipeline and then to the Cassia Hub for processing. The first gas extraction took place on 26 February 2019.
- Bolivia, where Repsol has a 37.5% stake in the Margarita-Huacaya gas productive project (Caipipendi block). In March 2018, Repsol received the official ratification of the extension for ten years of the license until 2041, plus an additional five years, including exploratory investments in the Boyuy and Boicobo Sur projects. Repsol also has interests in the San Alberto, San Antonio, Río Grande and Yapacani productive gas fields. In 2018, the Bolivian authorities approved the law that awarded the exploration and exploitation contract for the Iñiguazu area, of which Repsol is the operator and owner of 37.5%, located south of the Caipipendi Block.

- Peru, where the Kinteroni field started its production in March 2014 and the Sagari field began production in November 2017. Both fields are located in block 57, where Repsol is the operator company, in the Ucayali-Madre de Dios basin, one of the most prolific gas areas in Peru. Within the framework of the development plan of the Sagari field, in 2018 the Compression project was completed. Repsol also has a 10% stake in the Camisea productive area (Blocks 56 and 88).
- Russia, where Repsol has an interest in development and production blocks in the Volga-Ural basin and in exploration blocks in the West Siberian basin. In 2018, there was a discovery with the appraisal well 10-R in the Karabashsky 2 block. In December 2019, Repsol entered into an agreement with Gazprom Neft in order to conduct geological explorations in six licensed blocks in the Karabashsky area of the autonomous Khanty-Mansi region, in the southwest of Siberia. This synergy, by means of which Repsol will acquire 50.1% of the capital of the company Karabashsky-6 LLC, will allow Repsol to continue expanding its prospection in Russia and, in the future, also its production.
- Venezuela, where Repsol has a 50% interest in the Cardon IV (Perla discovery) gas project, a 40% interest in the productive blocks Quiriquire (EM), Barua Motatan and Mene Grande and a 60% interest in Quiriquire Gas. Repsol also has an 11% interest in the Carabobo project.
- Algeria, where in December 2017, the Reggane Nord gas project came into production. The Reggane Nord project is composed of six gas fields and is jointly operated with Sonatrach. Repsol has a 35% stake in the Greater MLN/ Menzel Ledjmet Sud-Est productive Area in the east of Algeria. Repsol also has interests in the Tin Fouye Tabankort productive field in the Illizi basin where in 2018 an agreement was reached with the Algerian state company to extend the licence for 25 years.
- Indonesia, where Repsol's assets include interests in an important production sharing contract ("PSC") in the Corridor block, located at the South Sumatra basin. In 2018, the award of the exploratory onshore block Southeast Jambi (Repsol holding 40% as at the date of this Prospectus, after the sale of 27% to Pertamina in February 2020, and being the operator) was completed. In February 2019, Repsol announced major discovery of the Kaliberbau Dalam-2X (KBD-2X) exploratory well in the Sakakemang onshore block in the south of Sumatra island, where Repsol is the operator with a 45% stake. Preliminary estimations of recoverable resources are of about two trillion cubic feet of gas, which makes it one of the largest hydrocarbon discoveries in the world in 2019 and the largest discovery of gas in Indonesia in the past 18 years. In July 2019, Repsol signed a memorandum of understanding for the marketing of natural gas from the Sakakemang area with the company PGN. The signing of this memorandum represents a key milestone for the development of Sakakemang. In December, the state-owned company Petronas acquired 49% of Repsol's stake in the offshore Andaman III block, which previously stood at 100%. In November 2019, a new 20-year contract was officially signed for the PSC of the Corridor block, together with the partners in this project (ConocoPhillips and Pertamina). The Corridor block is next to the Sakakemang block. As at the date of this Prospectus, Repsol holds a 36% stake in the PSC that terminates on 19 December 2023. During the 20-year extension, Repsol's share will be reduced to 21.6% to accommodate a more important role of the national oil company, Pertamina, which will increase its current 10% stake to 30% and a local public company that will acquire a 10% stake. Pertamina also obtains the right to undertake the operations of ConocoPhillips from 2026. The Corridor block PSC makes an important contribution to Repsol in terms of annual production and generation of free cash flow, making it one of Repsol's most important assets.
- Malaysia, where Repsol has production operations in the Block PM-3 CAA PSC and in Kinabalu. In October 2017, production at the Kinabalu offshore field redevelopment project started and new wells were subsequently put into production. Repsol is the operator with a 60% stake in this project. In the offshore Block PM-3 CAA PSC (where Repsol has a 35% stake) gas production began in May 2018 in the Bunga Pakma gas development project, and an extension of the gas sales contract until December 2027 was signed.

- Vietnam, where Repsol has production operations in block 15-2/01 (HST/HSD). In March 2018, the Vietnamese authorities asked Repsol and its partners to halt drilling work at the Red Emperor discovery in the offshore block 07/03. During 2019, the cessation of activities of the Ca Rong Do development project in offshore block 07/03 continued.
- Colombia, where Repsol has production in the Cravo Norte and CPO-9 blocks and also in the assets of “Equion”, the joint venture with Ecopetrol. In April 2018, approval was announced for the start of Phase 1 of the Akacias Project Development Plan to increase current production, located in the CPO-9 block. In March 2020, the Lorito Este-1 exploration well in CPO-9 block was completed with positive results. In March 2019, in the Akacias project where Repsol holds a 45% stake, a total production record of 20 kbbl/d was reached, as a result of the drilling work carried out in the Phase I of the Development Plan. The final target is to reach a total production of 50 kbbl/d in the medium term. In April 2019, Repsol signed two contracts with Colombia’s National Hydrocarbons Agency (ANH) for the exploration and production of the marine blocks GUA OFF-1 and COL-4, located off the Colombian coast in the Caribbean Sea. Repsol is the operating company for block GUA-OFF-1 with a 50% stake (Ecopetrol holding the remaining 50%) and in block COL-4, also with a 50% stake (ExxonMobil holding the remaining 50%).
- Libya, where Repsol has participations in the oil productive blocks NC-115 and NC-186 in the Murzuq basin in the southwest of the country. As a consequence of the security conditions in Libya, during 2019 there have been intermittent shutdowns of production. Shutdowns in production continue in 2020.
- The United Kingdom and Norway, where Repsol has an interest in a relevant number of mature fields. In February 2018, Repsol acquired a 7.7% interest in the Norwegian offshore field Visund. In 2018, the Norwegian authorities approved the Development Plan of the YME field (located in blocks PL 316 and PL 316B of the Egersund basin), where Repsol is the operating company. In February 2019, Repsol announced that it had reached an agreement for the acquisition from Total of 7.65% of the Mikkel field in Norway. In March 2019, an exploration discovery was made with the Telesto well (where Repsol has a 7.7% stake) in the PL 120 production license located in the Tampen area, in the North Sea in Norway. Repsol participated in this oil discovery together with Equinor (as operator), Petoro and ConocoPhillips. The early estimate is that the recoverable resources could be between 12 and 28 million barrels of oil. In August 2019, the Norwegian authorities authorised the extension of the lifetime of the Rev field facilities (Repsol is the operator and has a 70% stake as at the date of this Prospectus) until 1 April 2021, when the current production license expires.
- Mexico, where Repsol was awarded five new offshore exploration blocks in 2018 located in the deep waters of the Gulf of Mexico in two exploratory rounds. In June 2019, the Mexican National Hydrocarbons Commission (CNH) approved Repsol’s 2019-2022 investment plans for Areas 10, 14 and 29, where Repsol holds a 40%, 50% and 30% interest, respectively. All of them are operated by Repsol. These plans include the drilling of four exploratory wells in the period 2020-2021 along with geological studies. In May 2020, Repsol (holding a 30% working interest as at the date of this Prospectus and being operator) announced that it made two significant deepwater oil discoveries with confirmed high-quality reservoirs with excellent properties in block 29 in Mexican waters. The Polok-1 and Chinwol-1 exploration wells are located in the Salina Basin with net oil pay of 200 meters and 150 meters, respectively.
- Greece, in April 2019, Repsol signed a new exploratory contract in Greece as operator of the Ionian offshore block (located in the Ionian Sea north of Kefalonia and west of the islands of Lefkada and Corfu), increasing its presence in this region. Repsol has two other onshore exploratory blocks in Greece. Repsol holds a 50% stake in the Ionian Sea, the Greek company Hellenic holding the remaining 50%. As at the date of this Prospectus, the agreement has yet to be ratified by the Greek parliament.
- In Spain, the authorities approved in 2018 the extension for ten years of the exploitation permit for the Casablanca platform located in the waters of the Mediterranean coast of Tarragona.

As of 31 December 2019, Repsol, through its Upstream segment, had oil and gas exploration and/or production interests in 27 countries, either directly or through its subsidiaries, and Repsol has operated and/or jointly operated assets in 23 of them.

