

Offering Circular



CAJA VITAL FINANCE B.V.

(incorporated with limited liability in The Netherlands)

Guaranteed by

**CAJA DE AHORROS DE VITORIA Y ALAVA - ARABA ETA
GASTEIZKO AURREZKI KUTXA**

(incorporated as a savings bank in the Kingdom of Spain)

EUR 350,000,000

Euro Medium Term Note Programme

This Offering Circular replaces in its entirety the information memorandum dated 29 October 2003.

Application has been made to list notes ("Notes") issued under the Euro Medium Note Programme (the "Programme") described in this Offering Circular during the period of twelve months after the date hereof on the Luxembourg Stock Exchange. The Programme also permits Notes to be issued on an unlisted basis or to be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

As of the date hereof, the Programme has been rated A2 (long-term)/Prime-1 (short-term) by Moody's Investors Service Limited ("Moody's") and A (long-term)/F1 (short-term) by Fitch Ratings Limited ("Fitch Ratings"). A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Notwithstanding the rating of the Programme given by the respective Rating Agencies, it should be noted that specific Tranches of Notes issued under the Programme may be given different ratings than those given to the Programme or may have no rating specified.

This Offering Circular may only be used for the purposes for which it has been published.

Arranger

Banco Bilbao Vizcaya Argentaria, S.A.

Dealers

ABN AMRO

Banco Bilbao Vizcaya Argentaria, S.A.

UBS Investment Bank

16 February 2005

Ahorro Corporación Financiera

Deutsche Bank

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IMPORTANT NOTICES

Each of Caja Vital Finance B.V. (the "Issuer") and Caja de Ahorros de Vitoria y Alava - Araba eta Gasteizko Aurrezki Kutxa (the "Guarantor") accepts responsibility for the information contained in this document and to the best of the knowledge and belief of each of the Issuer and the Guarantor (which have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular should be read and construed together with any amendments or supplements hereto and with any other documents incorporated by reference herein and, in relation to any Tranche (as defined herein) of Notes, should be read and construed together with the relevant Pricing Supplement (as defined herein).

The Issuer and the Guarantor have confirmed to the Dealers named under "Subscription and Sale" below that this Offering Circular (including for this purpose, each relevant Pricing Supplement) contains all information which is (in the context of the Programme, the issue, offering and sale of the Notes and the guarantee of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Offering Circular does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes and the guarantee of the Notes) not misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing.

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

No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and neither the Dealers nor any of their respective affiliates makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Offering Circular. Neither the delivery of this Offering Circular or any Pricing Supplement nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Offering Circular is true subsequent to the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or the Guarantor since the date thereof or, if later, the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose

possession this Offering Circular or any Pricing Supplement comes are required by the Issuer, the Guarantor and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Offering Circular or any Pricing Supplement and other offering material relating to the Notes, see "Subscription and Sale". In particular, Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "Securities Act") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. In addition, the Issuer has not authorised any offer of Notes having a maturity of one year or more to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (the "Regulations"). Notes may not lawfully be offered or sold to persons in the United Kingdom except in circumstances which do not result in an offer to the public in the United Kingdom within the meaning of the Regulations or otherwise in compliance with all applicable provisions of the Regulations.

Neither this Offering Circular nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Guarantor, the Dealers or any of them that any recipient of this Offering Circular or any Pricing Supplement should subscribe for or purchase any Notes. Each recipient of this Offering Circular or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Guarantor.

The maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme will not exceed EUR 350,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement). The maximum aggregate principal amount of Notes which may be outstanding and guaranteed at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "Subscription and Sale".

In this Offering Circular, unless otherwise specified, references to "U.S.\$", "U.S. dollars" or "dollars" are to United States dollars, references to "EUR" or "euro" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

In connection with the issue of any Tranche of Notes under the Programme, the Dealer (if any) which is specified in the relevant Pricing Supplement as the Stabilising Manager (or any person acting for the Stabilising Manager) may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Offering Circular:

- (1) the most recently published unaudited annual financial statements of the Issuer from time to time; and
- (2) the most recently published audited consolidated and unconsolidated annual financial statements and any consolidated and unconsolidated interim quarterly financial statements (whether audited or unaudited) published subsequently to such annual financial statements, of the Guarantor from time to time; and
- (3) all amendments and supplements to this Offering Circular prepared by the Issuer and the Guarantor from time to time,

provided, however, that any statement contained in this Offering Circular or in any of the documents incorporated by reference in, and forming part of, this Offering Circular shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement.

The Issuer will, at the specified offices of the Paying Agents, provide, free of charge, upon oral or written request, a copy of this Offering Circular (or any document incorporated by reference in this Offering Circular). Written or telephone requests for such documents should be directed to the specified office of any Paying Agent or the specified office of the Listing Agent in Luxembourg.

SUPPLEMENTARY OFFERING CIRCULAR

The Issuer and the Guarantor have undertaken, in connection with the listing of the Notes on the Luxembourg Stock Exchange, that if there shall occur any adverse change in the business or financial position of the Issuer or the Guarantor or any change in the information set out under "Terms and Conditions of the Notes", that is material in the context of issuance under the Programme, the Issuer will prepare or procure the preparation of an amendment or supplement to this Offering Circular or, as the case may be, publish a new Offering Circular, for use in connection with any subsequent issue by the Issuer of Notes to be listed on the Luxembourg Stock Exchange.

SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Offering Circular. Words and expressions defined in "Forms of the Notes" or "Terms and Conditions of the Notes" below shall have the same meanings in this summary.

Issuer:	Caja Vital Finance B.V.
Guarantor:	Caja de Ahorros de Vitoria y Alava - Araba eta Gasteizko Aurrezki Kutxa
Arranger:	Banco Bilbao Vizcaya Argentaria, S.A.
Dealers:	ABN AMRO Bank N.V., Ahorro Corporación Financiera, S.V.,S.A., Banco Bilbao Vizcaya Argentaria, S.A., Deutsche Bank AG London, UBS Limited and any other Dealer appointed from time to time by the Issuer and the Guarantor either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Fiscal Agent:	Deutsche Bank AG
Luxembourg Listing Agent:	Deutsche Bank Luxembourg S.A.
Listing	Each Series may be listed on the Luxembourg Stock Exchange and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system as may be agreed between the Issuer and the relevant Dealer and specified in the relevant Pricing Supplement or may be unlisted.
Clearing Systems:	Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Pricing Supplement as agreed with the Fiscal Agent.
Initial Programme Amount:	Up to EUR 350,000,000 or its equivalent in other currencies) aggregate principal amount of Notes outstanding and guaranteed at any one time.

- Issuance in Series: Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.
- Pricing Supplements: Each Tranche will be the subject of a Pricing Supplement which, for the purposes of that Tranche only, supplements the Terms and Conditions of the Notes and this Offering Circular and must be read in conjunction with this Offering Circular. The terms and conditions applicable to any particular Tranche of Notes are the Terms and Conditions of the Notes as supplemented, amended and/or replaced by the relevant Pricing Supplement.
- Forms of Notes: Notes may only be issued in bearer form. Each Tranche of Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Pricing Supplement. Each Global Note will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Pricing Supplement, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Pricing Supplement as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Currencies: Notes may be denominated in euro, U.S. dollars or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.

Status of the Notes: Notes will be issued on an unsubordinated basis.

Status of the Guarantee of the Notes: Notes will be unconditionally and irrevocably guaranteed by the Guarantor.

Issue Price: Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Pricing Supplement.

Maturities: Any maturity subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by the Issuer.

Redemption: Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the relevant Pricing Supplement. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Pricing Supplement.

Optional Redemption:	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Pricing Supplement.
Tax Redemption:	Except as described in "Optional Redemption" above, early redemption will only be permitted for tax reasons as described in Condition 10(b) (<i>Redemption and Purchase - Redemption for tax reasons</i>).
Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Denominations:	Notes will be issued in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Negative Pledge:	The Notes will have the benefit of a negative pledge as described in Condition 5 (<i>Negative Pledge</i>).
Cross Default:	The Notes will have the benefit of a cross default as described in Condition 13 (<i>Events of Default</i>).
Taxation:	All payments in respect of Notes will be made free and clear of withholding taxes of The Netherlands, or the Kingdom of Spain, as the case may be, unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 12 (<i>Taxation</i>)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.

Disclosure of Holder Information:	<p>Under Law 13/1985 as amended by Law 19/2003, the Guarantor is obliged to disclose to the Spanish tax authorities and the institutions in charge of financial supervision the identity of holders of the Notes.</p> <p>Potential holders of Notes should read the section headed "Taxation - Disclosure of Holder Information and Procedure" for further information on the procedure established for the provision of the required information.</p> <p><i>The Clearing Systems and Fiscal Agent are currently in discussions to harmonise the procedure for the provision of information as required by Spanish laws and regulations. The procedure contained in this Offering Circular is a summary only and is subject to the Clearing Systems' discussions as well as to further clarification from the Spanish tax authorities regarding such laws and regulations. Holders of Notes must seek their own tax advice. None of the Issuer, the Guarantor, the Arranger, the Dealers, the Paying Agents or the Clearing Systems assume any responsibility therefor.</i></p>
Redenomination:	<p>In respect of any Tranche of Notes, if the country of the Specified Currency becomes or, announces its intention to become, a Participating Member State, the Notes may be redenominated in euro in accordance with Condition 22 (<i>Redenomination, Renominalisation and Reconventioning</i>) if so specified in the relevant Pricing Supplement</p>
Governing Law:	<p>English law.</p>
Enforcement of Notes in Global Form:	<p>In the case of Global Notes, individual investors' rights against the Issuer will be governed by a Deed of Covenant dated 16 February 2005, a copy of which will be available for inspection at the specified office of the Fiscal Agent and at the specified office of the Paying Agent.</p>

Ratings:

As of the date hereof, the Programme has been rated A2 (long-term)/Prime-1 (short-term) by Moody's and A (long-term)/F1 (short-term) by Fitch Ratings . A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Notwithstanding the rating of the Programme given by the respective Rating Agencies, it should be noted that specific Tranches of Notes issued under the Programme may be given different ratings than those given to the Programme or may have no rating specified.

Selling Restrictions:

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the United Kingdom, The Netherlands, the Kingdom of Spain and Japan, see "Subscription and Sale" below.

FORMS OF THE NOTES

Each Tranche of Notes will initially be in the form of either a temporary global note (the "Temporary Global Note"), without interest coupons, or a permanent global note (the "Permanent Global Note"), without interest coupons, in each case as specified in the relevant Pricing Supplement. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "Global Note") will be deposited on or around the issue date of the relevant Tranche of the Notes with a depository or a common depository for Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear") and/or Clearstream Banking, société anonyme, Luxembourg ("Clearstream, Luxembourg") and/or any other relevant clearing system.

The relevant Pricing Supplement will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "TEFRA C Rules") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "TEFRA D Rules") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Pricing Supplement specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note at the Specified Office of the Fiscal Agent; and
- (ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership,

within 7 days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; *provided, however, that* in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

The Permanent Global Note will be exchangeable in whole, but not in part, for Notes in definitive form ("Definitive Notes"):

- (i) on the expiry of such period of notice as may be specified in the relevant Pricing Supplement; or
- (ii) at any time, if so specified in the relevant Pricing Supplement; or
- (iii) if the relevant Pricing Supplement specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system 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) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Fiscal Agent within 30 days of the bearer requesting such exchange.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Pricing Supplement specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Pricing Supplement specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note at the Specified Office of the Fiscal Agent within 30 days of the bearer requesting such exchange

Permanent Global Note exchangeable for Definitive Notes

If the relevant Pricing Supplement specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

- (i) on the expiry of such period of notice as may be specified in the relevant Pricing Supplement; or
- (ii) at any time, if so specified in the relevant Pricing Supplement; or
- (iii) if the relevant Pricing Supplement specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system 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) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Fiscal Agent within 30 days of the bearer requesting such exchange.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "Terms and Conditions of the Notes" below and the provisions of the relevant Pricing Supplement which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.

Legend concerning United States persons

In the case of any Tranche of Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form 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."

The sections referred to in such legend provide that a United States person who holds a Note, Coupon or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note, Coupon or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Pricing Supplement, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.

