

## BASE PROSPECTUS



### SANTANDER CONSUMER FINANCE, S.A.

*(Incorporated with limited liability in the Kingdom of Spain)*

**€5,000,000,000**

### EURO MEDIUM TERM NOTE PROGRAMME

This base prospectus (this "**Base Prospectus**") has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority for the purpose of Directive 2003/71/EC and amendments thereto including Directive 2010/73/EU (the "**Prospectus Directive**"), as a base prospectus in accordance with the requirements imposed under EU and Irish law pursuant to the Prospectus Directive for the purpose of giving information with regard to the issue of notes ("**Notes**") issued under the Euro Medium Term Note Programme (the "**Programme**") described in this Base Prospectus during the period of twelve months after the date hereof. Such approval only relates to Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange (the "**Regulated Market**") or other regulated markets for the purposes of Directive 2004/39/EC or which are offered to the public in any Relevant Member State. Applications have been made to the Irish Stock Exchange to admit Notes issued under the Programme during the period of twelve months after the date hereof to listing on the official list and to trading on the Regulated Market of the Irish Stock Exchange which is a regulated market for the purposes of Directive 2004/39/EC. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

There are certain risks related to any issue of Notes under the Programme, which investors should ensure they fully understand (see "*Risk Factors*" on pages 24 to 41 of this Base Prospectus). Potential purchasers should note the statements on pages 184 to 190 regarding the tax treatment in Spain of income obtained in respect of the Notes and the disclosure requirements imposed by Law 13/1985 of 25 May 1985 ("**Law 13/1985**"), as amended, on the Issuer relating to the Notes. In particular, payments on the Notes may be subject to Spanish withholding tax if certain information regarding the Notes is not received by the Issuer in a timely manner.

Tranches of Instruments issued under the Programme may be rated or unrated. If a Tranche of Instruments is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**"), or (2) issued by a credit rating agency which is not established in the European Union nor registered under the CRA Regulation, or (3) issued by a credit rating agency which is not established in the European Union but will be endorsed by a CRA which is established in the European Union and registered under the CRA Regulation, or (4) issued by a credit rating agency which is not established in the European Union but which is certified in accordance with the CRA Regulation, will be disclosed in the relevant Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused, or (2) the rating is provided by a credit rating agency not established in the European Union but is endorsed by a credit rating agency established in the European Union and registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the European Union which is certified in accordance with the CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Each of Moody's Investors Service España, S.A. ("**Moody's**"), Fitch Ratings Limited ("**Fitch**") and Standard & Poor's Credit Market Services Europe Limited ("**S&P**") has rated the Issuer, see pages 6 and 38. Each of S&P, Moody's and Fitch is established in the European Union and is registered under the CRA Regulation.

*Arranger*  
Morgan Stanley  
*Dealers*

Barclays  
BofA Merrill Lynch  
Commerzbank  
Deutsche Bank  
HSBC  
Morgan Stanley  
Santander Global Banking & Markets  
Société Générale Corporate & Investment Banking

BNP PARIBAS  
Citigroup  
Credit Suisse  
Goldman Sachs International  
J.P. Morgan  
Nomura  
SEB  
The Royal Bank of Scotland  
UBS Investment Bank

The date of this Base Prospectus is 26 June 2013

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## SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "Not Applicable". Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this summary.

<b>Section A – Introduction and Warnings</b>		
<b>A.1</b>	<b>Introduction:</b>	<p><i>This summary must be read as an introduction to this Base Prospectus. Any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole by the investor. Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the relevant Member State, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in such Notes.</i></p>
<b>A.2</b>	<b>Consent:</b>	<p><i>The Issuer consents to the use of this Base Prospectus in connection with a Non-exempt Offer of the Notes by any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) on the following basis:</i></p> <p style="margin-left: 2em;"><i>(a) the relevant Non-exempt Offer must occur during the period from and including [•] to but excluding [•] (the "Offer Period");</i></p> <p style="margin-left: 2em;"><i>(b) the relevant Authorised Offeror must satisfy the following conditions: [•].</i></p> <p><i>The Issuer consents to the use of this Base Prospectus in connection with a Non-exempt Offer of the Notes by [•] on the following basis:</i></p> <p style="margin-left: 2em;"><i>(a) the relevant Non-exempt Offer must occur during the period from and including [•] to but excluding [•] (the "Offer Period");</i></p> <p style="margin-left: 2em;"><i>(b) the relevant Authorised Offeror must satisfy the following conditions: [•].</i></p> <p><i>An investor intending to acquire or acquiring any Notes from an Authorised Offeror (an "Investor") will do so, and offers and sales of the Notes to an Investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocation, settlement arrangements and any expenses or taxes to be charged to the Investor (the "Terms and Conditions of the Non-exempt Offer"). The Issuer will not be a party to any such arrangements with Investors (other than Dealers) in connection with the offer or sale of the Notes and, accordingly, this Base Prospectus and any Final Terms will not contain such information. The Terms and Conditions of the Non-exempt Offer shall be published by that Authorised Offeror on its website at the relevant time. None of the Issuer, any of the Dealers or other Authorised Offerors has any responsibility or liability</i></p>