Upstream production averaged 709 kboe/d in 2019, substantially in line year-on-year, due to the contribution of new production coming from short cycle projects and portfolio rotation, the connection of new wells in Marcellus (U.S.), Duvernay (Canada) and Akacias (Colombia), acquisitions in Norway (Mikkel) and the United States (63% Eagle Ford), and the start-up of production at Buckskin (U.S.). Additionally, lower maintenance activity required in Peru contributed positively to Upstream production. However, these were negatively compensated by lower gas demand in Venezuela and longer periods of *force majeure* in Libya and operational issues and maintenance activities in Trinidad & Tobago, the divestment of MidContinent (U.S.), the expiration of the Jambi Merang license (Indonesia) and the natural decline of fields.

In 2019, the average price of Brent crude was U.S.\$64.2 per barrel, compared to an average of U.S.\$71.3 per barrel reported in 2018.

Below is an overview of Repsol's net proved reserves corresponding to the years ended 31 December 2019 and 2018.

	Net proved reserves (unaudited)					
	Crude oil, condensate and LPG <sup>(1)</sup>		Natural gas <sup>(2)</sup>		Oil equivalent <sup>(3)</sup>	
	2019	2018	2019	2018	2019	2018
Europe	70	81	102,	120	88	102
America	416	396	7,852	8,746	1,815	1,954
<i>Venezuela</i>	37	51	1,863	2,601	369	514
<i>Peru</i>	84	86	1,609	1,737	371	395
<i>United States</i>	114	72	2,251	1,951	515	419
<i>Rest of America</i>	181	188	2,129	2,456	560	625
Africa	90	100	206	166	127	129
Asia	43	61	371	521	109	154
<b>Total</b>	<b>620</b>	<b>638</b>	<b>8,530</b>	<b>9,554</b>	<b>2,139</b>	<b>2,340</b>

Note: The aggregated changes in reserves and total reserves at 31 December may differ from the individual values shown because the calculations use more precise figures than those shown in the table. Net proved reserves include, in proportion to the Group's respective ownership interest, the figures corresponding to its joint ventures or other companies managed as such.

- (1) Millions of barrels of crude oil (mmbbl).  
(2) Billions of cubic feet of gas (bcf).  
(3) Millions of barrels of oil equivalent (mmboe).

At 31 December 2019, Repsol's net proved reserves, estimated in accordance with SPE/WPC/AAPG/SPEE/SEG/SPWLA/EAGE Petroleum Resources Management System criteria (a system more commonly known by its acronym, SPE-PRMS, with SPE standing for the Society of Petroleum Engineers) amounted to 2,139 mmboe, of which 620 mmbbl (29%) corresponded to crude oil, condensate and LPG, with the remainder, 1,519 mmboe (71%), corresponding to natural gas.

The incorporation of proved net reserves in 2019 was 58 mmboe, mainly from extensions and discoveries and acquisitions in the United States, Canada. The total reserve replacement ratio (quotient between the total incorporations of proved reserves in the period and the production of the period) was 23% in 2019 (94% in 2018).

## Industrial

Repsol's Industrial segment includes mainly refining activities, petrochemical, trading and transportation of crude oil and oil products and commercialisation, transportation and regasification of natural gas and LNG. Set forth below is certain information in respect of Repsol's unaudited operating data for the periods indicated:

	<u>31/12/2019</u>	<u>31/12/2018</u>
Refining capacity (kbb/d)	1,013	1,013
Conversion index in Spain (%)	63	63
Refining margin indicator in Spain (U.S.\$/bbl)	5	6.7
Crude processed (million t)	44.0	46.6
Petrochemical product sales (kt)	2,787	2,610

*Note: These metrics include, in proportion to the Group's respective ownership interest, the figures corresponding to its joint ventures or other companies managed as such.*

The Group owns and operates five refineries in Spain (Cartagena, A Coruña, Bilbao, Puertollano and Tarragona), with a total distillation capacity of 896 thousand barrels of oil/day (including the stake in Asfaltos Españoles, S.A., in Tarragona) and one in Peru (La Pampilla), in which Repsol is the operator and has a stake of 92.42%, the installed capacity amounts to 117 thousand barrels of oil/day. The Group's refineries in Spain processed 39.6 million tons of crude oil in 2019, 5% less than in 2018, and their average use of distillation was 88% in Spain compared with 93% the previous year. The refining margin index in Spain in 2019 stood at U.S.\$5.0 per barrel, lower than in 2018 (U.S.\$6.8 per barrel).

The production of Repsol's Chemicals business is concentrated in three petrochemical complexes, located in Puertollano and Tarragona (Spain) and Sines (Portugal), in which there is a high level of integration between base chemicals and derived chemicals, as well as with the Group's refining activities in the case of the Spanish complexes.

Repsol also has different subsidiaries and affiliates, through which it has plants dedicated to the manufacture of polypropylene compounds, synthetic rubber and chemical specialities, the latter through Dynasol, a 50% partnership with the Mexican group KUO, with plants in Spain, Mexico and China, the latter together with local partners. Sales of petrochemical products to third parties in 2019 amounted to 2.8 million tons, higher than the volume in 2018, despite the planned multi-year turnaround of the complex in Tarragona.

Repsol also has a Trading business, the main function of which is to optimise the supply and marketing of the Group's positions in international markets (integrated supply chain) and its activity consists of (i) the supply of crude oil and products for refining systems and other Group needs, (ii) the marketing of crude oil and surplus products from its own production, (iii) the maritime transport of crude oil and derivative products associated with these activities, and (iv) the management of product hedges in the financial derivative markets. In 2019, a total of 1,635 vessels were chartered (1,489 in 2018) and 374 voyages were made through the fleet in Time Charter (333 in 2018).

Additionally, the Group has both its regasification and transport assets in its marketing businesses in North America, including the Canaport regasification plant and the gas pipelines in Canada and the United States.

## Commercial and renewables

This business segment corresponds mainly to mobility and commercialisation of oil products and LPG, gas and power commercialisation and low carbon power generation and renewable sources. Set forth below is certain information in respect of Repsol's unaudited operating data for the periods indicated:

	<u>31/12/2019</u>	<u>31/12/2018</u>
Number of service stations	4,944	4,849
Electricity generation capacity (MW)	2,952	2,952
LPG sales (kt)	1,253	1,330

Repsol conducts distribution and marketing activities through its own personnel and facilities in five countries (Spain, Portugal, Peru, Italy and Mexico). As at 31 December 2019, Repsol had 4,944 service stations across Spain (3,354), Portugal (486), Peru (572), Italy (298) and Mexico (234). In 2019, Repsol unveiled the first ultra-fast charging point for electric vehicles on the Iberian Peninsula, a system with a maximum power of 700 kW. As at 31 December 2019, Repsol's electric charging network had more than 230 publicly accessible charging points.

With respect to its LPG retail distribution business, Repsol distributes bottled LPG, bulk LPG and AutoGas in Spain, with over 4 million active customers as at 31 December 2019. In Portugal, Repsol distributes bottled LPG, bulk and AutoGas to the final customer and supplies other operators. Total LPG sales in 2019 amounted to 1,253 thousand tons (compared to 1,330 in 2018), of which 1,126 thousand tons corresponded to Spain (1,154 in 2018) and 98 thousand metric tons to Portugal (150 in 2018).

Also, and to maximise the value of the entire chain of petroleum products from refining, Repsol is engaged in the production and commercialisation of lubricants, asphalts and specialised products. Products sales in 2019 were 1,868kt (1,910kt in 2018). In November 2019, the acquisition of a 40% stake of United Oil was completed. It strengthens Repsol's position, both in terms of production and distribution, in South East Asia markets, one of the most dynamic markets globally.

Petroleum product sales in 2019 were 49,932kt, 3.5% lower than the 51,766kt recorded in 2018.

Having completed the acquisition of the non-regulated low emission electricity production, and gas and electricity marketing businesses from Viesgo, the Group has enhanced its position as a multi-energy provider, embarking upon electrical generation and marketing activities of gas and electricity. The services offered include digital solutions, electricity certified as 100% low emissions, exclusive benefits for customers and discounts at Repsol's network of service stations. As at 31 December 2019, Repsol had a total installed capacity of 2,952 MW and capacity under development of 1,185 MW. In 2019, Repsol acquired four renewable electricity generation projects in Spain, with a total capacity of 921 MW, comprising two wind projects with a total installed capacity of 335 MW in Aragon and 255 MW in Palencia, respectively, and two additional solar projects with a total installed capacity of 204 MW in Cadiz and 127 MW in Ciudad Real, respectively. In February 2020, Repsol added a new renewable project to its portfolio, named Delta 2. These wind farms with a capacity of 860 MW will be located in Aragon, where Repsol is also developing the Delta wind farm project.