1. Introduction

- (a) *Programme:* Caja Vital Finance B.V. (the "Issuer") has established a Euro Medium Term Note Programme (the "Programme") for the issuance of up to EUR 350,000,000 in aggregate principal amount of notes (the "Notes") guaranteed by Caja de Ahorros de Vitoria y Alava - Araba eta Gasteizko Aurrezki Kutxa (the "Guarantor").
- (b) *Pricing Supplement:* Notes issued under the Programme are issued in series (each a "Series") and each Series may comprise one or more tranches (each a "Tranche") of Notes. Each Tranche is the subject of a pricing supplement (the "Pricing Supplement") which supplements these terms and conditions (the "Conditions"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Pricing Supplement. In the event of any inconsistency between these Conditions and the relevant Pricing Supplement, the relevant Pricing Supplement shall prevail.
- (c) *Agency Agreement:* The Notes are the subject of an amended and restated issue and paying agency agreement dated 16 February 2005 (the "Agency Agreement") between the Issuer, the Guarantor, Deutsche Bank AG as fiscal agent (the "Fiscal Agent", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agent named therein (together with the Fiscal Agent, the "Paying Agents", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes).
- (d) *Deed of Guarantee:* The Notes are the subject of a deed of guarantee dated 16 February 2005 (the "Deed of Guarantee") entered into by the Guarantor.
- (e) *The Notes:* All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Pricing Supplement. Copies of the relevant Pricing Supplement are available for inspection free of charge during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.
- (f) *Summaries:* Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Guarantee and are subject to their detailed provisions. The holders of the Notes (the "Noteholders") and the holders of the related interest coupons, if any, (the "Couponholders" and the "Coupons", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Guarantee applicable to them. Copies of the Agency Agreement and the Deed of Guarantee are available for inspection by Noteholders during normal business hours at

the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

2. **Interpretation**

(a) *Definitions:* In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Pricing Supplement;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Pricing Supplement;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Pricing Supplement;

"**Banking Business**" means in relation to any company (a) banking business as ordinarily carried on or permitted to be carried on at the relevant time by banking institutions in the country in which such company is incorporated or carries on business or (b) the seeking or obtaining from members of the public of moneys by way of deposit or (c) any other part of the business of such company which an independent expert nominated in good faith for such purpose by such company shall certify to be part of, or permitted to be part of, such company's banking business; provided, however, that "Banking Business" shall not include the issuance of any Relevant Indebtedness;

"**Business Day**" means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Pricing Supplement and, if so specified in the relevant Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

- (iv) "FRN Convention", "Floating Rate Convention" or "Eurodollar Convention" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred *provided, however, that*:
- (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) "No Adjustment" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"Calculation Agent" means, in respect of Floating Rate Notes and otherwise where it agrees to act as such, the Fiscal Agent or such other Person specified in the relevant Pricing Supplement as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Pricing Supplement;

"Coupon Sheet" means, in respect of a Note, a coupon sheet relating to the Note;

"Day Count Fraction" means, in respect of the calculation of an amount for any period of time (the "Calculation Period"), such day count fraction as may be specified in these Conditions or the relevant Pricing Supplement and:

- (i) if "Actual/Actual (ISMA)" is so specified, means:
 - (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (b) where the Calculation Period is longer than one Regular Period, the sum of (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year and (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the

actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

- (ii) if "Actual/365" or "Actual/Actual (ISDA)" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if "Actual/365 (Fixed)" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if "Actual/360" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if "30/360" is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (vi) if "30E/360" or "Eurobond Basis" is so specified means, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the date of final maturity is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Early Termination Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Pricing Supplement;

"**Extraordinary Resolution**" has the meaning given in the Agency Agreement;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Fixed Coupon Amount**" has the meaning given in the relevant Pricing Supplement;

"Guarantee" means, in relation to any Relevant Indebtedness of any Person, any obligation of another Person to pay such Relevant Indebtedness including (without limitation):

- (i) any obligation to purchase such Relevant Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Relevant Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment of such Relevant Indebtedness; and
- (iv) any other agreement to be responsible for such Relevant Indebtedness;

"Guarantee of the Notes" means the guarantee of the Notes given by the Guarantor in the Deed of Guarantee;

"Group" means the Guarantor and its Subsidiaries taken as a whole;

"Indebtedness" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"Interest Amount" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"Interest Commencement Date" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Pricing Supplement;

"Interest Determination Date" has the meaning given in the relevant Pricing Supplement;

"Interest Payment Date" means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Pricing Supplement and, if a Business Day Convention is specified in the relevant Pricing Supplement:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Pricing Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"Interest Period" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"ISDA Definitions" means the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.);

"Issue Date" has the meaning given in the relevant Pricing Supplement;

"Margin" has the meaning given in the relevant Pricing Supplement;

"Maturity Date" has the meaning given in the relevant Pricing Supplement;

"Maximum Redemption Amount" has the meaning given in the relevant Pricing Supplement;

"Minimum Redemption Amount" has the meaning given in the relevant Pricing Supplement;

"Optional Redemption Amount (Call)" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"Optional Redemption Amount (Put)" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"Optional Redemption Date (Call)" has the meaning given in the relevant Pricing Supplement;

"Optional Redemption Date (Put)" has the meaning given in the relevant Pricing Supplement;

"Participating Member State" means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty;

"Payment Business Day" means:

- (i) if the currency of payment is euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

"Permitted Security Interest" means a Security Interest:

- (i) arising by operation of law; or
- (ii) arising in the ordinary course of Banking Business; or
- (iii) created or arising in respect of any security created under the Kingdom of Spain's mortgage market law of 25 March 1981 (*Ley de Regulación del Mercado Hipotecario 2/1981*) in relation to *cédulas hipotecarias*, *bonos* and *participaciones hipotecarias* issued pursuant to such law; or
- (iv) over assets purchased by the Guarantor or any of the Guarantor's Subsidiaries after 16 February 2005 which (A) is created or arises or, in the case of real estate, exists at the time of the purchase of such assets and (B) secures solely all or part of the unpaid balance of the purchase price of such assets; or
- (v) created on or prior to 16 February 2005 which was already in existence at the date hereof.

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

"Principal Financial Centre" means, in relation to any currency, the principal financial centre for that currency *provided, however, that*:

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and

- (ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

"**Put Option Notice**" means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Put Option Receipt**" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Pricing Supplement or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Pricing Supplement;

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Pricing Supplement;

"**Reference Banks**" has the meaning given in the relevant Pricing Supplement or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

"**Reference Price**" has the meaning given in the relevant Pricing Supplement;

"**Reference Rate**" has the meaning given in the relevant Pricing Supplement;

"**Regular Period**" means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and

month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period .

"**Relevant Date**" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the relevant Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"**Relevant Financial Centre**" has the meaning given in the relevant Pricing Supplement;

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

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, the Reuter Money 3000 Service and the Telerate Service) specified as the Relevant Screen Page in the relevant Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Subsidiary**" means in respect of any company:

- (i) at a particular time, any company more than 50 per cent. of whose issued equity share capital (or equivalent) is then beneficially owned by the Guarantor and/or one or more of the Guarantor's Subsidiaries; and either
- (ii) whose net assets represent not less than 10 per cent. of the net consolidated assets of the Group as calculated by reference to the then latest audited accounts (or consolidated accounts as the case may be) of such company and the then latest audited consolidated accounts of the Group; or
- (iii) whose gross revenues represent not less than 10 per cent. of the gross consolidated revenues of the Group, all as calculated by reference to the then latest audited accounts (or consolidated accounts as the case may be) of such company and the then latest audited consolidated accounts of the Group;

"**Relevant Time**" has the meaning given in the relevant Pricing Supplement;

"**Reserved Matter**" means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency

of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"**Spanish Public Document**" means *escritura pública otorgada ante, o póliza o efecto intervenido por Notario* (public deed granted before, or document or instrument witnessed by a Notary);

"**Specified Currency**" has the meaning given in the relevant Pricing Supplement;

"**Specified Denomination(s)**" has the meaning given in the relevant Pricing Supplement;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Pricing Supplement;

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**");

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

"**Talon**" means a talon for further Coupons;

"**TARGET Settlement Day**" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Treaty**" means the Treaty establishing the European Communities, as amended;

"**Zero Coupon Note**" means a Note specified as such in the relevant Pricing Supplement;

(b) *Interpretation.* In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under

Condition 12 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement;
- (vii) if an expression is stated in Condition 2(a) to have the meaning given in the relevant Pricing Supplement, but the relevant Pricing Supplement gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and
- (viii) any reference to the Agency Agreement or the Deed of Guarantee shall be construed as a reference to the Agency Agreement or the Deed of Guarantee, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. Form Denomination and Title

The Notes are in bearer form in the Specified Denomination(s) with Coupons and, if specified in the relevant Pricing Supplement, Talons attached at the time of issue. In the case of a Series of Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

4. Status, Guarantee and Spanish Public Documents

- (a) *Status of the Notes*: The Notes constitute direct, general, unconditional, unsubordinated and (subject to the provisions of Condition 5 (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
- (b) *Guarantee of the Notes*: The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. This Guarantee of the Notes constitutes direct, general, unconditional, unsubordinated and (subject to the provisions of Condition 5 (*Negative Pledge*)) unsecured obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated

obligations of the Guarantor, save for such exceptions as may be provided for by applicable legislation.

(Insolvency Law 22/2003 (Ley Concursal) dated 9 July 2003, entered into force on 1 September 2004, among other aspects, derogates from articles 913 and 914 of the Commercial Code (Código de Comercio). In the event of insolvency (concurso) of the Guarantor, under the Insolvency Law, claims relating to the Notes will be ordinary credits (créditos ordinarios) as defined in the Insolvency Law. Ordinary credits rank below credits against the insolvency state (créditos contra la masa) and credits with a privilege (créditos privilegiados). Ordinary credits rank above subordinated credits and the rights of holders of participations (cuotas participativas). From the entry into force of this law, and within the insolvency procedures regulated therein, creditors whose rights arise from a public document or a deed or instrument witnessed by a Public Notary (escritura pública, póliza o efecto intervenido por Notario Público) do not have preferences to enforce their rights and do not rank ahead of other creditors whose rights may be recognised by virtue of a private document.

Out of the insolvency procedure regulated in Law 22 /2003, preferences and rankings of creditors, within individual procedures of execution rights, will be determined in the future by means of the Law mentioned under the 33rd Final Disposition of Law 22/2003, the text of which will have to be remitted by the Spanish Government to the Spanish Parliament for approval within a 6 month period commencing 1 September 2004.)

- (c) *Spanish Public Documents:* The Guarantor undertakes not to evidence in a Spanish Public Document any other obligations of the Guarantor in respect of any Relevant Indebtedness or any Guarantee (except in respect of Relevant Indebtedness which is (i) governed by Spanish law and (ii) more than 50 per cent. in aggregate principal amount of which is initially offered, sold or distributed in the Kingdom of Spain) unless not later than one day prior thereto the obligations of the Guarantor under the Deed of Guarantee are also notarised or intervened.

5. Negative Pledge

So long as any Note remains outstanding:

- (a) the Issuer shall not create or permit to subsist any Security Interest (other than a Security Interest arising by operation of law) upon the whole or any part of its property, assets or revenues, present or future, to secure any Relevant Indebtedness or any Guarantee; and
- (b) the Guarantor shall:
 - (i) not create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its undertaking, assets or revenues, present or future (including uncalled capital) to secure any Relevant Indebtedness or any Guarantee;
 - (ii) procure that no Relevant Subsidiary of the Guarantor will create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its undertaking, assets or revenues, present or future

(including uncalled capital), to secure any Relevant Indebtedness or any Guarantee;

- (iii) not give any Guarantee of any Relevant Indebtedness of any Person (other than a Subsidiary of the Guarantor); and
- (iv) not permit any Person to give any Guarantee of Relevant Indebtedness of the Guarantor or any of its Relevant Subsidiaries

without (in the case of paragraphs (a),(b)(i) and (b)(ii)) at the same time or prior thereto securing the Notes equally and rateably therewith or providing such other security for the Notes as may be approved by an Extraordinary Resolution of the Noteholders.

6. Fixed Rate Note Provisions

- (a) *Application:* This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the principal amount of such Note, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

7. Floating Rate Note and Index-Linked Interest Note Provisions

- (a) *Application:* This Condition 7 (*Floating Rate Note and Index-Linked Interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions or the

Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable.

- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the relevant Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (A) request the principal Relevant Financial Centre office of each the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean of such quotations; and
 - (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks

for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; *provided, however, that* if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- (d) *ISDA Determination:* If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Pricing Supplement;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Pricing Supplement; and
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Pricing Supplement.
- (e) *Index-Linked Interest:* If the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Pricing Supplement.
- (f) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (g) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the principal amount of such Note during such Interest Period and multiplying the product by the relevant Day Count Fraction.
- (h) *Calculation of other amounts:* If the relevant Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon

as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Pricing Supplement.

- (i) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.
- (j) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

8. Zero Coupon Note Provisions

- (a) *Application:* This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9. Dual Currency Note Provisions

- (a) *Application:* This Condition 9 (*Dual Currency Note Provisions*) is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Pricing Supplement as being applicable.

- (b) *Rate of Interest:* If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Pricing Supplement.

10. **Redemption and Purchase**

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 11 (*Payments*).
- (b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part:
 - (i) at any time (if neither the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable); or
 - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) (1) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (B) (1) the Guarantor has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes and (2) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than:

- (A) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made; or
- (B) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 10(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(b).

- (c) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Pricing Supplement, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (d) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 10(c) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law and the rules of each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation, and the notice to Noteholders referred to in Condition 10(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Pricing Supplement, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (e) *Redemption at the option of Noteholders:* If the Put Option is specified in the relevant Pricing Supplement as being applicable, the Issuer shall, at the option of the holder of

any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(e), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(e), may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10(e), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

- (f) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (e) above.
- (g) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Pricing Supplement for the purposes of this Condition 10(g) or, if none is so specified, a Day Count Fraction of 30E/360.