<b>Section A – Introduction and Warnings</b>		
		<i>for such information.</i>

<b>Section B – Issuer</b>																																													
<b>B.1</b>	<b>Legal name of the Issuer:</b>  <b>Commercial name of the Issuer:</b>	Santander Consumer Finance, S.A.  Santander Consumer																																											
<b>B.2</b>	<b>Domicile, legal form, legislation and country of incorporation of the Issuer:</b>	Santander Consumer Finance, S.A. is a limited liability company ( <i>sociedad anónima</i> ), established under the laws of the Kingdom of Spain and incorporated and domiciled in the Kingdom of Spain.																																											
<b>B.4b</b>	<b>Trends:</b>	Not Applicable. There are no particular trends affecting the Issuer and the industry in which it operates.																																											
<b>B.5</b>	<b>The Group:</b>	Santander Consumer Finance, S.A. belongs to the consolidated group of credit institutions, the parent company of which is Banco Santander, S.A. (the " <b>Santander Group</b> ").																																											
<b>B.9</b>	<b>Profit Forecast:</b>	Not Applicable. The Issuer does not produce profit forecasts.																																											
<b>B.10</b>	<b>Audit Report Qualifications :</b>	Not Applicable. There are no qualifications in the audit reports of the Issuer.																																											
<b>B.12</b>	<b>Key Financial Information:</b>	<p>Santander Consumer Finance, S.A. – main financial indicators</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th colspan="3" style="text-align: center;"><u>As at and for the year ended:</u></th> </tr> <tr> <th style="text-align: center;"><u>31</u></th> <th style="text-align: center;"><u>31</u></th> <th rowspan="2" style="text-align: center;"><u>Variatio</u></th> </tr> <tr> <th style="text-align: left;"><u>Consolidated Balance sheet</u></th> <th style="text-align: center;"><u>December 2012</u></th> <th style="text-align: center;"><u>December 2011</u></th> <th style="text-align: center;"><u>n (%)</u></th> </tr> </thead> <tbody> <tr> <td></td> <td colspan="3" style="text-align: center;"><i>(millions of euro)</i></td> </tr> <tr> <td>Total assets.....</td> <td style="text-align: right;">71,129.096</td> <td style="text-align: right;">72,558.207</td> <td style="text-align: right;">-1.97 %</td> </tr> <tr> <td>Loans and advances to customers.....</td> <td style="text-align: right;">56,613.224</td> <td style="text-align: right;">56,609.199</td> <td style="text-align: right;">0.01 %</td> </tr> <tr> <td>Shareholders' equity.....</td> <td style="text-align: right;">6,536.090</td> <td style="text-align: right;">6,653.847</td> <td style="text-align: right;">-1.77 %</td> </tr> <tr> <td></td> <td colspan="3" style="text-align: center;"><u>31</u></td> </tr> <tr> <td></td> <td colspan="3" style="text-align: center;"><u>31</u></td> </tr> <tr> <th style="text-align: left;"><u>Consolidated Income Statements</u></th> <th style="text-align: center;"><u>December 2012</u></th> <th style="text-align: center;"><u>December 2011</u></th> <th style="text-align: center;"><u>Variatio</u></th> </tr> <tr> <td></td> <td colspan="3" style="text-align: center;"><i>(millions of euro)</i></td> </tr> </tbody> </table>		<u>As at and for the year ended:</u>			<u>31</u>	<u>31</u>	<u>Variatio</u>	<u>Consolidated Balance sheet</u>	<u>December 2012</u>	<u>December 2011</u>	<u>n (%)</u>		<i>(millions of euro)</i>			Total assets.....	71,129.096	72,558.207	-1.97 %	Loans and advances to customers.....	56,613.224	56,609.199	0.01 %	Shareholders' equity.....	6,536.090	6,653.847	-1.77 %		<u>31</u>				<u>31</u>			<u>Consolidated Income Statements</u>	<u>December 2012</u>	<u>December 2011</u>	<u>Variatio</u>		<i>(millions of euro)</i>		