## Board of Directors, Senior Management and Employees

### Board of Directors

As of the date of this Prospectus, the members of the Board of Directors of the Guarantor are as follows:

<u>Name</u>	<u>Position</u>
Antonio Brufau Niubó .....	Chairman
Manuel Manrique Cecilia <sup>(1)</sup> .....	Vice Chairman



Name	Position
Josu Jon Imaz San Miguel .....	CEO
Maite Ballester Fornés.....	Director
Rene Dahan <sup>(2)</sup> .....	Director
Arantza Estefanía Larrañaga .....	Director
Carmina Ganyet i Cirera.....	Director
Teresa García-Milá Lloveras .....	Director
José Manuel Loureda Mantiñán <sup>(1)</sup> .....	Director
Ignacio Martín San Vicente.....	Director
Mariano Marzo Carpio <sup>(3)</sup> .....	Director
Henri Philippe Reichstul.....	Director
Isabel Torremocha Ferrezuelo .....	Director
J. Robinson West.....	Director
Luis Suárez de Lezo Mantilla.....	Director and Secretary of the Board of Directors

(1) Nominated for membership by Sacyr, S.A.

(2) Nominated for membership by Temasek.

(3) Lead Independent Director.

The business address of each of the directors as directors of the Guarantor is Calle Méndez Álvaro, 44, 28045 Madrid, Spain.

There are no conflicts of interest between any duties owed by the directors of the Guarantor to the Guarantor and their respective private interests and/or other duties. The directors of the Guarantor have no principal activities performed by them outside the Guarantor where these are significant with respect to the Guarantor.

#### *Executive Committee*

The Guarantor has an Executive Committee (*Comité Ejecutivo*), which is responsible for running the global strategy and policies approved by the Board of Directors, and whose members, as of the date of this Prospectus, are as follows:

Name	Position
Josu Jon Imaz San Miguel .....	Chief Executive Officer (CEO)
Antonio Lorenzo Sierra .....	Chief Financial Officer (CFO)
Begoña Elices García.....	Executive Managing Director of Communication and the Chairman's Office
Luis Cabra Dueñas.....	Executive Managing Director of Technology Development, Resources and Sustainability
Tomás García Blanco.....	Executive Managing Director of Exploration and Production
María Victoria Zingoni .....	Executive Managing Director of Commercial Businesses and Chemicals
Miguel Klingenberg Calvo .....	Executive Managing Director of Legal Affairs
Arturo Gonzalo Aizpiri.....	Executive Managing Director of People and Organisation
Juan Antonio Carrillo de Albornoz .....	Executive Director of Industrial Businesses and Trading

The business address of each of the members of the Executive Committee of the Guarantor is Calle Méndez Álvaro, 44, 28045 Madrid, Spain.

There are no conflicts of interest between any duties owed by the members of the Executive Committee of the Guarantor to the Guarantor and their respective private interests and/or other duties. The members of the Executive Committee of the Guarantor have no principal activities performed by them outside the Guarantor where these are significant with respect to the Guarantor.

## Employees

According to the audited consolidated financial statements of Repsol, S.A. as of and for the financial year ended 31 December 2019, the Group's average employee headcount was 24,891 in 2019 (24,691 in 2018).

## Share capital and major shareholders

As at the date of this Prospectus, the Guarantor's share capital is comprised of 1,566,043,878 shares at a nominal value of €1 fully subscribed and paid, and admitted to listing on the automated quotation system (*mercado continuo*) of the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. The Guarantor also has a programme of ADS, currently traded on the OTCQX market in the United States.

In accordance with the latest information available to Repsol, at the date of this Prospectus the Guarantor's major shareholders beneficially owned the following percentages of its ordinary shares:

Shareholder	Percentage ownership (direct)	Percentage ownership (indirect)	Percentage of voting rights through financial instruments	Percentage of total voting rights
	%	%	%	%
Sacyr, S.A. <sup>(1)</sup> .....	-	7.835	-	7.835
JPMorgan Chase & Co. <sup>(2)</sup> .....	-	0.585	6.270	6.855
Blackrock, Inc. <sup>(3)</sup> .....	-	4.762	0.236	4.998

(1) Indirect ownership held through Sacyr Investments II, S.A., Sacyr Investments, S.A. and Sacyr Securities, S.A.

(2) JPMorgan Chase & Co. holds its stake through various controlled entities.

(3) Blackrock Inc. holds its stake through various controlled entities. This information is based on the statement filed by Blackrock Inc. with the CNMV on 10 December 2019, concerning the share capital figure of 1,527,396,053 shares.

## Material Contracts

As of the date of this Prospectus, the Group is not party to any material contracts that are not entered into in the ordinary course of the Group's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Guarantor's or the Issuer's ability to meet its obligations under the Securities.

## Shareholders Remuneration

### Repsol Flexible Dividend Programme

On 8 July 2019, the Guarantor announced the end of the trading period of the free-of-charge allocation rights corresponding to the paid-up capital increase implementing the "Repsol Flexible Dividend" shareholders' remuneration programme ("**Repsol Flexible Dividend**" Programme). Holders of 71.69% of free allocation rights (a total of 1,117,576,824 rights) opted to receive new shares of the Guarantor. Therefore, the final number of shares of €1 par value issued in the capital increase was 39,913,458, representing an increase of approximately 2.56% of the Guarantor's share capital before the capital increase.

Also, during the period established for that purpose, holders of 28.31% of free allocation rights accepted the Guarantor's irrevocable commitment to purchase these rights. Consequently, the Guarantor acquired 441,300,729 rights for a total amount of €222,856,868.145. The Guarantor waived the shares corresponding to the free allocation rights acquired by virtue of such commitment.

The capital increase was closed on 8 July 2019 and the shares were admitted to listing on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Spanish Automated Quotation System (*Mercado Continuo*) on 19 July 2019 and the ordinary trading of the new shares commenced on 22 July 2019.

On 9 January 2020, the Guarantor announced the end of the trading period of the free allocation rights corresponding to the paid-up capital increase implementing the Repsol Flexible Dividend Programme. Holders of 83.50% of free allocation rights (a total of 1,275,378,225 rights) opted to receive new shares of the Guarantor. Therefore, the final number of shares of €1 par value issued in the capital increase was 38,647,825, representing an increase of approximately 2.53% of the Guarantor's share capital before the capital increase.

Also, during the period established for that purpose, holders of 16.50% of free allocation rights accepted the Guarantor's irrevocable commitment to purchase these rights. Consequently, the Guarantor acquired 252,017,771 rights for a total amount of €106,855,534.904. The Guarantor waived the shares corresponding to the free allocation rights acquired by virtue of such commitment.

The capital increase was closed on 9 January 2020 and the shares were admitted to listing on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Spanish Automated Quotation System (*Mercado Continuo*) on 22 January 2020 and the ordinary trading of the new shares commenced on the following day.

On 9 May 2020, the Guarantor announced the expected timetable to implement the first paid-up capital increase approved by its 2020 annual shareholders' meeting.

### ***Capital reduction***

On 29 August 2019, the Guarantor resolved to start the implementation of the buyback programme of the its own shares, authorised by the Guarantor's annual shareholders' meeting on 31 May 2019 with the objective of reducing its share capital. The maximum number of shares to be acquired was set at 70,368,868 shares, representing approximately 4.40% of the Guarantor's share capital at that date.

On 5 November 2019, the completion of the programme was publicly announced and, on 7 November 2019 the Chief Executive Officer of the Guarantor resolved to carry out the implementation of the share capital reduction. The share capital of the Guarantor was reduced in the amount of €71,394,987 through the cancellation of 71,394,987 own shares with a par value of €1 each. The share capital resulting from the reduction was set at €1,527,396,053, corresponding to 1,527,396,053 shares with a par value of €1 each.

### **Legal and Arbitration Proceedings**

The Group companies are party to judicial and arbitration proceedings arising in the ordinary course of their business activities. The most significant of these, which may have, or have had in the recent past, significant effects on the Group's financial position or profitability, and their status as at the date of this Prospectus are summarised below.

#### ***United Kingdom***

##### ***Addax arbitration in relation to the purchase of Talisman Energy UK Limited (TSEUK)***

On 13 July 2015, Addax Petroleum UK Limited (“**Addax**”) and Sinopec International Petroleum Exploration and Production Corporation (“**Sinopec**”) filed a Notice of Arbitration against Talisman Energy Inc. (now known as “**ROGCI**”) and Talisman Colombia Holdco Limited (“**TCHL**”) in connection with the purchase of 49% of the shares of TSEUK (now known as “**RSRUK**”). On 1 October 2015, ROGCI and TCHL submitted the answer to the “Notice of Arbitration”. On 25 May 2016, Addax and Sinopec formalised the arbitration claim, in which they requested that, in the event that their claims be estimated in their entirety, they be paid the amount of their initial investment in RSRUK, which materialised in 2012 through the purchase of 49% of RSRUK from TCHL, a 100% subsidiary of ROGCI, together with any additional investment, past or future, in such company, as well as any loss of opportunity that could have occurred, estimating all this in a total amount of approximately U.S.\$5,500 million.

The dispute relates to events which took place in 2012, prior to Repsol's acquisition of ROGCI in 2015 and does not involve any actions by Repsol.

ROGCI and TCHL submitted their response to the arbitration complaint and corresponding evidence on 25 November 2016. Addax and Sinopec submitted a reply brief with additional evidence on 31 May 2017; and ROGCI and TCHL submitted a rejoinder brief and further evidence on 2 August 2017. New expert reports were exchanged on 18 October 2017, 1 November 2017 and 23 May 2018, respectively.