- (h) *Purchase:* The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith.
- (i) *Cancellation:* All Notes so redeemed or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

11. **Payments**

- (a) *Principal:* Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).
- (b) *Interest:* Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.
- (c) *Payments in New York City:* Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) *Deductions for unmatured Coupons:* If the relevant Pricing Supplement specifies that the Fixed Rate Note Provisions are applicable and a Note is presented without all unmatured Coupons relating thereto:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
 - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the “**Relevant Coupons**”) being equal to the amount of

principal due for payment; *provided, however, that* where this subparagraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

- (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

- (f) *Unmatured Coupons void*: If the relevant Pricing Supplement specifies that this Condition 11(f) is applicable or that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption of such Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(e) (*Redemption at the option of Noteholders*), Condition 10(c) (*Redemption at the option of the Issuer*) or Condition 13 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) *Payments on business days*: If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).
- (i) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Offices of each of the Paying Agents for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 14 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

12. **Taxation**

(a) *Gross up:*

- (i) Issuer: All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of The Netherlands or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:
- (A) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
 - (B) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
 - (C) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the EU; or
 - (D) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.
- (ii) Guarantor: All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Spain or any political subdivision therein or any authority therein or thereof having power to tax,

unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Guarantor shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

- (A) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Spain other than the mere holding of the Note or Coupon; or
 - (B) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its residence in a country or territory considered a tax haven pursuant to Royal Decree 1080/1991, of 5 July of 1991; or
 - (C) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
 - (D) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the EU; or
 - (E) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.
- (b) *Taxing jurisdiction:* If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than The Netherlands or the Kingdom of Spain respectively, references in these Conditions to The Netherlands or the Kingdom of Spain shall be construed as references to The Netherlands or (as the case may be) the Kingdom of Spain and/or such other jurisdiction.

13. Events of Default

If any of the following events occurs and is continuing:

- (a) *Non-payment:* the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within three days of the due date for payment thereof; or

- (b) *Breach of other obligations:* the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Guarantee of the Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer and the Guarantor by any Noteholder, has been delivered to the Issuer and the Guarantor or to the Specified Office of the Fiscal Agent; or
- (c) *Cross-default of Issuer, Guarantor or Subsidiary:*
- (i) any Relevant Indebtedness of the Issuer, the Guarantor or of any Relevant Subsidiary, in an aggregate principal amount in excess of EUR 2,500,000 (or its equivalent in any other currency), is not paid when due or (as the case may be) within any originally applicable grace period;
 - (ii) any such Relevant Indebtedness, in an aggregate principal amount in excess of EUR 2,500,000 (or its equivalent in any other currency), becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer, the Guarantor or (as the case may be) the Relevant Subsidiary or (provided that no event of default, howsoever described, has occurred) any Person entitled to such Relevant Indebtedness; or
 - (iii) the Issuer, the Guarantor or any Relevant Subsidiary fails to pay when due any amount payable, in an aggregate principal amount in excess of EUR 2,500,000 (or its equivalent in any other currency), by it under any Guarantee; or
 - (iv) the Issuer, the Guarantor or any Relevant Subsidiary fails to pay when due any amount payable by it, in an aggregate principal amount in excess of EUR 3,000,000 (or its equivalent in any other currency), in respect of any borrowed money, liabilities in respect of any acceptance credit, note or bill discounting facility or any other loan capital.
- (d) *Enforcement Proceedings:* a distress, attachment, execution, seizure before judgment or other legal process is levied, enforced or sued upon or against any of the assets or revenues of the Issuer or the Guarantor or any Relevant Subsidiary of the Guarantor which is material in the context of any Series of Notes issued under the Programme and is not discharged or stayed within 30 days; or
- (e) *Security enforced:* a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Relevant Subsidiary in a manner which is material in the context of any Series of Notes issued under the Programme; or
- (f) *Insolvency etc:* (i) the Issuer, the Guarantor or any Relevant Subsidiary becomes insolvent or is, or foresees that it may be, unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer, the Guarantor or any Relevant Subsidiary or the whole or any part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Relevant Subsidiary is appointed (or application for any such appointment is made), or (iii) any proceeding is commenced which requires the application of priorities provided by Insolvency Law 22/2003 (*Ley Concursal*) dated 9 July 2003 and any other

applicable Spanish laws, (iv) the Issuer, the Guarantor or any Relevant Subsidiary takes any action for a readjustment or deferment of all or a material part of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of all or a material part of its obligations, (v) the Issuer, the Guarantor or any Relevant Subsidiary ceases or threatens to cease to carry on all or any substantial part of its business, or (vi) special measures (*bijzondere voorzieningen*) within the meaning of Chapter X of the Dutch Act on the Supervision of the Credit System 1992 (*Wet toezicht kredietwezen 1992*) are imposed on the Issuer for the benefit of its creditors; or

- (g) *Winding up etc:* an order is made or an effective resolution is passed for the winding up, liquidation, dissolution or administration of the Issuer or the Guarantor or any Relevant Subsidiary of the Guarantor, or the Issuer, the Guarantor or any Relevant Subsidiary of the Guarantor shall cease or through an official action of its board of directors threaten to cease to carry on all or a substantial part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Relevant Subsidiary, whereby the undertaking or assets of the Relevant Subsidiary are transferred to or otherwise vested in the Issuer or the Guarantor (as the case may be) or another Relevant Subsidiary of the Guarantor or (iii) in the case of a Relevant Subsidiary of the Guarantor, whereby the undertaking or assets of such Relevant Subsidiary are transferred to or otherwise vested in an entity other than the Issuer or the Guarantor or another Relevant Subsidiary of the Guarantor and the Issuer, the Guarantor or the Relevant Subsidiary of the Guarantor, as the case may be, has received adequate consideration therefor and, for the purpose of establishing whether such consideration is adequate, the Issuer or the Guarantor shall ensure that a certificate to such effect is delivered to the Fiscal Agent from the auditors or other competent experts of recognised standing; or
- (h) *Analogous event:* any event occurs which under the laws of The Netherlands or the Kingdom of Spain has an analogous effect to any of the events referred to in paragraphs (d) to (g) above; or
- (i) *Failure to take action etc:* any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes and the Deed of Guarantee, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Coupons and the Deed of Guarantee admissible in evidence in the courts of The Netherlands and the Kingdom of Spain is not taken, fulfilled or done and such failure remains unremedied 15 days after written notice has been given by a Noteholder to the Issuer and the Guarantor; or
- (j) *Unlawfulness:* it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any of its obligations under or in respect of the Notes or the Deed of Guarantee; or

- (k) *Guarantee of the Notes not in force*: the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect,

then any Note may, by written notice addressed by the holder thereof to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality.

14. **Prescription**

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

15. **Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such listing authority, stock exchange and/or quotation system), subject to all applicable laws and listing authority, stock exchange and/or quotation system requirements, 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 may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

16. **Agents**

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

The initial Paying Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Pricing Supplement. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent or Calculation Agent and additional or successor paying agents; *provided, however, that*:

- (a) the Issuer and the Guarantor shall at all times maintain a Fiscal Agent; and
- (b) if European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 is brought into force, the Issuer and the Guarantor will ensure that they maintain a Paying Agent in an EU member state that will not be obliged to withhold or

deduct tax pursuant to such Directive or any law implementing or complying with, or introduced to conform to, such Directive; and

- (c) if a Calculation Agent is specified in the relevant Pricing Supplement, the Issuer and the Guarantor shall at all times maintain a Calculation Agent; and
- (d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer and the Guarantor shall maintain a Paying Agent having its Specified Office in the place required by such listing authority, stock exchange and/or quotation system.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

17. **Meetings of Noteholders; Modification and Waiver**

- (a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) and shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. Noteholders will be given at least 21 days' notice of the convening of the relevant meeting in accordance with paragraph 6 (*Notice*) of Schedule 1 to the Agency Agreement. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. 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 Noteholders.

- (b) *Modification:* The Notes, these Conditions and the Deed of Guarantee may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer and the Guarantor shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature,

it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

18. Further Issues

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

19. Notices

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the Notes which are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

20. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "first currency") in which the same is payable under these Conditions or such order or judgment into another currency (the "second currency") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

21. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Pricing Supplement), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to

0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

22. **Redenomination, Renominalisation and Reconventioning**

- (a) *Application:* This Condition 22 (*Redenomination, Renominalisation and Reconventioning*) is applicable to the Notes only if it is specified in the relevant Pricing Supplement as being applicable.
- (b) *Notice of redenomination:* If the country of the Specified Currency becomes or, announces its intention to become, a Participating Member State, the Issuer may, without the consent of the Noteholders and Couponholders, on giving at least 30 days' prior notice to the Noteholders and the Paying Agents, designate a date (the "**Redenomination Date**"), being an Interest Payment Date under the Notes falling on or after the date on which such country becomes a Participating Member State.
- (c) *Redenomination:* Notwithstanding the other provisions of these Conditions, with effect from the Redenomination Date:
- (i) the Notes shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in the Specified Currency, converted into euro at the rate for conversion of such currency into euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations); *provided, however, that*, if the Issuer determines, with the agreement of the Fiscal Agent then market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders and Couponholders, each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the Paying Agents of such deemed amendments;
 - (ii) if Notes have been issued in definitive form:
 - (A) all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date (the "**Euro Exchange Date**") on which the Issuer gives notice (the "**Euro Exchange Notice**") to the Noteholders that replacement Notes and Coupons denominated in euro are available for exchange (provided that such Notes and Coupons are available) and no payments will be made in respect thereof;

- (B) the payment obligations contained in all Notes denominated in the Specified Currency will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Condition 22) shall remain in full force and effect; and
 - (C) new Notes and Coupons denominated in euro will be issued in exchange for Notes and Coupons denominated in the Specified Currency in such manner as the Fiscal Agent may specify and as shall be notified to the Noteholders in the Euro Exchange Notice; and
- (iii) all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the Specified Currency ceases to be a subdivision of the euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro by cheque drawn on, or by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any Member State of the European Communities.
- (d) *Interest:* Following redenomination of the Notes pursuant to this Condition 22, where Notes have been issued in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of the Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder.
- (e) *Interest Determination Date:* If the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable and Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, with effect from the Redenomination Date the Interest Determination date shall be deemed to be the second TARGET Settlement Day before the first day of the relevant Interest Period.

23. Governing Law and Jurisdiction

- (a) *Governing law:* The Notes and all matters arising from or connected with the Notes are governed by, and shall be construed in accordance with, English law.
- (b) *English courts:* The courts of England have exclusive jurisdiction to settle any dispute (a "Dispute") arising from or connected with the Notes.
- (c) *Appropriate forum:* 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.
- (d) *Rights of the Noteholders to take proceedings outside England:* Condition 23(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 23 (*Governing law and jurisdiction*) prevents any Noteholder from taking proceedings relating to a Dispute ("Proceedings") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

- (e) *Process agent.* 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 Confederación Española de Cajas de Ahorros, London Branch at 16 Waterloo Place, London SW1Y 4AR or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 1985. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder addressed and delivered to the Issuer or to the Specified Office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder 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 Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

FORM OF PRICING SUPPLEMENT

The Pricing Supplement in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Pricing Supplement but denotes directions for completing the Pricing Supplement.

Pricing Supplement dated •

CAJA VITAL FINANCE B.V.

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Guaranteed by

**CAJA DE AHORROS DE VITORIA Y ALAVA - ARABA ETA GASTEIZKO AURREZKI
KUTXA**

under the EUR 350,000,000

Euro Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 16 February 2005. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [current date] [and the supplemental Offering Circular dated •], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto.]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

- | | | | |
|----|------|---|---|
| 1. | (i) | Issuer: | Caja Vital Finance B.V. |
| | (ii) | Guarantor: | Caja de Ahorros de Vitoria y Alava - Araba eta Gasteizko Aurrezki Kutxa |
| 2. | [i] | [Series Number:] | [] |
| | [ii] | [Tranche Number:
(If fungible with an existing
Series, details of that Series,
including the date on which the | [] |

Notes become fungible).]

3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
- [(i)] [Series:] []
- [(ii)] [Tranche: []]
5. [(i)] Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
- [(ii)] Net proceeds: [] (*Required only for listed issues*)]
6. Specified Denominations: []
[]

Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the issuer in the United Kingdom or whose issue otherwise constitutes a contravention of S 19 FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

Notes which may be listed on the Luxembourg Stock Exchange and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system situated or operating in a member state of the European Union may not have a minimum denomination of less than EUR1,000 (or nearly equivalent in another currency)

7. [(i)] Issue Date: []
- [(ii)] Interest Commencement Date: []
8. Maturity Date: [*specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]

[*In relation to Notes redeemable by instalments, specify applicable redemption*]

dates]

[If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the FSMA must be available.]

9. Interest Basis: [• % Fixed Rate]
[[specify reference rate] +/- • % Floating Rate]
[Zero Coupon]
[Index-Linked Interest]
[Other (specify)]
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
[Index-Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[Other (specify)]
11. Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis*]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. (i) Status of the Notes: [Senior/[Dated/Perpetual]/Subordinated]
(ii) Status of the Guarantee of the Notes: [Senior/[Dated/Perpetual]/Subordinated]
14. Listing: [Application has been made for the Notes to be listed on the Luxembourg Stock Exchange/other (specify)/None]
15. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]*/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [] [per Note of [] Specified Denomination and per Note of [] Specified Denomination]
- (iv) Day Count Fraction: [30/360]/[Actual/Actual (ISMA/ISDA) /other]
- (v) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]]*
- (vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
(Consider if day count fraction, particularly for Euro denominated issues, should be on an Actual/Actual basis. Also consider what should happen to unmatured Coupons in the event of early redemption of the Notes.)
17. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph.)
- (i) Specified Period: []
(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention.)

- (x) Maximum Rate of Interest: [] per cent. per annum
- (xi) Day Count Fraction: []
- (xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
18. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) [Amortisation/Accrual] Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable: of *[Consider whether it is necessary to specify a Day Count fraction for the purposes of Condition 10(g)]*
19. **Index-Linked Interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Index/Formula: *[Give or annex details]*
- (ii) Calculation Agent responsible for calculating the interest due: []
- (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: []
- (iv) Specified Period: []
(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable".)
- (v) Specified Interest Payment Dates: []
(Specified Period and Specified Interest

Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable".)