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<b>B.13</b>	<b>Recent Events:</b>	<p>In July 2012, the Polish subsidiary of the Issuer acquired all the share capital of Zagiel S.A, for PLN 10 million (approximately EUR 2,455 thousand).</p> <p>In September 2012, the subsidiaries Santander Consumer Bank AG and Santander Consumer Holding GmbH resolved to sell all the shares of Santander Consumer Finance A.S. (Czech Republic) to non-Group third parties for CZK 148 million (approximately EUR 5,851 thousand).</p> <p>In 2012 the Bank paid CNY 250 million (approximately EUR 32,550 thousand) to establish in China a financial institution 50% owned by the Bank and by the Chinese vehicle manufacturer Anhui Jianghuai Automobile Co. Ltd. (JAC Motors).</p>												
<b>B.14</b>	<b>Dependence upon other entities within the Group:</b>	<p>As set out in B.5. At 31 December 2012 the Issuer is dependent upon its shareholders. Shareholdings are as follows:</p> <table> <thead> <tr> <th style="text-align: left;"><u>Entity</u></th> <th style="text-align: right;"><u>Ownership interest</u></th> </tr> </thead> <tbody> <tr> <td>Banco Santander, S.A. ....</td> <td style="text-align: right;">63.19%</td> </tr> <tr> <td>Holneth, B.V.....</td> <td style="text-align: right;">25.00%</td> </tr> <tr> <td>Fomento e Inversiones, S.A. ....</td> <td style="text-align: right;">11.81%</td> </tr> <tr> <td></td> <td style="text-align: right;"><b>100.00%</b></td> </tr> </tbody> </table>	<u>Entity</u>	<u>Ownership interest</u>	Banco Santander, S.A. ....	63.19%	Holneth, B.V.....	25.00%	Fomento e Inversiones, S.A. ....	11.81%		<b>100.00%</b>		
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<b>B.15</b>	<b>The Issuer's Principal Activities:</b>	<p>The Issuer's objective is to receive funds from the public in the form of deposits, loans, repos or other similar transactions entailing the obligation to refund them, and to use these funds for its own account to grant loans and credits or to perform similar transactions, as set out in Article 2 of the constitutive documents (<i>Estatutos</i>) of Santander Consumer Finance, S.A. In addition, the Issuer is the holding company of a finance group (the "<b>Consumer Group</b>") and handles the investments of its subsidiaries.</p> <p>The Consumer Group's primary activity is related to automobile financing, personal loan and credit card businesses. However, it also works at attracting customer funds. The Consumer Group has 645 branches located throughout Europe (277 of which are in Germany and 73 of which are in Spain) and engages in finance leasing, financing of third party purchases of consumer goods of any kind, full-service leasing ("<b>renting</b>") and other activities. Additionally, since December 2002, the Issuer has been the head of a European corporate group, consisting mainly of financial institutions, which engages in commercial banking, consumer finance, operating and finance leasing, full-service leasing and other activities in Germany, Italy, the Czech Republic, Hungary, Austria, Poland, the Netherlands, Norway, Finland, Denmark, Sweden and Portugal.</p>												
<b>B.16</b>	<b>Controlling</b>	The Issuer is part of the Santander Group, the parent entity of which (Banco Santander,												