ROGCI and TCHL asked the Arbitral Tribunal to dismiss the claims of Addax and Sinopec based on contractual guarantees and in January 2017, the Tribunal decided that it would deliberate on that request prior to other issues. The hearing regarding this request took place on 19 and 20 June 2017. On 15 August 2017, the Arbitral Tribunal issued a Partial Award dismissing the warranty claims of Addax and Sinopec.

The Arbitral Tribunal decided, among other procedural matters, the split of the procedure in two phases: the first addressing liability and the second dealing with the quantum of any liability found that, where appropriate, would have been determined. The oral hearing on liability issues took place between 29 January and 22 February and between 18 June and 29 June 2018, this last period being devoted mainly to the testimonies of the experts proposed by the parties. The hearing on the oral conclusions was held from 9 July to 11 July 2018 and the written conclusions were presented on 29 September and 12 October 2018.

On 29 January 2020, the Arbitral Tribunal issued its second Partial Award on one aspect of the five matters to be determined in the liability phase and, although Repsol had considered the claims to be without merit supported by external advice, and still does, the Tribunal decided that ROGCI and TCHL are liable to Sinopec and Addax in respect of that aspect of the claim.

As indicated, the Partial Award issued addresses one of the five claims regarding liability. The Tribunal has indicated that it will decide the result of the remaining claims in due time, through subsequent awards, although the time at which they will be issued is currently unknown. In principle, once all of them have been decided, a new procedural phase will be necessary to determine the amounts, the schedule of which has not yet been established as at the date of this Prospectus. It is likely that such timetable should include deadlines for new allegation briefs, evidence, additional expert statements and a new oral hearing. As at the date of this Prospectus, Repsol estimates that the phase related to the determination of the amount, without taking into account any challenges to the awards, will not be resolved before the first quarter of 2022.

Repsol is analysing the different actions regarding this Partial Award, including a challenge before the Singapore courts.

Although the exact amount of the potential compensation (if any) is unknown as at the date of this Prospectus, since the litigation is still ongoing and subject to numerous pending decisions, in view of the Partial Award issued, Repsol, for reasons of prudence, has made an estimate of the economic impacts that could eventually result from this litigation, and accordingly recorded a provision of €837 million in its consolidated financial statements as of and for the year ended 31 December 2019.

Additionally, on 30 November 2017, the Guarantor commenced an arbitration against China Petroleum Corporation and TipTop Luxembourg S.à r.l. seeking relief from any adverse ruling on the arbitration referred to above together with other damages, which are unquantified as at the date of this Prospectus. This procedure is based on their conduct towards Repsol during the months leading up to its acquisition of ROGCI and its group.

## ***United States of America***

### ***The Passaic River / Newark Bay lawsuit***

The events underlying this litigation relate to the sale by Maxus Energy Corporation ("**Maxus**") of its former chemicals subsidiary, Diamond Shamrock Chemical Company ("**Chemicals**") to Occidental Chemical Corporation ("**OCC**"). Maxus agreed to indemnify Occidental for certain environmental contingencies

relating to the business and activities of Chemicals prior to 4 September 1986. Maxus was subsequently acquired by YPF in 1995 and in 1999 the Guarantor acquired YPF.

In December 2005, the New Jersey Department of Environmental Protection (“**DEP**”) and the New Jersey Spill Compensation Fund (together, the “**State of New Jersey**”) sued the Guarantor (then called Repsol YPF S.A.), YPF, YPF Holdings Inc. (“**YPFH**”), CLH Holdings (“**CLHH**”), Tierra Solutions, Inc. (“**Tierra**”), Maxus and OCC for the alleged contamination caused by the former Chemicals plant which allegedly contaminated the Passaic River, Newark Bay and other bodies of water and properties in the vicinity.

On 26 September 2012, OCC lodged a Second Amended Cross Claim (the “**Cross Claim**”) against the Guarantor, YPF, Maxus, Tierra and CLHH (together, the “**Defendants**”) demanding, among other things, that the Guarantor and YPF be held liable for Maxus’ debts.

Between June 2013 and August 2014, the Defendants signed different agreements with the State of New Jersey, in which they did not acknowledge liability and through certain payments in exchange for the withdrawal by the State of New Jersey of its proceedings against them. In February 2015, the Guarantor filed a claim against OCC for the U.S.\$65 million that it had to pay to the State of New Jersey.

On 5 April 2016, the Presiding Judge decided to dismiss OCC’s suit against the Guarantor in full. On 17 June 2016, Maxus filed for bankruptcy with the Federal Bankruptcy Court of the State of Delaware, and also requested the stay of the Cross Claim. On 19 October 2017, the Presiding Judge upheld the Guarantor’s claim against OCC in full, ordering OCC to pay U.S.\$65 million plus interest and costs.

On 14 September 2018, Maxus (assuming right of ownership of the claim on behalf of OCC) and OCC filed an appeal against these rulings. At the same time, OCC filed an appeal against the claim ordering them to pay the U.S.\$65 million that the Guarantor had to pay to the State of New Jersey.

On 14 June 2018, the bankruptcy administrators of Maxus filed a lawsuit (the “**New Claim**”) in the Federal Bankruptcy Court of the State of Delaware against YPF, the Guarantor and certain subsidiaries of both companies for the same claims as those contained in the Cross Claim. In February 2019, the Federal Bankruptcy Court rejected the petitions submitted by the Guarantor requesting that the Court reject the New Claim from the outset, which implies that the proceedings will be ongoing.

On 10 December 2019, the bankruptcy administrators of Maxus filed an insurance claim in Texas (the “**Insurance Claim**”) against Greenstone Assurance Limited (a historical captive reinsurance company of the Maxus group and currently 100% owned by the Guarantor, “**Greenstone**”), claiming that Greenstone would be required to pay Maxus compensation for the liabilities arising from the indemnity granted to OCC, by virtue of alleged insurance policies issued by Greenstone between 1974 and 1998.

Repsol maintains the view, as has been shown in the Cross Claim, that the claims made in the New Claim and in the Insurance Claim are unfounded.

#### ***Administrative and legal proceedings with tax implications***

Repsol does business globally, operating as a vertically-integrated oil and gas company, which translates into growing complexity with respect to tax management in the current international context.

In accordance with prevailing tax legislation, tax returns cannot be considered final until they have been inspected by the tax authorities or until the inspection period in each tax jurisdiction has elapsed.

As at the date of this Prospectus, the years for which Repsol Group companies have their tax returns open to inspection in respect of the main applicable taxes are as follows:

Country	Years	Country	Years
Algeria	2015 - 2019	Malaysia	2015 - 2019
Australia	2015 - 2019	Norway	2017 - 2019
Bolivia	2014 - 2019	The Netherlands	2017 - 2019
Canada	2013 - 2019	Papua New Guinea	2016 - 2019
Colombia	2014 - 2019	Peru	2015 - 2019
Ecuador	2016 - 2019	Portugal	2016 - 2019
Spain	2016 - 2019	United Kingdom	2013 - 2019
United States	2016 - 2019	Singapore	2015 - 2019
Indonesia	2014 - 2019	Trinidad and Tobago	2015 - 2019
Libya	2012 - 2019	Venezuela	2013 - 2019

Whenever discrepancies arise between Repsol and the tax authorities with respect to the tax treatment applicable to certain operations, the Group acts with the authorities in a transparent and cooperative manner in order to resolve the resulting controversy, using the legal avenues available with a view to reaching non-litigious solutions. However, during the year ended 31 December 2019, as in prior years, there are administrative and legal proceedings with tax implications that might be adverse to the Group's interest and that have given rise to litigious situations that could result in contingent tax liabilities. Repsol believes that it has acted lawfully in handling such matters and that its defense arguments are underpinned by reasonable interpretations of prevailing legislation, to which end it has lodged appeals as necessary to defend the interests of the Group and its shareholders.

It is difficult to predict when these tax proceedings will be resolved due to the extensive appeals process. Based on the advice received from in-house and external tax experts, Repsol believes that the tax liabilities that may ultimately derive from these proceedings will not have a significant impact on Repsol's financial statements. In the Group's experience, the result of lawsuits claiming sizeable amounts have either tended to result in immaterial settlements or the courts have found in favour of the Group.

The Group's general criterion is to recognise provisions for tax-related proceedings that it deems it is likely to lose and does not recognise provisions when the risk of losing the case is considered possible or remote. The amounts to be provisioned are calculated on the basis of the best estimate of the amount needed to settle the lawsuit in question, underpinned, among others, by a case-by-case analysis of the facts, the legal opinions of its in-house and external advisers and prior experience in these matters.

The main tax-related lawsuits affecting the Group at 31 December 2019 were as follows:

#### Bolivia

YPFB Andina, S.A. is involved in a lawsuit regarding the deductibility of royalty payments and hydrocarbon shares from its income tax liabilities. This lawsuit is currently awaiting a ruling at second instance. The Group believes, despite the ruling handed down at first instance in 2019, that its position is expressly supported by law.