- (vi) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (vii) Additional Business Centre(s): []
- (viii) Minimum Rate of Interest: [] per cent. per annum
- (ix) Maximum Rate of Interest: [] per cent. per annum
- (x) Day Count Fraction: []
20. **Dual Currency Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [*Give details*]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: []
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: []
- (iv) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

21. **Call Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such []

- amount(s):
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: []
- (b) Maximum Redemption Amount: []
- (iv) Notice period: []
22. **Put Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):
- (iii) Notice period: []
23. **Final Redemption Amount of each Note** [[] per Note of [] specified denomination/other /see Appendix]
24. **Early Redemption Amount**
- Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions): [Not Applicable *(if both the Early Redemption Amount (Tax) and the Early Termination Amount are the principal amount of the Notes/specify the Early Redemption Amount (Tax) and/or the Early Termination Amount if different from the principal amount of the Notes)*]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes: **Bearer Notes:**
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

- [Temporary Global Note exchangeable for Definitive Notes on [] days' notice]
- [Permanent Global Note exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
26. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 16(ii), 17(iii) and 19(vi) relates*]
27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details*]
29. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details*]
30. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition • [annexed to this Pricing Supplement] apply]
31. Consolidation provisions: [Not Applicable/The provisions [in Condition • [annexed to this Pricing Supplement] apply]
32. Other terms or special conditions: [Not Applicable/*give details*]

DISTRIBUTION

33. (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Stabilising Manager (if any): [Not Applicable/*give name*]

34. If non-syndicated, name of Dealer: [Not Applicable/*give name*]
35. TEFRA: [*Not Applicable/The [C/D] Rules are applicable*]
36. Additional selling restrictions: [Not Applicable/*give details*]

OPERATIONAL INFORMATION

37. ISIN Code: []
38. Common Code: []
39. Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Société Anonyme, and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
40. Delivery: Delivery [against/free of] payment
41. Additional Paying Agent(s) (if any): []

[LISTING APPLICATION

This Pricing Supplement comprises the final terms required for the Notes described herein to be listed pursuant to the EUR 350,000,000 Euro Medium Term Note Programme of Caja Vital Finance B.V. guaranteed by Caja de Ahorros de Vitoria y Alava - Araba eta Gasteizko Aurrezki Kutxa.]

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By:
Duly authorised

Signed on behalf of the Guarantor:

By:
Duly authorised

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "Accountholder") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer or the Guarantor to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer or the Guarantor in respect of payments due under the Notes and such obligations of the Issuer and the Guarantor will be discharged by payment to the bearer of the Global Note.

Exchange of Temporary Global Notes

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure:

- (a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated, to the bearer of the Temporary Global Note;
or
- (b) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and received by the Fiscal Agent against presentation and (in the case of final exchange) surrender of the Temporary Global Note at the Specified Office of the Fiscal Agent within 7 days of the bearer requesting such exchange.

Whenever a Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note at the Specified Office of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (b) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or
- (c) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary Global Note 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 of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such thirtieth day (in the case of (b) above) or at 5.00 p.m. (London time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under a deed of covenant dated 16 February 2005 (the "Deed of Covenant") executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Exchange of Permanent Global Notes

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or

- (b) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes 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 of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant. Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Conditions applicable to Global Notes

Each Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note at the Specified Office of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that the same is noted in a schedule thereto.

Exercise of put option: In order to exercise the option contained in Condition 10(e) (*Redemption at the option of Noteholders*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 10(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions.

Notices: Notwithstanding Condition 19 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depositary or a common depositary for Euroclear and/or Clearstream,

Luxembourg and/or any other relevant clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 19 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Redenomination: If the Notes are redenominated pursuant to Condition 22 (*Redenomination, Renominalisation and Reconventioning*), then following redenomination:

- (a) if Definitive Notes are required to be issued, they shall be issued at the expense of the Issuer in the denominations of euro 0.01, euro 1,000, euro 10,000, euro 100,000 and such other denominations as the Fiscal Agent shall determine and notify to the Noteholders; and
- (b) the amount of interest due in respect of Notes represented by a Permanent Global Note and/or a Temporary Global Note will be calculated by reference to the aggregate principal amount of such Notes and the amount of such payment shall be rounded down to the nearest euro 0.01.

DESCRIPTION OF THE ISSUER

Introduction

Caja Vital Finance B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), was incorporated under the laws of The Netherlands on 27 October 2003 for an unlimited duration and with the purpose of issuing Notes under the Programme in accordance with the objects clause contained in article 3 of the Deed of Incorporation of the Issuer which reads as follows:

- "3.1 The objects for which the Company is established are:
- (a) to raise finance through, inter alia, the issuance of bonds, notes and other debt instruments, the entering into loan agreements, derivatives and other instruments evidencing indebtedness;
 - (b) to incorporate and participate in Group Companies and Subsidiaries;
 - (c) to finance Group Companies and Subsidiaries through, inter alia, bonds, notes, loans, deposits and other debt instruments, shares, warrants, derivatives, and other similar financial instruments;
 - (d) to acquire, purchase, manage and sell claims and part of claims, to grant security, surety and/or guarantees, in whatever form for obligations and liabilities of the Company and/or Group Companies and/or Subsidiaries;
 - (e) to enter into swaps and other derivative transactions, letters of credit, guarantees, insurances, or other credit support or credit enhancement documents or other hedging agreements in connection with the above objects;
 - (f) to enter into agreements with third parties relating to the above objects; and
 - (g) to do all such things as are incidental or may be conducive to the above objects or any of them.
- 3.2 The Company may not make loans with a view to enabling others to take or acquire Shares or depository receipts therefore."

The Issuer's corporate seat (statutaire zetel), registered office and correspondence address is at Rokin 55, 1012- KK, Amsterdam, The Netherlands. The Issuer is registered in the trade register of the Chamber of Commerce and Industry in Amsterdam under number 34194729.

History

The Issuer has not previously carried on any business or carried on any activities other than those incidental to its registration, the authorisation and issues of Notes contemplated in this Offering Circular and the other matters described or contemplated in this Offering Circular and the obtaining of all approvals and the effecting of all registrations and filings necessary or desirable for its business activities.

Ownership and Capital Structure

The Issuer has an issued and outstanding share capital of EUR 1,500,000 consisting of 1,500 common shares with a nominal value of EUR 1,000 each, all of which are fully paid up and held by Caja de Ahorros de Vitoria y Alava - Araba Eta Gasteizko Aurrezki Kutxa.

Financial Statements

As of the date of this Offering Circular, the Issuer has not published any financial statements.

Business

The principal business of the Issuer is to raise fund on the capital and money markets to finance the business activities of Caja de Ahorros de Vitoria y Alava - Araba Eta Gasteizko Aurrezki Kutxa and its subsidiaries.

Management

The managing directors (*statutair bestuurder*) of the Issuer are MeesPierson Intertrust B.V and Mr. José Ignacio Iglesias Lezama.

The Issuer does not have any employees.

Tax Status of Issuer

The Issuer is a resident of The Netherlands for Dutch tax purposes.

Capitalisation and Indebtedness of the Issuer

The following table sets out the capitalisation and indebtedness of the Issuer as at 30 September 2004. There has not been material change in the capitalisation or indebtedness of the Issuer since that date.

	As at 30 September 2004
	<i>(In thousands of Euros)</i>
Short term Liabilities (1)	0
Long term Liabilities (2)	100,000
Shareholders' equity	
Share Capital	1,500
Reserves	-
Profit for the period	21
Total shareholders' equity	1,521
Total capitalisation and indebtedness	101,521

(1) Does not include the total amount of interest accrued related to the long term liabilities that will be paid in the short term.

(2) In February 2005 the Issuer intends to issue Notes with an aggregate nominal amount EUR 250,000,000 under this Programme.

DESCRIPTION OF THE GUARANTOR

Introduction

Caja de Ahorros de Vitoria y Alava - Araba eta Gasteizko Aurrezki Kutxa ("Caja Vital" or the "Guarantor"), with its headquarters in the province of Alava of the Basque Country (Pais Vasco) in northern Spain, is a savings bank incorporated with unlimited duration under the laws of the Kingdom of Spain and is regulated and controlled by the Bank of Spain. Caja Vital is the result of the merger in 1990 of Caja Provincial de Ahorros de Alava (founded in 1890) and Caja de Ahorros y Monte de Piedad de Vitoria (founded in 1850).

Caja Vital is registered in the Special Register of Popular Savings Banks of the Bank of Spain with the banking identification number 2097 and in the Basque Register of Savings Banks. It is also registered in the Mercantile Register of Alava. Its head office is located in C/Postas, núms. 13-15, 01004 Vitoria.

Spanish savings banks are non-profit financial institutions devoted to the raising, management and investment of resources, and are at the service of its customers and the economic development of the territory in which they carry out their activities. Due to their specific juridical nature, Spanish savings banks have neither share holders nor share capital. Accordingly, they allocate a portion of their net revenues to reserves in order to comply with the Bank of Spain's regulation on financial institutions' capitalisation and in order to increase their financial strength. The surplus amount not allocated to reserves is channelled back to the community through social and cultural projects.

Moody's Investors Services Limited ("Moody's") and Fitch Ratings Limited ("Fitch Ratings") have assigned credit rating to Caja Vital. The credit ratings assigned are A2 for long-term debt and Prime-1 for short-term debt by Moody's and A for long-term debt and F1 for short-term debt by Fitch Ratings, the outlook for these credit ratings is stable. A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Notwithstanding the rating of the Programme given by the respective Rating Agencies, it should be noted that specific Tranches of Notes issued under the Programme may be given different ratings than those given to the Programme or may have no rating specified.

Caja Vital and its subsidiaries' total equity as at 31 December 2003 amounted to EUR 440.20 million after the distribution of net income for the year. Financial information relating to any date or period after 31 December 2003 contained in this document is unaudited and, unless stated otherwise, financial information is stated on a consolidated basis.

Source: the information set out in the paragraphs below includes information taken from the Fitch Ratings report of June 2004, Moodys Report of December 2004 and Caja Vital's last audited consolidated financial statements.

Overview

Caja Vital's main business is retail deposit taking and mortgage lending. In addition it lends to the public sector, individuals (consumer loans) and mainly to small and medium-sized enterprises ("SMEs") mainly funded by retail deposits. The business of Caja Vital is

concentrated in the Alava province and therefore its success and prospects are largely determined by economic and political developments in this region.

The Basque Country, one of the seventeen Autonomous Communities (Comunidades Autonomas) of Spain is divided into three historic territories or provinces in each of which is domiciled a Savings bank (Bilbao Bizkaia Kutxa -province of Vizcaya-, Caja de Guipuzcoa y San Sebastián -province of Guipúzcoa-, and Caja Vital -province of Alava-). Each of these savings bank enjoys a sizeable share of its provincial market, each has strong links with its respective local governments, as well as commerce and industry in the region, and each is heavily involved in local cultural events and in supporting the local community. Although competition is high, each of the Basque savings banks focuses on its home market respectively.

Caja Vital was the 30th largest Spanish savings bank (43th largest banking group in Spain) ranked by total assets at the end of 2003. At the end of 2003 it employed 724 staff and had 115 branches.

The strength of Caja Vital in the Alava province is reflected in the maintenance of a share of around 55 per cent. of the retail deposit market and around 39 per cent. of the loans market. Although, as mentioned above, by definition Caja Vital is a non-profit financial institution, it is run on commercial grounds.

As mentioned above, Caja Vital's operations are predominantly concentrated in the province of Alava. Nevertheless Caja Vital's ongoing strategic plan has resulted in a conservative expansion beyond its home market into neighbouring regions and Madrid. Of its 115 offices, 15 are located outside Alava. In 2003, six new offices were opened in Madrid, Vitoria, Santander, León and Logroño, and one was closed in Alava. Three new offices are planned for 2004 in Madrid, Salamanca and Zaragoza.

Caja Vital's cost efficiency ratio is good and outperforms its peer group average, reflecting a determined effort to contain costs. Non-interest cost growth remained in line with inflation in 2003, in spite of the additional burden incurred through expansion.

The funding of Caja Vital is primarily from retail customer deposits, which represent 74.33 per cent. of total liabilities at 31 December 2003.

The equity of Caja Vital consists mainly of reserves generated by retained earnings.

Risk Management. The main risks of Caja Vital are of a credit nature. Market risk is controlled by a financial risk management committee, which operates through the treasury department of Caja Vital.

Credit Risk: Credit procedures, limits and monitoring are centralised, and although there is a fair degree of flexibility in loan approval, limits are established at branch, zone, division and executive levels. The ultimate responsibility for the risk management policies and limits of Caja Vital lies with senior management and the board of directors. It has an automated scoring system for loans to individuals.

The impaired loans of Caja Vital have fallen steadily in recent years reflecting enhanced credit procedures and a strong local economy. Impaired lending as a percentage of total loans fell to a

historic low of 0.58 per cent. at the end of 2003. Loan loss coverage rose to 384 per cent.; the statistical reserve had already been fully provided for in advance.

Market Risk is concentrated in structural balance sheet mismatches controlled by asset and liability management ("ALM"). ALM is generally confined to gap analysis and various simulation techniques reviewed by the asset and liability committee that meets quarterly.