<b>Section B – Issuer</b>		
	<b>Persons:</b>	S.A.) has a 100 per cent. direct and indirect ownership interest in the share capital of the Issuer.
<b>B.17</b>	<b>Ratings assigned to the Issuer or its Debt Securities:</b>	<p>As at the date of this Base Prospectus the Issuer has been assigned the following credit ratings:</p> <p><b>Moody's:</b>  Senior unsecured:           Baa2  Subordinated:                Baa3</p> <p><b>S&amp;P:</b>  Senior unsecured debt maturing in one year or more:       BBB-  Senior unsecured debt maturing in less than one year:     A-3  Subordinated Notes:    BB+</p> <p><b>Fitch:</b>  Long term senior unsecured:        BBB+  Short term senior unsecured:        F2</p>

<b>Section C – The Securities</b>		
<b>C.1</b>	<b>Description of Type and Class of Securities:</b>  <b>Security Identification Number(s):</b>	<p>The securities are Notes.</p> <p>Notes may be issued on a senior or subordinated basis. Please see C.8. Notes may bear interest at a fixed rate, a floating rate or other variable rate. Please see C.9.</p> <p>In respect of each Tranche of Notes, the relevant security identification number(s) will be specified in the relevant Final Terms.  <i>[ISIN Code: [•]</i>  <i>Common Code: [•]</i></p>
<b>C.2</b>	<b>Currencies of the Securities Issue:</b>	<p>Notes may be denominated in any 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.  <i>[The Notes are denominated in [•].]</i></p>
<b>C.5</b>	<b>Free Transferability</b> :	<p>The Issuer and the Dealers (as defined in E.4) have agreed certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material.</p>
<b>C.8</b>	<b>The Rights Attaching to the Securities, including Ranking and Limitations to those Rights:</b>	<p>See C.5 above for restrictions on transferability.</p> <p><b>Taxation:</b> All payments in respect of Notes will be made free and clear of withholding taxes of Spain, unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 7 (<i>Taxation</i>)), pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.</p> <p>The Issuer shall not be required to pay any such additional amounts as referred to above in relation to any payment in respect of any Note or Coupon in the circumstances described in Condition 7.02 of the Terms and Conditions of the Notes. In particular, prospective Holders of Notes should note that no such additional amounts are payable to holders of Notes in respect of whose Notes the Issuer does not receive such information as it may require in order to comply with Law 13/1985, of 25 May 1985, as amended, and any implementing legislation (see Condition 7.02(ii) of the Terms and Conditions of the Notes), to, or to the third party on behalf of, individuals resident for tax purposes in the Kingdom of Spain (see Condition 7.02(vi) of the Terms and Conditions of the Notes) or in circumstances where the Issuer is required to withhold tax pursuant to the rules of US Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions) or pursuant to any agreement with the US Internal Revenue Service (see Condition 7.02 <i>in fine</i>).</p> <p><b>Information requirements under Spanish law:</b> Under Spanish Law 13/1985 and Royal Decree 1065/2007, each as amended, the Issuer is required to provide to the Spanish tax authorities certain information relating to the Notes.</p> <p>If the Issue and Paying Agent fails to provide the Issuer with the required information described under "<i>Taxation in Spain— Information about the Notes in Connection with</i></p>

<b>Section C – The Securities</b>	
	<p><i>Payments</i>", the Issuer will be required to withhold tax and may pay income in respect of the relevant Notes net of the Spanish withholding tax applicable to such payments (currently at the rate of 21 per cent.).</p> <p>None of the Issuer, the Arranger, the Dealers or the European clearing systems assumes any responsibility therefor.</p> <p><b>Enforcement of Notes in Global Form:</b> In the case of Global Notes, individual investors' rights against the Issuer will be governed by a Deed of Covenant dated 26 June 2013, a copy of which will be available for inspection at the specified office of the Issue and Paying Agent.</p>
	<p><b>Status of the Notes:</b> Notes may be issued on a subordinated or unsubordinated basis, as specified in the relevant Final Terms.</p> <p><i>[Status of the Notes: [The Senior Notes constitute, direct, unconditional, unsubordinated and unsecured obligations of the Issuer and upon the insolvency of the Issuer (and unless they qualify as subordinated claims pursuant to article 92 of Law 22/2003 (Ley Concursal) of 9 July 2003 (the "Insolvency Law") or equivalent legal provisions which replace it in the future, and subject to any applicable legal and statutory exceptions) rank pari passu and rateably without any preference among themselves and at least pari passu with all other unsecured and unsubordinated indebtedness, present and future of the Issuer.<sup>1</sup> / [The Subordinated Notes constitute unsecured subordinated obligations of the Issuer and, upon the insolvency of the Issuer (and unless they qualify as subordinated claims pursuant to Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provisions which replace them in the future, and subject to any applicable legal and statutory exceptions) rank without preference or priority among themselves together with all other subordinated obligations of the Issuer other than those subordinated obligations which qualify as subordinated claims pursuant to Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provisions which replace them in the future, other subordinated obligations prescribed by law, and subordinated obligations which are expressed to rank junior to the Subordinated Notes.<sup>2</sup></i></p>

<sup>1</sup> Include text in relation to Senior Notes.

<sup>2</sup> Include text in relation to Subordinated Notes.