#### Brazil

Petrobras, as operator of the Albacora Leste, BMS 7, BMES 21 and BMS 9 consortia (in which Repsol has a 10%, 37%, 11% and 25% interest, respectively), received tax assessments (IRRF, CIDE and PIS/COFINS) for the years 2008 to 2012 in connection with payments to foreign companies for charter contracts for

exploration platforms and related services used in the blocks. All of the proceedings have been appealed and are either in the administrative (2009-2012) or judicial review process.

Likewise, Repsol Sinopec Brazil received notification of assessments for the same items and taxes (2009 and 2011), in connection with payments to foreign companies for contracts for exploration charters and related services used in blocks BMS 48, BMS 55, BMES 29 and BMC 33, in which Repsol Sinopec Brazil is the operator. The assessments have been appealed either through the administrative review process (2011) or judicial review process at first instance (2009). The Group considers that its actions are in accordance with the law and are in line with general practice in the sector.

These lawsuits are currently limited to CIDE and PIS/COFINS, after the Group availed itself of a programme authorised by Law 13,586/17, which made it possible to reduce the amount in dispute regarding personal income tax (IRRF) through the retroactive application of the price determination percentages (split) contained in this law, abandoning the lawsuits in progress and without any penalties being applicable.

### Canada

The Canadian Revenue Agency (“CRA”) periodically reviews the tax situation of the companies of ROGCI resident in Canada. In recent years, and by applying good tax practices, Repsol has obtained a rating for ROGCI as a low-risk taxpayer, which has allowed it to reach agreements with the CRA to resolve existing disputes and avoid uncertain disputes. International operations from 2010 to 2016 and corporate income tax for 2015 and 2016 are currently being reviewed.

### Spain

Proceedings relating to the following corporate income tax years are currently open.

- *Financial years 2006 to 2009.* The matters discussed relate mainly to transfer prices, deduction of losses for investments abroad and deductions for investments, the majority of them as a result in changes in the criteria maintained by the tax administration in previous actions. In relation to the transfer price adjustments, the settlements have been annulled as a consequence of the resolution of a dispute by the Arbitration Board of the Economic Agreement with the Basque Country, the resolution of an amicable procedure with the U.S. and two rulings handed down by the Central Economic Administrative Tribunal; which is the reason why the inspection authorities must issue new assessments applying the criteria already accepted in subsequent years by the tax administration and the Group as taxpayer. In relation to the other matters, the Central Economic Administrative Court partially upheld the Group’s appeal, and the Group has appealed to the National High Court for the aspects that were not upheld (tax incentives for research and development, deduction of losses on overseas business), as the Group believes it has acted within the law.
- *Financial years 2010 to 2013.* The actions were concluded in 2017 without any penalties being imposed and, for the large part, by means of assessments signed on an uncontested basis or agreements from which no significant liabilities have arisen for the Group. However, with regards to two issues (deductibility of interest for the late payment of taxes and the deduction of losses on overseas business), the administrative decision has been subject to appeal, as the Group believes it has acted within the law. Currently, the claims are still in the administrative review process, and a ruling has yet to be handed down by the Central Economic Administrative Tribunal.
- *Financial years 2014 to 2016.* The audit ended in December 2019 without the imposition of any penalty and, for the most part, with assessments signed on an uncontested basis or agreements that did not generate significant liabilities for the Group. However, there are still disputes regarding the deduction of losses for foreign investments and the corresponding claim has been filed against the administrative ruling, since the Group believes it has acted within the law.

### Indonesia

The Indonesian tax authorities have been questioning various aspects regarding the taxation of the profits of the permanent establishments that the Group has in the country, in particular with regard to the application of the reduced rate of the double taxation treaties signed by Indonesia. The Group considers that its actions are in line with general practice in the sector and are in accordance with the law and, therefore, the disputes on which such actions are based are being appealed through administrative proceedings or a ruling has yet to be handed down by the courts.

### Malaysia

Repsol Oil & Gas Malaysia Ltd. and Repsol Oil & Gas Malaysia (PM3) Ltd., the Group's operating subsidiaries in Malaysia, have received notifications from the Inland Revenue Board ("**IRB**") with regard to 2007, 2008 and 2011 questioning the deductibility of certain costs. Such actions have resulted in a reconciliation agreement ratified by the tax court, under which Repsol Group companies have received a refund of the taxes initially retained by the IRB. In addition, these entities received an assessment from the IRB for 2014 questioning the deductibility of certain expenses. The assessments were appealed in January 2020 as the Group considered that its actions were in accordance with the law.



## TAXATION

The following is a general description of certain tax considerations relating to the Securities. It does not purport to be a complete analysis of all tax considerations relating to the Securities whether in those countries or elsewhere. Prospective purchasers of the Securities 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 Netherlands and the Kingdom and Spain of acquiring, holding and disposing of the Securities and receiving payments of interest, principal and/or other amounts under the Securities. 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.

Also, investors should note that the appointment by an investor in the Securities, or any person through which an investor holds the Securities, of a custodian, collection agent or similar person in relation to such Securities in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.

### **Dutch Tax**

*This is a general summary and the tax consequences as described here may not apply to a holder of the Securities. Any potential investors should consult their own tax advisers for more information about the tax consequences of acquiring, owning and disposing of the Securities in their particular circumstances.*

This taxation summary solely addresses the principal Netherlands tax consequences of the acquisition, the ownership and disposal of the Securities issued by the Issuer after the date hereof held by a holder of the Securities who is not a resident of The Netherlands. It does not consider every aspect of taxation that may be relevant to a particular holder of the Securities under special circumstances or who is subject to special treatment under applicable law.

Where in this summary English terms and expressions are used to refer to Netherlands concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Netherlands concepts under Netherlands tax law.

This summary is based on the tax laws of The Netherlands as they are in force and in effect on the date of this Prospectus (except for the comments made below with respect to the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*), effective as per 1 January 2021). The Netherlands means the part of the Kingdom of The Netherlands located in Europe. The laws upon which this summary is based are subject to change, potentially with retroactive effect. A change to such laws may invalidate the contents of this summary, which will not be updated to reflect any such change. This summary assumes that each transaction with respect to Securities is at arm's length.

### **Withholding Tax**

All payments by the Issuer under the Securities may be made free of withholding or deduction of or for any taxes of whatever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority of or in The Netherlands.

However, as of 1 January 2021 Dutch withholding tax may apply on certain (deemed) payments of interest made to an affiliated (*gelieerde*) entity of the Issuer if such entity (i) is considered to be resident of a jurisdiction that is listed in the yearly updated Dutch Regulation on low-taxing states and non-cooperative jurisdictions for tax purposes (*Regeling laagbelastende staten en niet-coöperatieve rechtsgebieden voor belastingdoeleinden*), or (ii) has a permanent establishment located in such jurisdiction to which the interest is attributable, or (iii) is entitled to the interest payable for the main purpose or one of the main purposes to avoid taxation of another person, or (iv) is a hybrid entity, or (v) is not resident in any jurisdiction, all within the meaning of the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*). An entity is regarded as 'affiliated' for these purposes if it, either alone or as part of a collaborating group, can exercise decisive influence on the activities of the Issuer (or if the Issuer can, either alone or as part of a collaborating group,

exercise such influence on the activities of the other entity, or if there is a third party, either alone or as part of a collaborating group, that can exercise such control over both the Issuer and such other entity), which is in any event the case if one holds more than 50% of the statutory voting rights.

### ***Taxes on Income and Capital Gains***

A holder of the Securities will not be subject to any Netherlands taxes on income or capital gains in respect of the Securities, including such tax on any payment under the Securities or in respect of any gain realised on the disposal, deemed disposal or exchange of the Securities, provided that:

- (i) such holder is neither a resident nor deemed to be a resident of The Netherlands, Bonaire, Saint Eustatius or Saba;
- (ii) such holder does not have an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands, Bonaire, Saint Eustatius or Saba, and to which enterprise or part of an enterprise, as the case may be, Securities are attributable;
- (iii) if such holder is an individual, neither such holder nor any of the holder's spouse, partner, a person deemed to be the holder's partner, or other persons sharing such holder's house or household, or certain other of such holder's relatives (including foster children), whether directly and/or indirectly as (deemed) settlor, grantor or similar originator (the "**Settlor**"), or upon the death of the Settlor, the Settlor's beneficiaries (the "**Beneficiaries**") in proportion to their entitlement to the estate of the Settlor, of a trust, foundation or similar arrangement (a "**Trust**"), (a) indirectly has control of the proceeds of the Securities in The Netherlands, nor (b) has a substantial interest in the Issuer and/or any other entity that legally or *de facto*, directly or indirectly, has control of the proceeds of the Securities in The Netherlands. For purposes of this clause (iii), a substantial interest is generally not present if a holder does not hold, alone or together with the holder's spouse, partner, a person deemed to be such holder's partner, other persons sharing such holder's house or household, certain other of such holder's relatives (including foster children), or a Trust of which the holder or any of the aforementioned persons is a Settlor or a Beneficiary, whether directly or indirectly, (a) the ownership of, certain other rights, such as usufruct, over, or rights to acquire (whether or not already issued), shares representing five per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of a company; (b) the ownership of, or certain other rights, such as usufruct, over profit participating certificates (*winstbewijzen*), or membership rights in a co-operative association, that relate to five per cent. or more of the annual profit of a company or co-operative association or to five per cent. or more of the liquidation proceeds of a company or co-operative association; or (c) membership rights representing five per cent. or more of the voting rights in a co-operative association's general meeting;
- (iv) if such holder is a company, such holder (a) has no (deemed) substantial interest in the Issuer, or if such holder has a (deemed) substantial interest in the Issuer that is not held for the avoidance of Netherlands income tax as (one of) the main purpose(s), or (b) such substantial interest does not form part of an artificial structure or series of structures (such as structures which are not put into place for valid business reasons reflecting economic reality). For purposes of this clause (iv), a substantial interest is generally not present if a holder does not hold, whether directly or indirectly, (a) the ownership of, certain other rights, such as usufruct, over, or rights to acquire (whether or not already issued) shares representing five per cent. or more of the total issued and outstanding capital (or of the issued and outstanding capital of any class of shares) of a company; or (b) the ownership of, or certain other rights, such as usufruct, over profit participating certificates (*winstbewijzen*) that relate to five per cent. or more of the annual profit of a company or to five per cent. or more of the liquidation proceeds of a company. A holder of Securities will generally have a deemed substantial interest if such holder has the ownership of, or other rights over, shares in, or profit certificates issued by, a company that represent less than 5 per cent. of the relevant aggregate that either (a) qualified as part of a substantial interest as set

forth above and where shares, profit certificates and/or rights thereover have been, or are deemed to have been, partially disposed of, or (b) have been acquired as part of a transaction that qualified for non-recognition of gain treatment; and

- (v) such holder is an individual, such income or capital gain does not form a “benefit from miscellaneous activities” in The Netherlands (*resultaat uit overige werkzaamheden*) which, for instance, would be the case if the activities in The Netherlands with respect to Securities exceed “normal active asset management” (*normaal, actief vermogensbeheer*) or if income and gains are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (a “lucrative interest”; *lucratief belang*) that the holder thereof has acquired under such circumstances that such income and gains are intended to be remuneration for work or services performed by such holder (or a related person) in The Netherlands, whether within or outside an employment relationship, where such lucrative interest provides the holder thereof, economically speaking, with certain benefits that have a relationship to the relevant work or services.

A holder of the Securities will not be subject to taxation in The Netherlands by reason only of the execution, delivery and/or enforcement of the documents relating to an issue of the Securities or the performance by Issuer of its obligations thereunder or under the Securities.

### ***Gift, Estate or Inheritance Taxes***

No gift, estate or inheritance taxes will arise in The Netherlands with respect to an acquisition of Securities by way of a gift by, or on the death of, a holder who is neither resident nor deemed to be resident in The Netherlands for Netherlands inheritance and gift tax purposes, unless in the case of a gift of Securities by an individual who at the date of the gift was neither resident nor deemed to be resident in The Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in The Netherlands.

For purposes of Netherlands gift and inheritance tax, an individual with The Netherlands nationality will be deemed to be resident in The Netherlands if such individual has been resident in The Netherlands at any time during the ten years preceding the date of the gift or the individual’s death.

For purposes of Netherlands gift tax, an individual not holding The Netherlands nationality will be deemed to be resident in The Netherlands if such individual has been resident in The Netherlands at any time during the twelve months preceding the date of the gift.

For purposes of Netherlands gift and inheritance tax, a gift that is made under a condition precedent is deemed to have been made at the moment such condition precedent is satisfied. If the condition precedent is fulfilled after the death of the donor, the gift is deemed to have been made upon the death of the donor.

For purposes of Netherlands gift, estate and inheritance taxes, (i) a gift by a Trust, will be construed as a gift by the Settlor, and (ii) upon the death of the Settlor, as a rule, the Settlor’s Beneficiaries, will be deemed to have inherited directly from the Settlor. Subsequently, the Beneficiaries will be deemed the Settlor of the Trust for purposes of Netherlands gift, estate and inheritance tax in case of subsequent gifts or inheritances.

### ***Value Added Tax***

There is no Netherlands value added tax payable in respect of payments in consideration for the issue of the Securities, in respect of the payment of interest or principal under the Securities, or the transfer of the Securities.

### ***Other Taxes and Duties***

There is no Netherlands registration tax, capital tax, stamp duty or any other similar tax or duty payable in The Netherlands by a holder of the Securities in respect of or in connection with the execution, delivery

and/or enforcement by legal proceedings (including any foreign judgment in the courts of The Netherlands) of the Securities or the performance of the obligations of the Issuer or the Guarantor under the Securities.

## **Spanish Tax**

This is a general summary and the tax consequences as described here may not apply to all holders of the Securities. Any potential investors should consult their own tax advisers for more information about the tax consequences of acquiring, owning and disposing of the Securities in their particular circumstances.

This taxation summary solely addresses the principal Spanish tax consequences of the acquisition, the ownership and disposal of the Securities issued by the Issuer after the date hereof held by a holder of the Securities. It does not consider every aspect of taxation that may be relevant to a particular holder of the Securities under special circumstances or who is subject to special treatment under applicable law or to the special tax regimes applicable in the Basque Country and Navarra (*Territorios Forales*). Where in this summary English terms and expressions are used to refer to Spanish concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Spanish concepts under Spanish tax law.

This summary is based on the tax laws of Spain as they are in force and in effect on the date of this Prospectus. The laws upon which this summary is based are subject to change, potentially with retroactive effect. A change to such laws may invalidate the contents of this summary, which will not be updated to reflect any such change. In this regard it should be noted that the new coalition Spanish government has published a joint governing agreement outlining, among others, the tax measures that they are aiming to implement. Details on the recently agreed measures have not yet been published but it is expected for them to have significant impact on the current Spanish taxation system triggering a general increase of the tax liabilities. This summary assumes that each transaction with respect to the Securities is at arm's length.

### ***Payments made by the Issuer***

On the basis that the Issuer is not resident in the Kingdom of Spain for tax purposes and does not operate in the Kingdom of Spain through a permanent establishment, branch or agency, all payments of principal and interest in respect of the Securities can be made free of any withholding or deduction for or on account of any taxes in the Kingdom of Spain of whatsoever nature imposed, levied, withheld, or assessed by the Kingdom of Spain or any political subdivision or taxing authority thereof or therein, in accordance with applicable Spanish law.

Under certain conditions, withholding taxes may apply to Spanish taxpayers when a Spanish resident entity or a non-resident entity that operates in the Kingdom of Spain through a permanent establishment in the Kingdom of Spain is acting as depository of the Securities or as collecting agent of any income arising from the Securities.

### ***Payments made by the Guarantor***

In the opinion of the Guarantor, any payments of principal and interest made by the Guarantor under the Guarantee should be characterised as an indemnity and, accordingly, be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the Kingdom of Spain or any political subdivision or authority thereof or therein having power to tax.

However, although no clear precedent, statement of law or regulation exists in relation thereto, in the event that the Spanish Tax Authorities take the view that the Guarantor has validly, legally and effectively assumed all the obligations of the Issuer under the Securities subject to and in accordance with the Guarantee, they may attempt to impose withholding tax in the Kingdom of Spain on any payments made by the Guarantor in respect of interest.

In such case, Additional Provision One of Law 10/2014 of 26 June, on supervision and solvency of credit entities (“**Law 10/2014**”), would apply to the Securities, provided that the Securities are issued by a company which is (i) tax resident in a country within the European Union, other than a tax haven, and (ii) whose voting rights are completely held directly by a Spanish entity.

Should Law 10/2014 be applicable, the Guarantor, in accordance with Law 10/2014 and Royal Decree 1065/2007 of 27 July (“**Royal Decree 1065/2007**”), would not be obliged to withhold taxes in Spain on any interest paid under the Guarantee to the beneficial owners of the income arising from the Securities (each of them, a “**Holder**”, and collectively the “**Holders**”), that (i) can be regarded as listed debt securities issued under Law 10/2014; and (ii) are initially registered at a foreign clearing and settlement entity that is recognised under Spanish regulations or under those of another OECD member state, provided that the Fiscal Agent fulfils with the information procedures described in “*Taxation–Spanish Tax–Disclosure of Information in connection with payments under the Guarantee*” below.

Therefore, should Law 10/2014 be applicable, the abovementioned exemption from Spanish withholding tax should be applicable while the Securities are represented by Global Securities and the Global Securities are deposited within a common depositary for Euroclear and/or Clearstream, Luxembourg, upon the compliance by the Fiscal Agent of the information procedures. Otherwise, the Issuer or the Guarantor, or the Paying Agent acting on the Issuer’s behalf, would be required to withhold tax from the relevant interest payments at the general withholding tax rate (currently 19 per cent.).