Accounting Matters

The accounts of Caja Vital are presented in accordance with Spanish banking and accounting law. Since 1997, Caja Vital has been making loan loss and other provisions in excess of those required by the Bank of Spain. The effect on consolidated equity of these provisions totalled approximately EUR 20,994,000, after taxes, at 31 December 2003, approximately EUR 24,255,000 before taxes at 30 June 2004 and approximately EUR 25,437,000 before taxes at 31 December 2004. Additionally, Caja Vital has been passing on excess loan loss and special reserves to equity on a yearly basis, transferring EUR 2,8 million, net of taxes, in 2003. Caja Vital has not made any transfers of provisions directly to reserves during 2004. As with all savings banks, Caja Vital channels part of its yearly 'surplus' into the community by means of social and cultural projects, funded by an on-balance sheet Charity-Social Works Fund (*Fondo Obra Benéfico-Social*) ("FOBS"). In 2003 it distributed 26 per cent. of Caja Vital's own net income to the FOBS.

Circular 4/2004 of Bank of Spain of 22 December 2004 will come into force in 2005 and introduces certain new accounting principles. These new accounting principles must be applied to both individual and consolidated financial statements of credit institutions in Spain and differ to those applied in preparing financial statements for the years ended 31 December 2003 and 2004.

Bank of Spain has permitted delaying the full application of these new accounting principles to June 2005 but with retroactive effect. Financial statements for 2004 must be restated accordingly with these accounting principles in order to present comparative financial information. In general, the net effect of these changes of the accounting principles must be registered against reserves at the effective date. Caja Vital is working in adopting these new criteria. Some of the most relevant general principles are described below:

- Financial instruments available for sale must be recorded at their fair value. The changes in the fair value until their sale date will be registered directly in equity.
- Other financial instruments such as held-to-maturity investments and loans and receivables will be recorded at their amortised cost using the effective interest rate, less any reduction for impairment or uncollectibility.
- The recognition of revenue for financial service fees depends on the purposes for which the fees are assessed. Certain fees for financial services must form part of the effective interest rate and will be recognised in the profit and loss account along the life of the financial instrument according to that rate.
- In general, derivatives must also be recorded at their fair value, registering their changes in the profit and loss account, except for certain particular cases.

- Bank of Spain set new criteria, methods and parameters to calculate loan provisions. These parameters will regularly be updated by Bank of Spain according to the evolution of the information obtained from the credit institution sector in Spain.
- Tangible fixed assets are, in general, recorded at their acquisition cost. However, entities have the possibility to record, in certain circumstances, some of these assets at their fair value at 1 January 2004, registering the changes in value at that date directly in reserves.
- Financial assets as well as other assets are subject to periodic tests of impairment and impairment losses must be registered in the profit and loss account.
- The criteria to determinate whether a subsidiary or an associated company must be consolidated or not may differ from current and they reinforce the concept of control and significant influence to conclude.

Subsidiaries and Shareholding Companies of the Guarantor

The following table sets out the most significant subsidiaries and shareholding companies of the Guarantor as at 31 December 2003.

SUBSIDIARIES

Company	Activity	Registered Office	% direct or indirect shareholdings
Shareholdings in Group companies:			
Dinero Activo, S.A.	Financial intermediary services	S. Prudencio, 31, Edificio Ópera, 3, 01005 Vitoria	100.00%
Vitalgestión S.G.I.I.C., S.A.	Investment fund management	Postas, 12-1º, 01001 Vitoria	100.00%
CVK Financial Limited	Issue of financial instruments	Ugland House, 113 St. Church P.O. Box 309, Cayman Islands	100.00%
Caja Vital Finance, B.V.	Issue of financial instruments	PO Box 190 3000 AD, Weens 886 3012 CN Rotterdam - HOLLAND	100.00%
Viuc Promociones, S.A.	Real estate development	Olaguibel, 2 01001 Vitoria	100.00%
Araba Gertu, S.A.	Business development	Olaguibel, 2 01001 Vitoria	100.00%
Lasgarre, S.A.	Real estate operations	Olaguibel, 2 01001 Vitoria	100.00%

Mail Investment, S.A.	Business development	Fueros, 15 – 2º 01004 Vitoria	100.00%
Vitalquiler, S.L.	Housing development & rental	Postas, 13, 01004 Vitoria	60.00%
Promociones Inmobiliarias Alavesas, S.A.	Car park construction & exploitation	Postas, 13, 01004 Vitoria	100.00%
Euromilenio Proyectos, S.L.	Real state and rent operations	Olaguibel, 2 01001 Vitoria	60.00%
Estacionamientos Urbanos del Norte, S.L.	Car park construction & exploitation	Pol. Gamarra, 1, Edificio Deba, Of. 112 01013 Vitoria	60.00%

(1) Negative figures in the "Reserves" column above reflect accumulated losses from previous business years.

(2) Negative figures in the "Interim Dividends" column above are negative to reflect that such interim dividends have been paid.

SIGNIFICANT SHAREHOLDINGS

Company	Activity	%direct or indirect shareholdings Shareholdings:
Biharko Aseguradora, S.A.	Insurance & reinsurance, except life	15.00%
Biharko Vida y Pensiones, S.A.	Insurance & reinsurance, life	15.00%
Norbolsa, S.V.B., S.A	Broker-dealer	13.00%
Serinor, Sociedad Civil	IT services	22.10%
Ahorro Corporación Gestión, S.G.I.I.C., S.A.	Investment fund management	1.12%
Ahorro Corporación, S.A.	Financial management & advisory serv.	2.68%
Araba Logística, S.A.	Transports logistic centre	39,50%
Besaide, Sociedad Civil	IT systems	15.00%
Biharko consultoría F. de Pens. y EPSV, S.A.	Pension fund advisory services	11.67%
C.A.F. (Const. y Aux. de Ferrocarriles, S.A.)(1)	Transport materials	5.02%
C.T.V. (Centro de Transportes de Vitoria, S.A.)	Transport	24.92%
Egia, S.A.	Insurance brokerage	20.00%
Elkano XXI Fondo de Capital Riesgo	Venture capital fund	4.68%
Elkargi, S.R.G.	Reciprocal guarantee company	0.74%
EURO 6000, S.A.	ATM network management	1.77%
Euskadiko Alokairuzko Etxebizitzak, S.A.	Housing rental management company	6.50%
Euskaltel, S.A.	Telecommunications	5.00%
G.C.R.P.V. (Gest. del cap.riesgo P. Vasco, S.A.)	Venture capital company	3.00%
G.T.T. (Gestión Tributaria Territorial, S.A.)	Tax management company	3.20%
GEINSA (Gestión e invest. de activos, S.A.)	Real estate development	15.00%
Ibermática, S.A.	IT services	11.20%
IKEI (Inst. Vasco de Estudios e Investig., S.A.)	Study and research institute	2.36%
Iniciativa Alavesa de Comercio, S.A.	Commercial development	33.02%
Inmogrup, Grupo de Prom. Inmobiliaria, S.A	Real estate development	7.14%
Lico Corporación, S.A.	Business group	5.14%

Luzaro Establecimiento financ. de Crédito, S.A.	Participating loans company	9.26%
Mastercajas, S.A.	Business organisation activities	1.89%
MCC Desarrollo, S.P.E., S.A.	Business development company	5.00%
OINARRI, S.R.G.	Guarantee company	1.04%
Orubide, S.A.	Land management company	6.50%
Promotora Bilbao Plaza Financiera, S.A.	Financial entity	1.00%
S.P.R.I. (Sociedad para Reversión Industrial, S.A.)	Promoción y Development company	0.35%
SERVATAS (Serv. Vascos de Tasaciones, S.A.)	Valuations	15.00%
Servimática, S.A.	IT services	21.00%
Suztapan Fondo de Capital y Riesgo	Development of non-financial companies	5.67%
Talde, promoción desarrollo, S.R.C., S.A.	Development of non-financial companies	8.32%
Tubos Reunidos, S.A. (1)	Steel pipes fabrication	3.01%
Viajes Gantour, S.A.	Retail travel agency	30.00%
VIKESA (Vivienda y Suelo de Euskadi, S.A.)	Subsidised housing developer	4.29%
Zihurko, S.A.	Insurance brokerage	30.00%
Other shareholdings:		
Spanish Confederation of Savings Banks (CECA) (Cuotas Confederated Asociativas)	Savings banks, promoter	1.80%
Sarkis, Proinasa, Saba Aparcamientos, U.T.E.	Car part construction & exploitation	33.33%
Tesorería Lotería Ceca-Cajas, U.T.E.	Treasury services	3.01%
U.T.E. BBK-KUTXA-VITAL	Financial services (methods of payment)	14.97%
U.T.E. Gazte Txartela	Financial services (methods of payment)	14.97%

(1) Listed company.

Management of the Guarantor

The governing bodies of the savings banks in Spain are regulated by Law 31/1985 of regulation of the Basic Rules in the Governing Bodies of Savings Banks (“ Law 31/1985 ”). Law 31/1985 represents the general framework and is developed further by regulations of the relevant regional authority. In the case of Caja Vital, it has been developed by the Regional Government of the Autonomous Community of the Basque Country by means of the Law 3/2003 of *Savings Banks* of 7 May 2003.

The governing bodies of Caja Vital consist of the General Assembly, the Board of Directors and the Control Commission. There is also an Executive Commission with functions delegated by the Board of Directors.

The General Assembly is the main governing body of Caja Vital. It comprises 100 members elected by the depositors, the public administration, the employees and the funders of Caja Vital.

The Board of Directors is the main body responsible for the management, administration and representation of Caja Vital, including its social projects. It is composed of 16 members who are representatives of the different groups which make up the General Assembly. The Executive Commission is formed by the president of the Board of Directors and 6 members of the Board of Directors. The Executive Commission is responsible for the day to day management of the Group including staff, investment and risk management.

The Control Commission is the body responsible to ensure that the Board of Directors acts in accordance with the general guidelines set by the General Assembly and with the objectives of Caja Vital and in compliance with the applicable regulations.

The table below sets forth the names of the members of the Board of Directors of Caja Vital, their current positions and the date each such position was assumed. The business address of all the members of the Board of Directors is C/Postas núms. 13-15., 01004 Vitoria, Gasteiz.

Name	Position	Year initially appointed
D. Juan Carlos ALONSO RAMÍREZ DE LA PECIÑA	Vice President 2	31 March 2004
D ^a . María Teresa CRESPO DEL CAMPO	Vice President 1	31 March 2004
D. Javier DE ANDRÉS GUERRA	Member	31 March 2004
D ^a . Idoia GARMENDIA TELLERÍA	Member	31 March 2004
D. Ernesto LADRÓN DE GUEVARA LÓPEZ DE ARBINA	Member	31 March 2004
D. Juan Antonio LARISGOITIA ZÁRATE	Member	31 March 2004
D. José Javier LASARTE IRIBARREN	Member	31 March 2004
D. Javier Ignacio MAROTO ARANZÁBAL	Secretary	31 March 2004
D. Eduardo MARTÍNEZ DE SORIA FERNÁNDEZ	Member	31 March 2004
D. Javier NOGALES RODRÍGUEZ	Member	31 March 2004
D. Gregorio ROJO GARCÍA	President	31 March 2004
D. Miguel Ángel RUBIO ORIO	Member	31 March 2004

D. Alfonso SÁIZ GALLEGO	Member	31 March 2004
D ^a . María Eugenia SUÁREZ-ALBA AZANZA	Member	31 March 2004
D. Rafael UGARTE CARLOS DE VERGARA	Member	31 March 2004
D. Juan Antonio ZÁRATE PÉREZ DE ARRILUCEA	Member	31 March 2004

Except for certain functions performed within the public institutions by the Directors of Caja Vital, none of them perform activities outside the Caja Vital which are significant with respect to the Caja Vital.

The executive officers of Caja Vital, their positions and address are as follows:-

Name	Position
D. José Alberto BARRENA LLORENTE	General Manager
D. José Ignacio BESGA ZUAZOLA	General Vice Manager - General Secretary
D. José Ignacio IGLESIAS LEZAMA	General Vice Manager - Economic Finance
D. Mariano CAUDEPÓN GURRÍA	Area Director - Corporate Banking
D. Rafael GÓMEZ-ESCOLAR MAZUELA	Area Director - Charity-Social Works (OBS)- Communication-Security
D ^a . Esther ALDAY CARRASCO	Department Director - Human Resources
D. Francisco Javier ALEJO FARIÑAS	Department Director - Marketing
D ^a . Esther ARANZÁBAL SAN VICENTE	Department Director - Operations and Procedures
D. José Manuel FUENTES MARTÍN	Department Director - Private Banking

Address applicable to all the officers: C/Postas núms. 13-15., 01004 Vitoria. Gasteiz.

Capitalisation of the Guarantor

The following table sets out the capitalisation of the Guarantor and its subsidiaries (together the “Group”) based on the audited consolidated accounts as at 31 December 2002 and 31 December 2003 and unaudited figures for 30 September 2004. Except as indicated in notes (4) and (5) below, there have been no material changes in the financial situation of the Guarantor since 30 September 2004.