<b>Section C – The Securities</b>		
<b>C.9</b>	<b>The Rights Attaching to the Securities (Continued), including Information as to Interest, Maturity, Yield and the Representative of the Holders:</b>	<p>See C.8 for a description of the rights attaching to the Notes, ranking and limitations.</p> <p><b>Interest:</b> Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series. In respect of each Tranche of Notes, the date from which interest becomes payable and the due dates for interest, the maturity date, the arrangements for the amortisation of the Notes, including the repayment procedures and an indication of yield will be specified in the relevant Final Terms.</p> <p><i>[Interest: The Notes bear interest from [•] at a fixed rate of [•] per cent. per annum payable in arrear on [•].]</i></p> <p><i>[Interest: The Notes bear interest from [•] at a rate equal to the sum of [•] per cent. per annum and [period] / [currency] [EURIBOR/LIBOR] determined in respect of each Interest Period on the day which is [•] [[•] business days] before] the first day of the Interest Period and payable in arrear on [•].[EURIBOR in respect of a specified currency and a specified period is the interest rate benchmark known as the Euro zone interbank offered rate [LIBOR in respect of a specified currency and a specified period is the interest rate benchmark known as the London interbank offered rate. ]]</i></p> <p><i>[Interest: The Notes do not bear interest.]</i></p> <p><b>Maturities:</b> Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements. Subordinated Notes qualifying as regulatory capital (<i>recursos propios</i>) in accordance with Banco de España requirements will have a maturity of not less than five years or, in the case of any Note that has been issued pursuant to the requirements of Bank of Spain Circular 3/2008 of 22 May (<i>Circular 3/2008, de 22 de mayo, del Banco de España</i>) for Subordinated Notes having a maturity of not less than two years ("<b>Short Term Subordinated Notes</b>"), two years from their date of issue or as otherwise permitted by Banco de España.</p>
		<p>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.</p> <p><i>[Maturity Date: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed on [•].]</i></p>

<b>Section C – The Securities</b>		
		<p><b>Redemption:</b> Notes may be redeemable at par or at such other Redemption Amount as may be specified in the relevant Final Terms subject to compliance with all applicable legal and/or regulatory requirements. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Final Terms.</p> <p><b>Optional Redemption:</b> 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 Final Terms. Any early redemption of Subordinated Notes (other than Short Term Subordinated Notes) qualifying as regulatory capital (<i>recursos propios</i>) is subject to the prior consent of Banco de España and may not take place within a period of five years from their date of issue or as otherwise permitted by Banco de España and they may not be redeemed at the option of the Noteholder prior to their stated maturity. Short Term Subordinated Notes may not be redeemed until two years after the issue date (or otherwise as permitted by applicable law) and such redemption is subject to the prior consent of the Banco de España.</p> <p>Subordinated Notes may not be redeemed at the option of the Noteholder prior to their stated maturity.</p>
		<p><i>Optional Redemption: The Notes may be redeemed before their stated maturity at the option of the Issuer [in whole]/[in whole or in part] on [•] at [•], plus accrued interest (if any) to such date, on the Issuer's giving appropriate notice to the Noteholders.]</i></p> <p><i>[Redemption at the Option of the Noteholders: The Issuer shall, at the option of the holder of any Senior Note redeem such Senior Note on [•] at [•] together with interest (if any) accrued to such date.]</i></p> <p><b>Tax Redemption:</b> Except as described in "Optional Redemption" above, early redemption will only be permitted for tax reasons as described in Condition 5.02 (<i>Redemption and Purchase — Early Redemption for Taxation Reasons</i>).</p> <p><b>Yield:</b> The yield of each Tranche of Notes will be calculated on an annual or semi-annual basis using the relevant Issue Price at the relevant Issue Date. <i>[Yield: Based upon the Issue Price of [•], at the Issue Date the anticipated yield of the Notes is [•] per cent. per annum.]</i></p> <p><b>Representative of the Noteholders:</b> Not Applicable. In accordance with Condition 12 (<i>Syndicate of Holders of the Notes and Modification</i>), Schedule 1 (<i>Syndicate Regulations and Provisions for meetings of Noteholders</i>) of the Issue and Paying Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests.</p>
<b>C.10</b>	<b>Derivative Components:</b>	Not Applicable. Payments of interest on the Notes shall not involve any derivative component.

<b>Section C – The Securities</b>		
<b>C.11</b>	<b>Listing and Trading:</b>	<p>Applications have been made for Notes to be admitted during the period of 12 months after the date hereof to trading on the regulated market of the Irish Stock Exchange. The Programme also permits Notes to be issued on the basis that they will not be admitted to trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.</p>
		<p><i>[Application has been made for the Notes to be admitted to trading on the regulated market of the Irish Stock Exchange.]</i></p> <p><i>[Application has been made for the Notes to be admitted to listing, trading and/or quotation by [•].]</i></p> <p><i>[The Issuer does not intend to make any application for the Notes to be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system.]</i></p>