If Law 10/2014 was not deemed to be applicable to the Definitive Securities, payment of interest made under the Guarantee to the Holders may be subject to Spanish withholding tax at the then applicable rate (currently 19 per cent.), unless the Holder is either:

- (i) resident for tax purposes in a Member State of the European Union other than Spain (or is a permanent establishment of such resident situated in another Member State of the European Union) and it is not resident in or acting through a territory considered as a tax haven pursuant to Spanish Law (currently set out in Royal Decree 1080/1991, of 5 July) nor through a permanent establishment in Spain or in a country outside the European Union;
- (ii) resident for tax purposes in a country with which Spain has entered into a double taxation treaty which makes provision for full exemption from tax imposed in the Kingdom of Spain on such payment under the double taxation treaty,

provided that in either case of (i) and (ii) above, such Holder submits to the Guarantor, prior to the corresponding payment of interest under the Guarantee, a valid tax residence certificate, duly issued by the tax authorities in its own jurisdiction stating its residence for tax purposes either within the relevant EU Member State or in the relevant country for the purposes of the Double Tax Treaty, such certificate being valid for a period of one year from the date of issue under Spanish law and therefore new certificates needing to be issued periodically.

If such certificate is not provided or payment is made to a Holder who is not resident in any of the jurisdictions set out in paragraphs (i) or (ii) above, the Guarantor, or the Paying Agent acting in its behalf, would be required to withhold taxes from the relevant interest payments at the general withholding tax rate (currently 19 per cent.). Neither the Issuer nor the Guarantor will pay any additional amounts in respect of such withholding.

Holders entitled to withholding tax exemption, but the payment to whom was not exempt from Spanish withholding tax due to the failure to deliver by the Holder or the Fiscal Agent (as the case may be) of a valid certificate of tax residence of the Holder or certain information relating to the Securities (as the case may be) in a timely manner may apply directly to the Spanish tax authorities for any refund to which they may be entitled. Holders are advised to consult their own tax advisers regarding their eligibility to claim a refund from the Spanish tax authorities and the procedures to be followed in such circumstances.

In connection with Spanish tax resident Holders and Non-Spanish tax resident Holders acting with respect to the Securities through a permanent establishment in Spain, income deriving from the Securities and the Guarantee is subject to tax in Spain. Payments made under the Guarantee which correspond to payments of interest under the Securities may be subject to withholding on account of Spanish taxes.

#### ***Disclosure of Information in connection with payments under the Guarantee***

In accordance with section 5 of Article 44 of Royal Decree 1065/2007 and provided that the Securities are initially registered for clearance and settlement in Euroclear and Clearstream, Luxembourg, the Fiscal Agent would be obliged to provide the Guarantor in relation to payments made under the Guarantee with a declaration (the form of which is set out in the Fiscal Agency Agreement), which should include the following information:

- (i) description of the Securities (and date of payment of the interest income derived from such Securities);
- (ii) total amount of interest derived from the Securities, and
- (iii) total amount of interest allocated to each non-Spanish clearing and settlement entity involved.

According to section 6 of Article 44 of Royal Decree 1065/2007, the relevant declaration will have to be provided to the Guarantor on the business day immediately preceding each Interest Payment Date. If this requirement is complied with, the Guarantor will pay gross (without deduction of any withholding tax) all interest under the Securities to all Holders (irrespective of whether they are tax resident in Spain).

In the event that the Fiscal Agent were to fail to provide the information detailed above, according to section 7 of Article 44 of Royal Decree 1065/2007, the Guarantor, or the Fiscal Agent acting on its behalf would be required to withhold tax from the relevant interest payments at the general withholding tax rate (currently 19 per cent.). If on or before the 10th day of the month following the month in which the interest is payable, the Fiscal Agent designated by the Issuer were to submit such information, the Guarantor or the Fiscal Agent acting on its behalf would refund the total amount of taxes withheld.

If Additional Provision One of Law 10/2014 were not deemed applicable to the Securities, the relevant Additional Amounts will be payable according to Condition 8.1 (*Additional Amounts*) of the Terms and Conditions of the Securities.

In the event that the current applicable procedures were to be modified, amended or supplemented by, amongst others, a Spanish law, regulation, interpretation or ruling of the Spanish Tax Authorities, the Guarantor would inform the Holders of such information procedures and of their implications, as the Guarantor may be required to apply withholding tax on interest payments under the Securities if the Holders were not to comply with such information procedures.

#### **US Foreign Account Tax Compliance Withholding**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” (as defined by FATCA) may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting or related requirements. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, such withholding would not apply prior to the date that is two years after

the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and the Securities characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Securities (as described under Condition 13 (*Further Issues*)) that are not distinguishable from previously issued Securities are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Securities, including the Securities offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Securities. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Securities, no person will be required to pay additional amounts as a result of the withholding.

## SUBSCRIPTION AND SALE

Banco Bilbao Vizcaya Argentaria, S.A., BNP Paribas, Citigroup Global Markets Limited, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, Mizuho Securities Europe GmbH, MUFG Securities (Europe) N.V. and NatWest Markets Plc (together, the “**Joint Bookrunners**”) have, in two subscription agreements dated 4 June 2020 (the “**Subscription Agreements**”) and made between the Issuer, the Guarantor and the Joint Bookrunners upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe for the Securities. The Joint Bookrunners are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreements prior to the closing of the issue of the Securities.

### United Kingdom

Each Joint Bookrunner has 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 Financial Services and Markets Act 2000 (the “**FSMA**”) received by it in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; 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 Securities in, from or otherwise involving the United Kingdom.

### Prohibition of Sales to EEA and UK Retail Investors

Each Joint Bookrunner has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### United States of America

The Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

Each Joint Bookrunner has represented and agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver Securities (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Issue Date (the “**distribution compliance period**”), within the United States or to, or for the account or benefit of, U.S. persons. Each Joint Bookrunner has further represented and agreed that it will send to each distributor, dealer or person to which it sells any Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or



benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Securities within the United States by any distributor, dealer or person (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### **The Kingdom of Spain**

Neither the Securities nor the Prospectus have been approved or registered in the administrative registries of the Spanish Securities Markets Commission (*Comisión Nacional del Mercado de Valores*). Accordingly, each Joint Bookrunner has represented, warranted and agreed that the Securities may not be offered, sold or distributed, nor may any subsequent resale of the Securities be carried out in Spain, except in circumstances which do not require the registration of a prospectus in Spain or without complying with all legal and regulatory requirements under Spanish securities laws. The Securities shall only be directed specifically at, or made to, professional clients (*clientes profesionales*) as defined in Article 205 of the Spanish Securities Market Law approved by legislative Royal Decree 4/2015, of 23 October (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*) (the “**Spanish Securities Market Law**”) and Article 58 of Royal Decree 217/2008, of 15 February, and eligible counterparties (*contrapartes elegibles*) as defined in Article 207 of the Spanish Securities Market Law.

### **General**

Each Joint Bookrunner has represented, agreed and undertaken that it will not, directly or indirectly, offer or sell any Securities or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Securities by it will be made on the same terms. Persons into whose hands this Prospectus comes are required by the Issuer, the Guarantor and the Joint Bookrunners to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Securities or possess, distribute or publish this Prospectus or any other offering material relating to the Securities, in all cases at their own expense.

## GENERAL INFORMATION

### Authorisation

1. The creation and issue of the Securities has been authorised by a resolution of the sole shareholder of the Issuer dated 1 June 2020, a resolution of the Board of Managing Directors of the Issuer dated 1 June 2020 and a resolution of two managing directors of the Issuer dated 2 June 2020. The giving of the Guarantee of the Securities has been authorised by a resolution of the Chief Executive Officer (*Consejero Delegado*) of the Guarantor dated 2 June 2020, by a resolution of the Board of Directors of the Guarantor dated 4 May 2020 and by a resolution of the shareholders acting through the general shareholders' meeting of the Guarantor dated 31 May 2019.

### Legal and Arbitration Proceedings

2. Save as disclosed in "*Description of the Guarantor and the Group—Legal and Arbitration Proceedings*" on pages 119 to 124 of this Prospectus, there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer or the Guarantor 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 or the Guarantor and its subsidiaries.

### Significant/Material Change

3. To the best of the knowledge of the Issuer and save as disclosed in "*Description of the Guarantor and the Group—Recent developments—COVID-19*" and "*Description of the Guarantor and the Group—Recent developments—Measures in the context and the evolution of the current economic situation*" and sections "*Subsequent events*" and "*Future outlook*" in the Issuer's Management Report 2019 (included in the Issuer's financial statements for the year ended 31 December 2019) and Note 21 ("*Subsequent Events*") to the Issuer's financial statements for the year ended 31 December, there has been no material adverse change in the prospects of the Issuer since 31 December 2019 and there has been no significant change in the financial position or financial performance of the Issuer since 31 December 2019.
4. To the best of the knowledge of the Guarantor and save as disclosed in "*Description of the Guarantor and the Group—Recent developments—COVID-19*" and "*Description of the Guarantor and the Group—Recent developments—Measures in the context and the evolution of the current economic situation*", there has been no significant change in the financial position or financial performance of the Group since 31 March 2020 and there has been no material adverse change in the prospects of the Guarantor since 31 December 2019.