	(in thousands of euros)		
	September 2004	December 2003	December 2002
Long-term debt			
Subordinated debt	32,294	32,294	32,294
Debentures and Bonds	100,000	40,000	140,000
Total long-term debt (1)	132,294	72,294	172,294
Short-term debt			
Debentures and Bonds	340,743	299,498	146,694
Total short-term debt	340,743	299,498	146,694
 Total subordinated debt and other debt represented by negotiable securities (3) (4)(5)	 473,037	 371,792	 318,988
Equity			
Retained earnings and other reserves	440,163	403,652	364,883
Surplus for the period attributable to the Group	35,920	48,838	47,451
Amount to be distributed to charity social work (2)	-	(12,287)	(11,694)
Total equity	476,083	440,203	400,640
Total capitalisation and indebtedness	949,120	811,995	719,628

- (1) Issues of securities with a maturity within the twelve months following the dates expressed above are included as short-term debt notwithstanding that Caja Vital may renew such indebtedness in accordance with normal business practice.
- (2) In compliance with current Spanish Saving Banks regulation, Caja Vital distributes an amount of the net surplus for the year to maintain social community projects. The amount distributed to these projects for the years ended 31 December 2003 and 2002 was around 26 per cent of Caja Vital’s surplus. The corresponding amount for 2004 will be proposed by the Board of Directors to be approved by General Assembly together with the annual accounts of 2004.
- (3) The increase in total subordinated debt and other debt represented by negotiable securities between December 2003 and September 2004 is mainly derived from the issue of EUR 100 million Euro Medium Terms Notes by Caja Vital Finance B.V. of which EUR 50 million notes mature on 30 July 2009 and EUR 50 million notes on 30 July 2019. Both, under the

Caja Vital Finance B.V. EMTN Programme of a maximum of EUR 350 million, are included as long-term debt in September 2004. In contrast, 7th issue of treasury bonds “Bonos Tesorería Caja Vital” on September 2002 of EUR 40 million, maturing on 30 September 2005, are presented as short-term at 30 September 2004.

- (4) The 8th issue of treasury bonds “*Bonos Tesorería Caja Vital*” of EUR 100 million maturing in October 2004 has been substituted as at that date by the 10th issue of treasury bonds “*Bonos Tesorería Caja Vital*” of EUR 100 million maturing on April 2006. Additionally, in November 2004 Caja Vital set up a new commercial paper programme with a maximum aggregate principal amount of EUR 100 million, therefore short-term commercial paper increases by approximately EUR 78 million at December 2004. In consequence, between September 2004 and December 2004 long-term debt increases by EUR 100 million while short-term debt decreases by approximately EUR 22 million.
- (5) In February 2005, Caja Vital Group intends to issue Notes with an aggregate nominal amount of EUR 250 million under this Programme.

Summary Financial Information Relating to the Guarantor

The following tables set out, in summary form, consolidated balance sheet and income statement information relating to the Guarantor. Such information is derived from the audited consolidated financial statement of the Guarantor as at and for the years ended 31 December 2002 and 31 December 2003 and from the unaudited consolidated financial statements of the Guarantor as at and for the nine months ended 30 September 2003 and 30 September 2004. The financial information presented below should be read in conjunction with the annual accounts and the audit reports of PricewaterhouseCoopers in respect of the Guarantor.

**CONSOLIDATED BALANCE SHEETS OF THE GUARANTOR AS OF 31 DECEMBER 2003 AND
2002**

	As of 31 December	
	2003	2002
	(Thousands of euros)	
<u>ASSETS</u>		
Cash and deposits at central banks	78,479	61,699
Government debt securities	715,467	685,251
Credit institutions	248,905	284,768
On demand	25,041	18,818
Other loans	223,864	265,950
Customer loans	3,309,858	2,852,674
Bonds and other fixed-income securities	311,406	346,960
Public issues	119,641	115,699
Other issues	191,765	231,261
Shares and other variable-income securities	65,637	64,957
Shareholdings	68,031	56,672
Shareholdings in Group companies	5,335	3,019
Intangible fixed assets	499	418
Goodwill on consolidation	86	174
using full / proportional consolidation methods	0	4
using equity method	86	170
Tangible fixed assets	85,424	81,529
Other assets	24,029	32,055
Accrual accounts	34,499	42,143
Losses in consolidated companies	11,818	8,595
TOTAL ASSETS	4,959,473	4,520,914
Memorandum accounts	1,075,123	895,482

As of 31 December

	2003	2002
	(Thousands of euros)	
<u>LIABILITIES</u>		
Credit institutions	293,261	167,607
On demand	2,283	9,925
Term deposits subject to prior notice	290,978	157,682
Customer deposits	3,686,812	3,451,954
Savings accounts	2,770,126	2,510,265
Other deposits	916,686	941,689
Debts represented by negotiable securities	339,498	286,694
Other liabilities	70,721	82,419
Accrual accounts	30,187	38,162
Provisions for liabilities and charges	41,575	40,650
Negative difference on consolidation	817	205
Consolidated surplus for the year	48,838	47,451
Group	48,838	47,451
Subordinated debt	32,294	32,294
Reserves	402,303	364,444
Revaluation reserves	-	-
Reserves in consolidated companies	13,167	9,034
using full / proportional consolidation methods	3,730	2,951
using equity method	9,437	6,083
TOTAL LIABILITIES	4,959,473	4,520,914

**CONSOLIDATED STATEMENTS OF INCOME OF THE GUARANTOR FOR THE YEARS ENDED
31 DECEMBER 2003 AND 2002**

(Thousands of euros)

	As of 31 December	
	2003	2002
Interest and similar income	175,796	195,088
Of which: fixed-income security portfolio	49,728	57,776
Interest and similar charges	(85,595)	(97,116)
Yield on equity portfolio	4,547	4,329
Shares and other variable-income securities	2,863	2,809
Shareholdings	1,684	1,520
Shareholdings in Group companies	-	-
NET INTEREST INCOME	94,748	102,301
Fee income	31,463	29,164
Commissions paid	(3,813)	(3,913)
Results from financial operations	12,855	2,920
ORDINARY MARGIN	135,253	130,472
Other operating income	1,298	1,411
General administrative expenses	(67,419)	(65,654)
Staff costs	(45,641)	(43,903)
Of which:		
Wages and salaries	(36,173)	(34,449)
Welfare expenses	(7,557)	(6,915)
Of which:		
Pensions	(938)	(724)
Other administrative expenses	(21,778)	(21,751)
Depreciation, amortisation and write-down of tangible and intangible fixed assets	(6,602)	(7,801)
Other operating charges	(1,113)	(1,056)
OPERATING MARGIN	61,417	57,372
Net results from companies consolidated using equity method	2,316	1,123
Share in profits of companies consolidated using equity method	4,098	5,066
Share in losses of companies consolidated using equity method	(146)	(2,459)
Value adjustments for dividends received	(1,636)	(1,484)
Amortisation of goodwill on consolidation	(88)	(98)
Surplus from Group operations	241	-
Gains on disposal of shareholdings consolidated using equity method	241	-
Losses on Group operations	-	(568)
Losses on disposal of shareholdings in companies consolidated using full and proportional methods	-	-
Losses on disposal of shareholdings consolidated using	-	(568)

equity method		
Loan-loss write-offs and provisions (net)	(8,752)	(8,266)
Write-down of financial investments	-	-
Extraordinary gains	17,359	12,083
Extraordinary losses	(12,943)	(3,380)
SURPLUS BEFORE TAXES	59,550	58,266
Corporate income tax	(10,712)	(10,815)
CONSOLIDATED SURPLUS FOR THE YEAR	48,838	47,451
Surplus attributable to minority shareholders	-	-
Surplus attributable to the Group	48,838	47,451

**CONSOLIDATED BALANCE SHEETS OF THE GUARANTOR AS OF 30 SEPTEMBER
2004 AND 2003**

	As of 30 September	
	2004	2003
A S S E T S	(Thousands of euros)	
Cash and deposits at central banks	47,343	57,926
Government debt securities	735,464	739,542
Credit institutions	375,365	262,129
On demand	20,745	19,160
Other loans	354,620	242,969
Customer loans	3,541,138	3,140,606
Bonds and other fixed-income securities	307,230	341,336
Public issues	119,468	121,222
Other issues	187,762	220,114
Shares and other variable-income securities	70,763	64,886
Shareholdings	75,358	59,242
Shareholdings in Group companies	7,994	8,556
Intangible fixed assets	661	429
Goodwill on consolidation	4,343	107
using full / proportional consolidation methods	----	----
using equity method	4,343	107
Tangible fixed assets	86,675	86,029
Other assets	33,117	36,627
Accrual accounts	42,163	44,148
Losses in consolidated companies	11,438	8,102
TOTAL ASSETS	5,339,052	4,849,665
Memorandum accounts	1,099,303	994,162

	As of 30 September	
	2004	2003
	(Thousands of euros)	
LIABILITIES		
Credit institutions	223,255	349,307
On demand	11,651	14,926
Term deposits subject to prior notice	211,604	334,381
Customer deposits	3,983,563	3,514,796
Savings accounts	3,085,699	2,518,107
Other deposits	897,864	996,689
Debts represented by negotiable securities	440,743	335,998
Other liabilities	76,233	76,513
Accrual accounts	42,255	43,743
Provisions for liabilities and charges	52,318	51,363
Negative difference on consolidation	870	218
Consolidated surplus for the year	35,920	36,297
Group	35,920	36,297
Subordinated debt	32,294	32,294
Reserves	436,256	396,662
Revaluation reserves	-	-
Reserves in consolidated companies	15,345	12,474
using full / proportional consolidation methods	4,247	3,032
using equity method	11,098	9,442
TOTAL LIABILITIES	5,339,052	4,849,665

**CONSOLIDATED STATEMENTS OF INCOME OF THE GUARANTOR FOR THE NINE
MONTHS ENDED 30 SEPTEMBER 2004 AND 2003.**

	As of 30 September	
	2004	2003
	(Thousands of euros)	
Interest and similar income	129,019	133,300
Of which: fixed-income security portfolio	35,556	37,630
Interest and similar charges	(59,572)	(65,379)
Yield on equity portfolio	2,861	3,086
Shares and other variable-income securities	1,507	1,913
Shareholdings	1,353	1,173
Shareholdings in Group companies	1	-
NET INTEREST INCOME	<u>72,308</u>	<u>71,007</u>
Fee income	26,775	23,405
Commissions paid	(2,839)	(2,789)
Results from financial operations	2,010	6,503
ORDINARY MARGIN	<u>98,254</u>	<u>98,126</u>
Other operating income	1,078	950
General administrative expenses	(53,294)	(51,015)
Staff costs	(36,523)	(34,762)
Of which:		
Wages and salaries	(29,049)	(27,348)
Welfare expenses	(5,952)	(5,552)
Of which:		
Pensions	(650)	(648)
Other administrative expenses	(16,771)	(16,253)
Depreciation, amortisation and write-down of tangible and intangible fixed assets	(5,133)	(4,920)
Other operating charges	(854)	(769)
OPERATING MARGIN	<u>40,051</u>	<u>42,372</u>
Net results from companies consolidated using equity method	3,439	3,754
Share in profits of companies consolidated using equity method	5,844	5,007
Share in losses of companies consolidated using equity method	(870)	(128)
Value adjustments for dividends received	(1,535)	(1,125)
Amortisation of goodwill on consolidation	(63)	(67)
Surplus from Group operations	26	-
Gains on disposal of shareholdings in companies consolidated using full and proportional methods	26	-
Losses on Group operations	-	-
Losses on disposal of shareholdings in companies consolidated using full and proportional methods	-	-

Losses on disposal of shareholdings consolidated using equity method	-	-
Loan-loss write-offs and provisions (net)	(5,403)	(4,357)
Write-down of financial investments	95	-
Extraordinary gains	7,284	10,645
Extraordinary losses	(1,762)	(9,033)
SURPLUS BEFORE TAXES	43,667	43,314
Corporate income tax	(7,747)	(7,017)
CONSOLIDATED SURPLUS FOR THE YEAR	35,920	36,297
Surplus attributable to minority shareholders	-	-
Surplus attributable to the Group	35,920	36,297

TAXATION

The Information provided below does not purport to be a complete summary of tax law and practice currently applicable in the Kingdom of Spain and The Netherlands. Prospective investors who are in any doubts as to their position should consult with their own professional advisers.

The Kingdom of Spain

Spanish Law 19/2003, which became effective on 6 July 2003, introduced a new tax and regulatory regime for preferred shares and other debt instruments issued by Spanish credit entities as well as by listed companies (other than credit entities), directly or indirectly through EU tax resident entities.

The main aspects of the new regime are the following:

- (i) Payments to non-Spanish resident holders of the Notes is to be treated in the same way as income deriving from Spanish Public Debt, and therefore, would not be subject to taxation in Spain, in accordance with Article 14 of Royal Legislative Decree 5/2004, of 5 March, except in the case of payments to holders which are resident in a tax haven territory (as defined in Royal Decree 1080/1991 of 5 July 1991) or holders acting through a permanent establishment in Spain.

- (ii) Regarding Spanish resident holders:

Individuals: Income derived, both from the receipt of Notes and from the transfer, redemption or repayment of the Notes, obtained by holders of the Notes who are individual Income Tax Payers in Spain shall be subject to withholding Tax.

Spanish Corporate Income Tax Payers: Income obtained both as interest and in connection with the transfer, redemption or repayment of the Notes by Spanish Corporate Income Tax Payers shall not be subject to withholding tax as provided by the Corporate Income Tax Regulations.

Income obtained through a permanent establishment in Spain: these holders of Notes will be subject to taxation substantially in the same manner as Spanish Corporate Income Tax Payers.