<b>Section D - Risks</b>		
<b>D.2</b>	<b>Risks Specific to the Issuer:</b>	<p><i>Since the Consumer Group's loan portfolio is concentrated in Continental Europe, adverse changes affecting the Continental European economy could adversely affect the Consumer Group's financial condition.</i></p> <p><i>The business of the Consumer Group could be affected if its capital is not managed effectively.</i></p> <p><i>Some of the business of the Consumer Group is cyclical. The income of the Consumer Group may decrease when demand for certain products or services is in a down cycle.</i></p>
		<p><i>A sudden shortage of funds could increase the Consumer Group's cost of funding and have an adverse effect on its liquidity and funding.</i></p> <p><i>The Consumer Group is vulnerable to the current disruptions and volatility in the global financial markets as well as to government action intended to alleviate the effects of the current financial crisis.</i></p> <p><i>Risks concerning borrower credit quality and general economic conditions are inherent to the business of the Consumer Group.</i></p> <p><i>The financial problems which the customers of the Consumer Group may face could adversely affect the Consumer Group.</i></p> <p><i>Portions of the Consumer Group's loan portfolio are subject to risks relating to force majeure and any such event could materially adversely affect its operating results.</i></p> <p><i>The Consumer Group is exposed to risks faced by other financial institutions.</i></p> <p><i>Market risks associated with fluctuations in bond and equity prices and other market factors are inherent in the Consumer Group's business. Protracted market decline can reduce liquidity in the markets, making it harder to sell assets and leading to material</i></p>

<b>Section D - Risks</b>		
		<p><i>losses.</i></p> <p><i>Despite the Consumer Group's risk management policies, procedures and methods, the Consumer Group may nonetheless be exposed to unidentified or unanticipated risks.</i></p> <p><i>The Consumer Group's recent and future acquisitions may not be successful and may be disruptive to the Consumer Group's business.</i></p> <p><i>Increased competition in the countries where the Consumer Group operates may adversely affect the growth prospects and operations of the Consumer Group.</i></p>
<b>D.3</b>	<b>Risk Specific to the Notes:</b>	<p><i>Volatility in interest rates may negatively affect the Consumer Group's net interest income and increase the non-performing loan portfolio of the Consumer Group.</i></p> <p><i>Foreign exchange rate fluctuations may negatively affect the Consumer Group's earnings and the value of its assets and shares.</i></p> <p><i>Changes in the regulatory framework, including increased regulation of the financial services industry in the jurisdictions where the Consumer Group operates, could adversely affect its business.</i></p> <p><i>Operational risks are inherent in the business of the Consumer Group</i></p> <p><i>The Consumer Group relies on recruiting, retaining and developing appropriate senior management and skilled personnel.</i></p> <p><i>Damage to the reputation of the Consumer Group could cause harm to its business prospects.</i></p> <p><i>The Consumer Group is exposed to risk of loss from legal and regulatory proceedings.</i></p> <p><i>Credit, market and liquidity risk may have an adverse effect on the Consumer Group's credit ratings and its cost of funding.</i></p> <p><i><b>Risk Relating to the Insolvency Law:</b> Law 22/2003 (Ley Concursal) dated 9 July 2003, regulates the bankruptcy, insolvency (including suspension of payments) and any process affecting creditors' rights generally, including the ranking of its creditors.</i></p> <p><i><b>Risk in Relation to Spanish Taxation:</b> Under Spanish Law 13/1985 and Royal Decree 1065/2007, each as amended, the Issuer is required to provide to the Spanish tax authorities certain information relating to the Notes.</i></p> <p><i>If the Issue and Paying Agent fails to provide the Issuer with the required information described under "Taxation in Spain— Information about the Notes in Connection with</i></p>