### Auditors

5. The consolidated financial statements of the Guarantor and its subsidiaries for the financial years ended 31 December 2019 and 2018 have been audited by PricewaterhouseCoopers Auditores, S.L. (members of the *Registro Oficial de Auditores de Cuentas*), Independent Auditors of the Group. The address of PricewaterhouseCoopers Auditores, S.L. is Torre PwC, Paseo de la Castellana 259B, 28046 Madrid, Spain.
6. The standalone financial statements of the Issuer for the financial year ended 31 December 2019 and the consolidated financial statements of the Issuer and its subsidiaries for the financial year ended 31 December 2018 have been audited by PricewaterhouseCoopers Accountants N.V., Independent Auditors of the Issuer. The auditor signing the independent auditors' report is a member of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*). The address of PricewaterhouseCoopers Accountants N.V. is Fascinatio Boulevard 350, 3065 WB Rotterdam, P.O. Box 8800, 3009 AV Rotterdam, The Netherlands. The independent auditors' report on the standalone financial statements of the Issuer for the financial year ended 31 December 2019

contains an emphasis of matter paragraph drawing attention to the uncertainty related to the effects of COVID-19. The auditor's opinion is not modified in respect of this matter.

## Documents on Display

7. For so long as any of the Securities are listed or for ten years following the Securities being listed for the first time, whichever falls later, electronic copies of the following documents may be inspected during normal business hours at the offices of the Fiscal Agent, at the registered/head office of the Issuer and the Guarantor or at

<https://www.repsol.com/en/shareholders-and-investors/fixed-income-and-credit-ratings/rif/index.cshhtml>

- (a) the constitutional documents of the Issuer (together with English translations thereof);
- (b) the constitutional documents of the Guarantor (together with English translations thereof);
- (c) copies of the Fiscal Agency Agreement, the Deed of Covenant and the Deed of Guarantee, in each case relating to the Securities of the relevant series;
- (d) this Prospectus; and
- (e) the documents set forth in the section "*Documents Incorporated by Reference*" above.

Each of the translations into English of the Issuer's articles of association and of the by-laws of the Guarantor is a direct and accurate translation of the corresponding document. In the event of any discrepancy between the English language version and the original language version, the original language version shall prevail.

For the avoidance of doubt, unless specifically incorporated by reference into this Prospectus, information contained on any website referred to in this Prospectus does not form part of this Prospectus. The CSSF as competent authority has not scrutinised or approved the information on any website referred to in this Prospectus.

## Credit Ratings

8. The Securities are expected to be rated BB+ by S&P, Ba1 by Moody's and BB+ by Fitch Ratings.

In accordance with S&P's ratings definitions available as at the date of this Prospectus on [https://www.standardandpoors.com/en\\_US/web/guest/article/-/view/sourceId/504352](https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352), an obligation rated "BB" is less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation. Ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.

In accordance with Moody's ratings definitions available as at the date of this Prospectus on <https://www.moodys.com/ratings-process/Ratings-Definitions/002002>, an obligation rated "Ba" is judged to be speculative and is subject to substantial credit risk. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category.

In accordance with Fitch Ratings' ratings definitions available as at the date of this Prospectus on <https://www.fitchratings.com/site/definitions>, a rating of "BB" indicates an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over

time; however, business or financial flexibility exists that supports the servicing of financial commitments. Within the rating categories, Fitch Ratings may use modifiers. The modifiers “+” or “-” may be appended to a rating to denote relative status within the rating category.

The Guarantor has been assigned a long-term credit rating of BBB (stable outlook) by S&P, Baa2 by Moody’s (negative outlook) and BBB (stable outlook) by Fitch Ratings.

### **Yield**

9. From (and including) the Issue Date to (but excluding) the First Reset Date, the yield on the 6 Year Non-Call Securities will be 3.750 per cent. per annum and the yield on the 8.5 Year Non-Call Securities will be 4.250 per cent. per annum. Each such yield is calculated at the Issue Date on the basis of the Issue Price corresponding to the relevant Securities. It is not an indication of future yield.

### **Legend Concerning U.S. Persons**

10. The Securities and any Coupons and Talons appertaining thereto will bear a legend to the following effect: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

### **Listing and Admission to Trading**

11. Application has been made to the Luxembourg Stock Exchange for the Securities to be admitted to trading on the Luxembourg Stock Exchange’s regulated market (which is a regulated market for the purposes of MiFID II) and to be listed on the official list of the Luxembourg Stock Exchange, which is expected to occur on or around the Issue Date.

### **Fees**

12. The estimated costs and expenses in relation to admission to trading are €27,200.

### **ISIN and Common Code**

13. The Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg.

The ISIN of the 6 Year Non-Call Securities is XS2185997884 and the common code is 218599788.

The ISIN of the 8.5 Year Non-Call Securities is XS2186001314 and the common code is 218600131.

14. The Securities will be represented by the Global Securities except in certain limited circumstances described in the Permanent Global Security. While the Securities are represented by the Global Securities, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer and the Guarantor will discharge their payment obligations under the Securities by making payments to, or to the order of, the common depository for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Security must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Securities. The Issuer and the Guarantor have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities and Holders may be adversely affected should such records be incorrect or such payments not be made or be paid incorrectly.

Holders of beneficial interests in the Global Securities will not have a direct right to vote in respect of the Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies and such Holders may be adversely affected should it not be possible for them to vote in respect of the Securities as a result.

#### **Legal Entity Identifier**

15. The Legal Entity Identifier (LEI) code of the Issuer is 5493002YCY6HTK0OUR29.
16. The Legal Entity Identifier (LEI) code of the Guarantor is BSYCX13Y0NOTV14V9N85.

#### **Joint Bookrunners transacting with the Issuer and the Guarantor**

17. Certain of the Joint Bookrunners and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer, the Guarantor and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint Bookrunners and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor or their affiliates. Certain of the Joint Bookrunners or their affiliates that have a lending relationship with the Issuer and/or the Guarantor routinely hedge their credit exposure to the Issuer and/or the Guarantor consistent with their customary risk management policies. Typically, such Joint Bookrunners and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities and/or instruments of the Issuer, the Guarantor or their affiliates, including potentially the Securities. Any such short positions could adversely affect future trading or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. prices of the Securities. The Joint Bookrunners and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities.

**REGISTERED AND HEAD OFFICE OF THE  
ISSUER**

**Repsol International Finance B.V.**  
Koninginnegracht 19  
2514 AB The Hague  
The Netherlands

**REGISTERED AND HEAD OFFICE OF THE  
GUARANTOR**

**Repsol, S.A.**  
Calle Méndez Álvaro 44  
28045 Madrid  
Spain

**FISCAL AGENT, AGENT BANK AND INITIAL PAYING AGENT**

**Citibank, N.A., London Branch**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**JOINT BOOKRUNNERS**

**Banco Bilbao Vizcaya Argentaria, S.A.**  
Calle Azul  
Edificio Asia  
Planta 2  
28050 Madrid  
Spain

**BNP Paribas**  
10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**Citigroup Global Markets Limited**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**Goldman Sachs International**  
Plumtree Court  
25 Shoe Lane  
London EC4A 4AU  
United Kingdom

**HSBC Bank plc**  
8 Canada Square,  
London E14 5HQ  
United Kingdom

**J.P. Morgan Securities plc**  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

**Merrill Lynch International**  
2 King Edward Street  
London EC1A 1HQ  
United Kingdom

**Mizuho Securities Europe GmbH**  
Taunustor 1  
60310 Frankfurt am Main  
Germany

**MUFG Securities (Europe) N.V.**  
Zuidplein 98  
World Trade Center Tower H Level 11  
1077 XV Amsterdam  
The Netherlands

**NatWest Markets Plc**  
250 Bishopsgate  
London EC2M 4AA  
United Kingdom

## LEGAL ADVISERS

*To the Issuer and the Guarantor as to English and Spanish law:*

**Freshfields Bruckhaus Deringer LLP**

Torre Europa  
Paseo de la Castellana 95  
28046 Madrid  
Spain

*To the Issuer as to Dutch tax law:*

**Freshfields Bruckhaus Deringer LLP**

Strawinskylaan 10  
1077 XZ Amsterdam  
The Netherlands

*To the Issuer as to Dutch law (other than Dutch tax law):*

**Van Doorne N.V.**

Jachthavenweg 121  
1081 KM Amsterdam  
The Netherlands

*To the Joint Bookrunners as to English and Spanish law:*

**Allen & Overy**

Calle Serrano 73  
28006 Madrid  
Spain

*To the Joint Bookrunners as to Dutch tax law:*

**Allen & Overy LLP**

Apollolaan 15  
1077 AB Amsterdam  
The Netherlands

## AUDITORS TO THE ISSUER

**PricewaterhouseCoopers Accountants N.V.**

Fascinatio Boulevard 350  
3065 WB Rotterdam  
P.O. Box 8800  
3009 AV Rotterdam  
The Netherlands

## AUDITORS TO THE GUARANTOR

**PricewaterhouseCoopers Auditores, S.L.**

Torre PwC  
Paseo de la Castellana 259B  
28046 Madrid  
Spain