- (iii) Additionally, the Guarantor is obliged to disclose to the Spanish tax authorities and the institutions in charge of financial supervision the identity of the holders of the Notes.

On 30 July, Royal Decree 1778/2004 establishing information obligations in relation to preferred securities and other debt instruments and certain income obtained by individuals resident in the European Union and other tax rules was enacted.

This Royal Decree has developed the information obligations to be complied with by the Guarantor relating to the identity of the holders of the Notes, in the manner detailed under "Disclosure of Holder Information" below.

Payments under the Deed of Guarantee may be characterised as an indemnity and, accordingly, be made free and clear of withholding or deduction.

However, although there is no precedent or specific statement of law or regulation on the matter, the Spanish tax authorities may determine that the Guarantor has assumed the obligations of the Issuer in respect of (whether contractually or by any other means) the Notes. In such circumstances, the authorities could apply the provisions of the 2nd Additional Disposition of Law 13/1985, as amended by Law 19/2003, pursuant to which payments to non-Spanish resident holders of the Notes would be treated in the same way as income deriving from Spanish Public Debt and, therefore, would not be subject to taxation in Spain, in accordance with Article 14 of Royal Legislative Decree 5/2004, of 5 March, provided that the holder complies with the applicable formalities, if and as required by the law, to evidence its tax residence, except in the case of payments to holders obtaining the income through a tax haven territory (as defined in Royal Decree 1080/1991 of 5 July 1991) or holders acting through a permanent establishment in Spain.

The Netherlands

This section provides a general description of certain Dutch tax consequences of the holding of the Notes. This summary provides general information only and is restricted to the matters of Dutch taxation stated herein. It is intended neither as tax advice nor as a comprehensive description of all Dutch tax considerations that may be relevant to a decision to acquire, to hold, or to dispose of the Notes. This summary does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules.

Save as otherwise indicated, this summary only addresses the position of investors who do not have any connection with The Netherlands other than the holding of the Notes. As it is unlikely that any holder of a Note will have a substantial interest (*aanmerkelijk belang*), as defined in section 4.3 of the Dutch Income Tax Act 2001 (*Wet op de inkomstenbelasting 2001*), in the Issuer, this summary does not describe the tax consequences relating to a substantial interest.

Prospective investors should consult their own professional advisers with respect to the consequences of an investment in the Notes.

The summary provided below is based on the Dutch tax laws as generally interpreted and applied by the Dutch courts at the date of this Offering Circular, without prejudice to any changes in law or the interpretation or application thereof, which changes may be implemented with or without retroactive effect.

The Issuer has been advised that the following Dutch tax treatment will apply to the Notes provided that:

- (i) in each and every respect the terms and conditions of each of the documents of the Programme, the performance by the parties thereto of their respective obligations and the exercise of their rights thereunder and the transactions contemplated therein, including, without limitation all payments made thereunder, are at arm's length;
- (ii) Notes will not be issued under such terms and conditions that the Notes qualify as equity of the Issuer within the meaning of article 10, paragraph 1 under (d), of the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*);
- (iii) none of the Notes will have a maturity of more than 50 years;

- (iv) none of the Notes will be redeemable in exchange for, convertible into or linked to shares or other equity instruments issued or to be issued by the Issuer or by any entity related to the Issuer.

(A) Withholding Tax

All payments of interest and principal under a Note made by the Issuer may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

(B) Taxes on Income and Capital Gains

A holder of a Note (the "Noteholder") who derives income from a Note or who realises a gain from the disposal or redemption of a Note will not be subject to Dutch taxation on such income or gain, provided that:

1. the Noteholder is neither resident nor deemed to be resident in The Netherlands for Dutch tax purposes and, if the Noteholder is an individual, has not elected to be treated as a resident of The Netherlands for the purpose of the relevant Dutch tax law provisions;
2. the Noteholder does not have an enterprise or deemed enterprise (as defined in Dutch tax law) or an interest in an enterprise or deemed enterprise (as defined in Dutch tax law) that is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in The Netherlands and to which enterprise or part of that enterprise, as the case may be, the Notes are attributable;
3. the Noteholder is not entitled to a share in the profits of an enterprise that is effectively managed in The Netherlands, other than by way of securities or through an employment contract, and to which enterprise the Notes are attributable;
4. the Noteholder does not have a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest in the Issuer as defined in the Dutch Income Tax Act 2001 (*Wet op de inkomstenbelasting 2001*);
5. the Noteholder does not carry out and has not carried out employment activities in The Netherlands nor carries or carried out employment activities outside The Netherlands for which the remuneration is subject to Dutch wage withholding tax and with which employment activities the holding of the Notes is connected; and
6. the Noteholder does not derive benefits from the Notes that are taxable as benefits from miscellaneous activities in The Netherlands (*resultaat uit overige werkzaamheden in Nederland*) as defined in the Dutch Income Tax Act 2001 (*Wet op de inkomstenbelasting 2001*), which include, but are not limited to, activities in respect of the Notes which are beyond the scope of "regular active asset management" (*normaal actief vermogensbeheer*).

Under the Laws of The Netherlands a Noteholder will not be deemed resident, domiciled or carrying on a business in The Netherlands by reason only of its holding of the Notes or the performance by the Issuer of its obligations under the Notes.

(C) Gift and Inheritance Taxes

No gift, estate or inheritance taxes will arise in The Netherlands with respect to the acquisition of a Note by way of gift by, or on the death of, a Noteholder who is neither resident nor deemed to be resident in The Netherlands, unless:

1. the Noteholder at the time of the gift has or at the time of his death had an enterprise or an interest in an enterprise that is or was, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of an enterprise, as the case may be, the Notes are attributable;
2. the Notes are or were attributable to an enterprise that is effectively managed in The Netherlands and at the time of the gift the donor is, or at the time of his death the deceased was, entitled to a share in the profits of that enterprise or part thereof other than by way of securities or through an employment contract; or
3. in the case of a gift of Notes 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 the purpose of Dutch gift and inheritance tax, an individual who has the Dutch nationality will be deemed to be a resident of The Netherlands at the date of the gift or the date of his death if he has been a resident of The Netherlands at any time during the ten years preceding the date of the gift or the date of his death.

For the purposes of Dutch gift and inheritance tax, an individual who does not have the Dutch nationality, or an entity, will be deemed to be a resident of The Netherlands at the date of the gift if he has been a resident of The Netherlands at any time during the twelve months preceding the date of the gift.

(D) Turnover Tax

No turnover tax (*Omzetbelasting*) will arise in The Netherlands in respect of any payment in consideration for the issue of the Notes or with respect to any payment by the Issuer of principal or interest on the Notes.

(E) Stamp duty

No registration tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in The Netherlands in respect of or in connection with the issue of the Notes.

THE ABOVE SUMMARIES ARE NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE OWNERSHIP OF NOTES. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX

ADVISERS CONCERNING THE CONSEQUENCES OF THEIR PARTICULAR SITUATION.

EU Savings Directive

On 3 June 2003 the EU Council of Economic and Finance Ministers adopted a new directive regarding the taxation of savings income. The directive is scheduled to be applied by Member States from 1 July 2005, provided that certain non-EU countries adopt similar measures from the same date. Under the directive each Member State will be required to provide to that tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such person for, an individual resident in that other Member State; however, Austria, Belgium and Luxembourg may instead apply a withholding system for a transitional period in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to commence on the date from which the directive is to be applied by Member States and to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Disclosure of Holder Information

The Clearing Systems and Fiscal Agent are currently in discussions to harmonise the procedure for the provision of information as required by Spanish laws and regulations. The following is a summary only and is subject to the Clearing Systems' discussions as well as to further clarification from the Spanish tax authorities regarding such laws and regulations. Holders of Notes must seek their own tax advice. None of the Issuer, the Guarantor, the Arranger, the Dealers, the Paying Agents or the Clearing Systems assume any responsibility therefor.

The information obligations to be complied with by the Guarantor in relation to holders of Notes with no tax residence in Spain are those laid down in Section 12 of Royal Decree 2281/1998 ("Section 12"), as promulgated by Royal Decree 1778/2004, being the following:

In accordance with sub-section 1 of such Section 12, a return must be made to the Spanish tax authorities specifying the following information with respect to the Notes:

- (a) the identity and country of residence of the recipient of the income. When the income is received on behalf of a third party, the identity and country of residence of that third party;
- (b) the amount of income received; and
- (c) details identifying the Notes.

In accordance with sub-section 3 of such Section 12, for the purpose of preparing the return referred to in sub-section 1 of Section 12, the following documentation must be obtained on each payment of income evidencing the identity and residency of each holder of Notes with no tax residence in Spain:

- (a) if the non-resident holder of Notes acts on its own account and is a central bank, other public institution or international organisation, a bank or credit institution or a financial entity, including collective investment institutions, pension funds and insurance entities, resident in an

OECD country or in a country with which Spain has entered into a double tax treaty subject to a specific administrative registration or supervision scheme, the entity in question must certify its name and tax residency in the manner laid down in Annex I of the Order of 16th September 1991, promulgated pursuant to Royal Decree 1285/1991 (see Annex I below), of 2nd August establishing the procedure for the payment of interest on Book Entry State Debt (as defined therein) to non-residents who invest in Spain without the intervention of a permanent establishment;

(b) in the case of transactions in which any of the entities indicated in the foregoing paragraph (a) acts as intermediary, the entity in question must, in accordance with the information contained in its own records, certify the name and tax residency of each holder of Notes in the manner laid down in Annex II of the Order of 16th September 1991 (see Annex II below);

(c) in the case of transactions which are channelled through a securities clearing and deposit entity recognised for these purposes by Spanish law or by that of another OECD member country, the entity in question must, in accordance with the information contained in its own records, certify the name and tax residency of each holder of Notes in the manner laid down in Annex II of the Order of 16th September 1991 (see Annex II below);

(d) in other cases, residency must be evidenced by submission of the residency certificate issued by the tax authorities of the State of residency of the holder of Notes. These certificates will be valid for one year as from the date of issue.

The above documentation should be received by the Fiscal Agent and the Guarantor in accordance with the procedures established below.

Procedure

The following preliminary procedures apply to listed Notes in global form in order to permit the Guarantor to comply with its reporting obligations pursuant to Law 19/2003 and Royal Decree 1778/2004 as regards non-resident holders. The Clearing Systems and Deutsche Bank AG as Fiscal and Calculation Agent are currently in discussions to harmonise the procedure for the provision of information as required by such laws and regulations. The following is a summary only and is subject to such discussions. Holders of Notes must seek their own tax advice. None of the Issuer, the Guarantor, the Arranger, the Dealers or the Agents assume any responsibility therefor. Unlisted Notes will not be subject to the tax regime or reporting requirements established pursuant to the above legislation and their specific withholding tax regime will be specified in the relevant Pricing Supplement.

1. The Fiscal Agent will notify Euroclear and Clearstream, Luxembourg (the "Clearing Systems") via the common depository for the Clearing Systems (the "Common Depository") no later than 20 Business Days prior to each Interest Payment Date (or no later than the Issue Date if the first Interest Payment Date is less than 20 Business Days after the Issue Date), that, in relation to the relevant interest payment, Law 19/2003 and Royal Decree 1778/2004 procedures apply and requiring the relevant certificates from the Clearing Systems and the entities holding accounts with the Clearing Systems ("Participants" and "Customers").

2. The notice referred to in the paragraph above will be sent to Euroclear and Clearstream, Luxembourg via e-mail, SWIFT or any other authenticated and secure communication means as detailed in the Issue and Paying Agency Agreement.
3. The notice referred to in paragraph 1 above will specify the name and ISIN of the Notes, the Interest Payment Dates for which the information is being requested and the date by which such information must be received.

In relation to Holders Not Resident in Spain

4. Immediately on receipt of such notice from the Common Depository, each Clearing System will notify its Participants and Customers of the relevant interest payment, that the procedures under Law 19/2003 and Royal Decree 1778/2004 apply in connection with such interest payment and request their Participants and Customers to provide the following documentation dated the relevant Interest Payment Date:
 - (i) if the Participant or Customer is resident in an OECD country or a country which has entered into a treaty with Spain for the avoidance of double taxation (a "Tax Treaty Country") and is itself the beneficial owner of the Note, a Spanish language and English language Certificate for Own Account Investments in the form set out at Annex I;
 - (ii) if the Participant or Customer is resident in an OECD country or a Tax Treaty Country and is not the beneficial owner of the Note, a Spanish language and English language Certificate for Third Party Investments in the form set out at Annex II;
 - (iii) if the Participant or Customer is not resident in an OECD country or a Tax Treaty Country, an original tax residence certificate issued by the beneficial owner's local tax authorities (such certificates being valid for one year from their issue date) together with a list of beneficial owners, including the name, country of residence and income payable to each such beneficial owner.
5. No later than the relevant Interest Payment Date the Clearing Systems will send to the Common Depository such certificates received from their Participants and Customers.
6. The Common Depository will send the certificates and documents it has received from the Clearing Systems to the Fiscal Agent who in turn will send these to the Guarantor.