<b>Section D - Risks</b>	
	<p><i>Payments", the Issuer will be required to withhold tax and may pay income in respect of the relevant Notes net of the Spanish withholding tax applicable to such payments (currently at the rate of 21 per cent.).</i></p> <p><i>None of the Issuer, the Arranger, the Dealers or the European clearing systems assumes any responsibility therefor.</i></p> <p><b>FATCA:</b> The Issuer and other financial institutions through which payments on the Notes are made may be required to withhold at a rate of up to 30 per cent. on certain payments under FATCA.</p>
	<p><b><i>The Basel III proposals:</i></b> Reforms to the Spanish banking legislation that result from the Basel III proposals could lead to Subordinated Notes being used to absorb losses of Santander Consumer Finance, S.A. in certain circumstances.</p> <p><b><i>Risks Relating to the Comisario:</i></b> Under Spanish law, the Issuer is required to appoint a commissioner (comisario) in relation to issues of Notes. The Commissioner owes certain obligations to the Syndicate of Noteholders (as described in the Issue and Paying Agency Agreement). However, prospective investors should note that the Commissioner will be an individual appointed by the Issuer and that such individual may also be an employee or officer of the Issuer.</p> <p><b><i>Suitability:</i></b> An investment in the Notes may not be appropriate or suitable for a prospective investor based on their particular circumstances.</p> <p><b><i>No active trading market:</i></b> Although application has been made for the Notes issued under the Programme to be admitted to listing on the official list and to trading on the regulated market of the Irish Stock Exchange, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop.</p> <p><b><i>Redemption of Notes prior to maturity:</i></b> An optional redemption feature of the Notes is likely to limit their market value. The Issuer may exercise the option to redeem the Notes when interest rates are relatively low so an investor may not be able to reinvest in a comparable security at as high an interest rate.</p> <p><b><i>Global Notes:</i></b> Holders of Global Notes will need to rely on the procedures of Euroclear and Clearstream or any other clearing system with which such Global Notes are deposited for transfers of and payments in respect of Notes and for communications with the Issuer.</p> <p>Risks specific to the structure of a particular issue of Notes include:</p> <p><b><i>Risks in relation to early redemption of Subordinated Notes.</i></b></p> <p><b><i>Partly-paid Notes:</i></b> The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of their investment.</p> <p><b><i>Variable rate Notes with a multiplier or other leverage factor:</i></b> Notes with variable</p>

<b>Section D - Risks</b>		
		<p>interest rates can be volatile investments.</p> <p><b><i>Inverse Floating Rate Notes:</i></b> Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms).</p> <p><b><i>Fixed/Floating Rate Notes:</i></b> Fixed/Floating Rate Notes may bear interest, the rate of which may be converted by the Issuer at any time. The exercise of any such conversion right by the Issuer may affect the market value of the Notes and the interest rates and interest rate spreads applicable to such Notes, which may be less favourable than the prevailing rates and spreads on other comparable Notes.</p> <p><b><i>Notes issued at a substantial discount or premium:</i></b> The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities.</p> <p><b><i>The Issuer's obligations under Subordinated Notes are subordinated:</i></b> The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and there is a real risk that an investor in Subordinated Notes will lose all or some of his investment should the Issuer become insolvent.</p> <p><b><i>Payments of principal and interest in respect of Short Term Subordinated Notes may be suspended in certain circumstances.</i></b></p>

<b>Section E – Offer</b>		
<b>E.2b</b>	<b>Reasons for the Offer and Use of Proceeds:</b>	The net proceeds from each issue of Notes will be used for the general financing purposes of the Issuer.
<b>E.3</b>	<b>Terms and Conditions of the Offer:</b>	<p>Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions. The Terms and Conditions of any Non-exempt Offer shall be published by the relevant Authorised Offeror on its website at the relevant time. [<i>The Issue Price of the Notes is [•] per cent. of their principal amount.</i>]</p> <p>Public Offers may only be made in Ireland and must be made during the Offer Period.</p>

<b>Section E – Offer</b>		
<b>E.4</b>	<b>Interests Material to the Issue:</b>	<p>[A description of any interest that is material to the issue/offer including conflicts of interest] [Not applicable]</p> <p>The Issuer has appointed Banco Santander, S.A., Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, Morgan Stanley &amp; Co. International plc, Nomura International plc, Skandinaviska Enskilda Banken AB (publ), Société Générale, The Royal Bank of Scotland plc, UBS Limited (the "<b>Dealers</b>") as Dealers for the Programme. 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 the Dealer Agreement made between the Issuer and the Dealers.</p> <p>[Syndicated Issue: The Issuer has appointed [•], [•] and [•] (the "<b>Managers</b>") as Managers of the issue of the Notes. The arrangements under which the Notes are sold by the Issuer to, and purchased by, Managers are set out in the Subscription Agreement made between the Issuer and the Managers]</p> <p>[Non-Syndicated Issue: The Issuer has appointed [•] (the "<b>Dealer</b>") as Dealer in respect of the issue of the Notes. The arrangements under which the Notes are sold by the Issuer to, and purchased by, Dealer are set out in the Dealer Agreement made between, amongst others, the Issuer and the Dealer]</p>
<b>E.7</b>	<b>Estimated Expenses:</b>	<p>No expenses will be chargeable by the Issuer to an Investor in connection with any offer of Notes. Any expenses chargeable by an Authorised Offeror to an Investor shall be charged in accordance with any contractual arrangements agreed between the Investor and such Authorised Offeror at the time of the relevant offer.</p>

## **RISK FACTORS**

*Prospective investors should read the entire Base Prospectus. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this section.*

*Investing in Notes issued under the Programme involves certain risks. Prospective investors should consider, among other things, the following:*