Annex I

The translation into English of this certificate is for information only and, in the case of discrepancy with the Spanish language version, such Spanish version will prevail

Modelo de certificación en inversiones por cuenta propia

Form of Certificate for Own Account Investments

(Nombre)
(Name) _____

(Domicilio)
(Address) _____

(NIF)
(Fiscal id number) _____

(en calidad de)

,en nombre y representación de la Entidad abajo señalada a los efectos previstos en el artículo 12.3.a) del Real Decreto 2281/1998, modificado por el Real Decreto 1778/2004,

(function) _____

,in the name and on behalf of the Entity indicated below, for the purposes of article 12.3.a) of Royal Decree 2281/1998, as amended by Royal Decree 1778/2004,

Certifico:

I certify:

1. Que el nombre o razón social de la Entidad que represento es:

that the name of the Entity I represent is: _____

2. Que su residencia fiscal es la siguiente:

that its residence for tax purposes is:

3. Que la Entidad que represento está inscrita en el Registro _____ de

that the institution I represent is recorded in the _____ Register of _____
(país estado, ciudad), con el número

(country, state, city), under number _____.

4. Que la Entidad que represento está sometida a la supervisión de _____ (Órgano supervisor)

that the institution I represent is supervised by _____ (Supervisory body)

en virtud de _____ (normativa que lo regula).

under _____ (governing rules).

Todo ello en relación con:

All the above in relation to:

Identificación de los valores poseídos por cuenta propia

Identification of securities held for own account

Importe de los rendimientos

Amount of income _____

Lo que certifico en _____ a _____ de _____ de 20

I certify the above in _____ on the _____ of _____ of 20

Annex II

The translation into English of this certificate is for information only and, in the case of discrepancy with the Spanish language version, such Spanish version will prevail

Modelo de Certificación en inversiones por cuenta ajena

Form of certificate for third party investments

(Nombre)

(Name) _____

(Domicilio)

(Address) _____

(NIF)

(Fiscal ID number) _____

(en calidad de)

,en nombre y representación de la Entidad abajo señalada a los efectos previstos en el artículo 12.3.b) y c) del Real Decreto 2281/1998, modificado por el Real Decreto 1778/2004,

(function) _____

,in the name and on behalf of the Entity indicated below, for the purposes of article 12.3.b) and c) of Royal Decree 2281/1998, as amended by Royal Decree 1778/2004,

Certifico:

I certify:

1. Que el nombre o razón social de la Entidad que represento es:

that the name of the Entity I represent is: _____

2. Que su residencia fiscal es la siguiente:

that its residence for tax purposes is:

3. Que la Entidad que represento está inscrita en el Registro de

that the institution I represent is recorded in the _____ Register of _____

(país estado, ciudad), con el número

(country, state, city), under number _____

4. Que la Entidad que represento está sometida a la supervisión de (Órgano supervisor)

that the institution I represent is supervised by _____ (Supervisory body)
en virtud de _____ (normativa que lo regula).
under _____ (governing rules).

5. Que, de acuerdo con los Registros de la Entidad que represento, la relación de titulares adjunta a la presente certificación, comprensiva del nombre de cada uno de los titulares no residentes, su país de residencia y el importe de los correspondientes rendimientos, es exacta, y no incluye personas o Entidades residentes en España o en los países o territorios que tienen en España la consideración de paraísos fiscal de acuerdo con las normas reglamentarias en vigor.

That, according to the records of the Entity I represent, the list of beneficial owners hereby attached, including the names of all the non-resident holders, their country of residence and the amount of the relevant income is accurate, and does not include person(s) or institution(s) resident either in Spain or, in tax haven countries or territories as defined under Spanish applicable regulations.

Lo que certifico en _____ a _____ de _____ de 20

I certify the above in _____ on the _____ of _____ of 20

RELACIÓN ADJUNTA A CUMPLIMENTAR:

TO BE ATTACHED:

Identificación de los valores:

Identification of the securities

Listado de titulares:

List of beneficial owners:

Nombre / País de residencia / Importe de los rendimientos

Name / Country of residence / Amount of income

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of ABN AMRO Bank N.V., Ahorro Corporación Financiera, S.V., S.A., Banco Bilbao Vizcaya Argentaria, S.A., Deutsche Bank AG London and UBS Limited (the "Dealers"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an Amended and Restated Dealer Agreement dated 16 February 2005 (the "Dealer Agreement") and made between the Issuer, the Guarantor and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

United States of America: Regulation S; Category 2; TEFRA D or TEFRA C as specified in the relevant Pricing Supplement or neither if TEFRA is specified as not applicable in the relevant Pricing Supplement.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes 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. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Fiscal Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Fiscal Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Dealer has represented, warranted and agreed that:

- (a) *No offer to public:* in relation to Notes which have a maturity of one year or more, it has not offered or sold and, prior to the expiry of a period of six months from the Issue Date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;
- (b) *No deposit-taking:* in relation to any Notes having a maturity of less than one year:
- (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (c) *Financial promotion:* it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (d) *General compliance:* it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan and, accordingly, each Dealer has undertaken that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

The Netherlands

Notes issued in the form of securities (*effecten*) under the Programme that are offered to any person anywhere in the world as part of their initial distribution or by way of re-offering may, in order to comply with the Dutch Securities Supervision Act 1995 (*Wet toezicht effectenverkeer 1995*), only be offered and such an offer may only be announced:

- (a) within a restricted circle; or
- (b) if those Notes have a denomination of at least EUR 50,000 or the equivalent in any other currency; or
- (c) if the Notes, irrespective of their denomination, can be acquired only as a package for a consideration of at least EUR 50,000 or the equivalent in any other currency, provided that (i) the offer, the applicable Pricing Supplement and each announcement of the offer states that the Notes are only offered as a package for a consideration of at least EUR 50,000 or the equivalent in any other currency and (ii) any such document or written announcement is submitted to the Dutch Authority for the Financial Markets before the offer is made or announced; or
- (d) to persons who trade or invest in securities in the conduct of a business or profession (which includes banks, securities firms, insurance companies, pension funds, investment institutions, central governments, large international and supranational organisations, other institutional investors and other parties, including treasury departments of commercial enterprises, which are regularly active in the financial markets in a professional manner), provided that the offer, the applicable Pricing Supplement and each announcement of the offer states that the offer is and will exclusively be made to such persons; or
- (e) to persons who are established, domiciled or have their residence (collectively, “are resident”) outside the Netherlands, provided that (i) the offer, the applicable Pricing Supplement and each announcement of the offer states that the offer is not and will not be made to persons who are resident in the Netherlands, (ii) the offer, the applicable Pricing Supplement and each announcement of the offer comply with the laws of any state where persons to whom the offer is made are resident, (iii) a statement by the Issuer that those laws and regulations are complied with is submitted to the Dutch Authority for the Financial Markets before the offer is made and is included in the applicable Pricing Supplement and each such announcement; or
- (f) to persons referred to under (d) or (e), provided that the offer and announcement thereof complies with the requirements set out under (d) and (e); or
- (g) otherwise in accordance with the Dutch Securities Supervision Act (*Wet toezicht effectenverkeer 1995*).

In addition and without prejudice to the relevant restrictions set out above, Zero Coupon Notes (as defined below) in definitive form may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or an admitted institution of Euronext Amsterdam N.V., admitted in a function on one or more markets or systems held or operated by Euronext Amsterdam N.V. (*toegelaten instelling*), in

accordance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended). No such mediation is required (a) in respect of the transfer and acceptance of Zero Coupon Notes whilst in the form of rights representing an interest in a Zero Coupon Note in global form, or (b) in respect of the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (d) in respect of the transfer and acceptance of such Zero Coupon Notes within, from or into The Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Note in global form) of any particular Series are issued outside The Netherlands and are not distributed into The Netherlands in the course of initial distribution or immediately thereafter. In the event that the Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with and, in addition thereto, if such Zero Coupon Notes in definitive form do not qualify as commercial paper traded between professional borrowers and lenders within the meaning of the agreement of 2 March 1987 attached to the Royal Decree of 11 March 1987 (*Staatscourant 129*) (as amended), each transfer and acceptance should be recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such Notes. As used herein "Zero Coupon Notes" are Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

The Kingdom of Spain

Neither the Notes nor the Offering Circular have been verified or registered in the administrative registries of the National Stock Exchange Commission (*Comisión Nacional de Mercado de Valores*). Accordingly, the Notes may not be sold, offered or distributed in Spain except in circumstances which do not constitute a public offer of securities in Spain within the meaning of the Spanish Securities Market Law (*Ley 24/1988 de 28 de julio, del Mercado de Valores*), as amended and restated, and Royal Decree 291/1992 on Issues and Public Offering of Securities (*Real Decreto 291/1992, de 27 de marzo, sobre Emisiones y Ofertas Públicas de Venta de Valores*), and further relevant legislation or without complying with all legal and regulatory requirements in relation thereto.

General

Other than with respect to the admission to listing, trading and/or quotation by such one or more listing authorities, stock exchanges and/or quotation systems as may be specified in the Pricing Supplement, no action has been or will be taken in any country or jurisdiction by the Issuer, the Guarantor or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands the Offering Circular or any Pricing Supplement comes are required by the Issuer, the Guarantor and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Pricing Supplement (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or (in any other case) in a supplement to this document.

GENERAL INFORMATION

Listing

Application has been made to list Notes issued under the Programme on the Luxembourg Stock Exchange and, in connection therewith, the Luxembourg Stock Exchange has assigned registration number 12922 to the Programme. Prior to the listing of any Notes, the constitutional documents of the Issuer and the legal notice relating to the issue will be registered with the *Régistre de Commerce et des Sociétés à Luxembourg*, where copies of these documents may be obtained upon request.

However, Notes may be issued pursuant to the Programme which will not be listed on the Luxembourg Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the Issuer and the relevant Dealer(s) may agree.

Transferrability

In accordance with Chapter VI, Article 3, point A/II/2 of the Rules and Regulations of the Luxembourg Stock Exchange, the Notes shall be freely transferable.

Authorisations

The establishment of the Programme was authorised by a resolution of the board of directors of the Issuer passed on 28 October 2003 and the update of the Programme was authorised by a resolution of the board of directors of the Issuer passed on 15 February 2005. The giving of the guarantee contained in the Deed of Guarantee was authorised by a resolution of the board of directors of the Guarantor passed on 26 January 2005. Each of the Issuer and the Guarantor has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the giving of the guarantee relating to them.

Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Series will be specified in the Pricing Supplement relating thereto. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

Use of proceeds

The net proceeds of the issue of each Tranche of Notes will be deposited by the Issuer with the Guarantor to meet part of its general financing requirements.

Litigation

Save as disclosed in this Offering Circular, there are no litigation or arbitration proceedings against or affecting the Issuer, the Guarantor, any Relevant Subsidiary or any of their respective assets or revenues, nor is the Issuer or the Guarantor aware of any pending or threatened proceedings of such kind, which are or might be material in the context of the Programme or the issue of the Notes thereunder.

No significant change

Save as disclosed in this Offering Circular and since the last day of the financial period in respect of which the most recent consolidated audited financial statements of the Issuer or, as the case may be, the Guarantor have been prepared, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) or general affairs of the Issuer or, as the case may be, the Guarantor or any of its Subsidiaries that is material in the context of the Programme or the issue of the Notes thereunder.

Documents available

For so long as the Programme remains in effect or any Notes shall be outstanding, copies and, where appropriate, English translations of the following documents may be inspected and obtained free of charge during normal business hours at the specified office of the Fiscal Agent or the Paying Agent, namely:

- (a) the Agency Agreement;
- (b) the Deed of Guarantee;
- (c) the Deed of Covenant;
- (d) the Dealer Agreement;
- (e) the Programme Manual (which contains the forms of the Notes in global and definitive form);
- (f) reports, letters, balance sheets, valuations and statements of experts included or referred to in listing particulars (other than consent letters);
- (g) any Pricing Supplement relating to Notes which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. (In the case of any Notes which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the relevant Pricing Supplement will only be available for inspection by the relevant Noteholders);
- (h) the constitutive documents of the Guarantor; and
- (i) the constitutive documents of the Issuer.

Financial statements available

For so long as the Programme remains in effect or any Notes shall be outstanding, copies and, where appropriate, English translations of the following documents may be obtained during normal business hours at the specified office of the Fiscal Agent or the Paying Agent, namely:

- (a) the most recent publicly available audited consolidated financial statements of the Guarantor beginning with such financial statements for the years ended 31 December 2002 and 2003; and

- (b) the most recent publicly available unaudited consolidated quarterly financial statements (if any) of the Guarantor beginning with such financial statements for the third quarter ended 30 September 2004.

The Guarantor publishes both consolidated and unconsolidated financial statements. However, only consolidated financial statements may be obtained at the specified office of the Fiscal Agent or Paying Agent.

As of the date of this Offering Circular, the Issuer has not published any statements. The Issuer intends to produce unaudited unconsolidated financial statements on an annual basis ending each 31 December commencing in the year ended 31 December 2004. The Issuer does not intend to publish interim financial statements. In the event that the Issuer publishes any financial statements, these may be obtained as above.

REGISTERED OFFICE OF THE ISSUER

Caja Vital Finance B.V.
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1012 KK Amsterdam
The Netherlands

REGISTERED OFFICE OF THE GUARANTOR

Caja de Ahorros de Vitoria y Alava - Araba eta Gasteizko Aurrezki Kutxa
c/ Postas 13-15
01004 Vitoria-Gasteiz
Spain

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28046 Madrid
Spain

Banco Bilbao Vizcaya Argentaria, S.A.
Dept. Mercado de Capitales
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28014 Madrid
Spain

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U.K.

UBS Limited
1 Finsbury Avenue
London EC2M 2PP
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PAYING AGENT

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To the Dealers as to English and Spanish law:

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AUDITORS TO THE GUARANTOR

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