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

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay any amounts due on or in connection with any Notes or the Deed of Covenant, may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the information set out elsewhere in this Base Prospectus and reach their own view prior to making any investment decision.*

### **Risks relating to the Issuer**

***Since the Consumer Group's loan portfolio is concentrated in Continental Europe, adverse changes affecting the Continental European economy could adversely affect the Consumer Group's financial condition.***

The Consumer Group's loan portfolio is mainly concentrated in Continental Europe, in particular Germany, accounting for approximately 52.4 per cent. of the total outstanding portfolio in December 2012, and Spain, Italy and the Nordic countries with 41.5 per cent. of the total outstanding portfolio at that date. Therefore, adverse changes affecting the economies of Continental European countries, in particular Germany, Italy, Spain, Norway, Finland, Denmark and Sweden where the Consumer Group operates, would likely have a significant adverse impact on the Consumer Group's loan portfolio and, as a result, on its financial condition, cash flow and results of operations.

***The business of the Consumer Group could be affected if its capital is not managed effectively.***

Effective management of the capital position of the Consumer Group is important to its ability to operate its business, to continue to grow organically and to pursue its strategies. Any future change that limits the Consumer Group's ability to manage its balance sheet and capital resources effectively or to access funding on commercially acceptable terms could have a material adverse effect on the Consumer Group's financial condition and regulatory capital position.

***Some of the business of the Consumer Group is cyclical. The income of the Consumer Group may decrease when demand for certain products or services is in a down cycle.***

The level of income the Consumer Group derives from certain of its products and services depends on the strength of the economies in the regions where the Consumer Group operates and certain market trends prevailing in those areas. Therefore, negative cycles may adversely affect the future income of the Consumer Group.

***A sudden shortage of funds could increase the Consumer Group's cost of funding and have an adverse effect on its liquidity and funding.***

Lack of liquidity in the interbank market and subsequent increases in the cost of funding are likely to raise the costs of funding for the Consumer Group and, in turn, for the Issuer.

Historically, one of the Consumer Group's sources of funds has been customer deposits, mainly in Germany and Poland. Sight deposits and saving accounts may be a less stable source of deposits than other types of deposits.

The widespread crisis in investor confidence and resulting liquidity crisis experienced in 2008 and into early 2009 increased the Consumer Group's cost of funding and limited its access to some of its other traditional sources of liquidity such as the domestic and international capital markets, and the interbank market (as the case may be), and there is no assurance that these conditions could not reoccur in the future.

***The Consumer Group is vulnerable to the current disruptions and volatility in the global financial markets as well as to government action intended to alleviate the effects of the current financial crisis.***

Since August 2007, the global financial system has experienced difficult credit and liquidity conditions and disruptions leading to less liquidity, greater volatility, general widening of spreads and, in some cases, lack of price transparency on interbank lending rates. In September 2008, global financial markets deteriorated sharply following the bankruptcy filing by Lehman Brothers Holdings Inc. In the days that followed, it became apparent that a number of other major financial institutions, including some of the largest global commercial banks, investment banks, mortgage lenders, mortgage guarantors and insurance companies, were experiencing significant difficulties.

The difficult economic environment and the slowdown of the world's economy have affected the Consumer Group units all over the world. New business has suffered a contraction, firstly due to the drop of car sales and secondly due to the risk policy of the Consumer Group, which reduced the amount of admissions. In Spain these factors resulted in a drop of volume of new business in the period starting from 2008 to 2012, while the worsening of the risk indicators and the higher level of provisions have had a direct impact on the results for these years. Owing to the geographical diversification of the Consumer Group there has been some compensation between the results in different units (for example, in the case of Germany, the early adoption of a scrap page incentive scheme lessened the impact of the decline in the volume of new business and risk indicators have not increased).

Following the bankruptcy filing by Lehman Brothers Holdings Inc., there were runs on deposits at several financial institutions and numerous institutions sought additional capital. Central banks around the world coordinated efforts to increase liquidity in the financial markets by taking measures such as increasing the amounts they lend directly to financial institutions, lowering interest rates and significantly increasing temporary reciprocal currency arrangements ("**swap lines**").

In an attempt to prevent the failure of the financial system, the United States and European governments intervened on an unprecedented scale. In the United States, the federal government took equity stakes in several financial institutions, implemented a programme to guarantee the short-term and certain medium-term debt of financial institutions, increased consumer deposit guarantees, and brokered the acquisitions of certain struggling financial institutions, among other measures. In the United Kingdom, the government effectively nationalised some of the country's largest banks, provided a preferred equity programme open to all financial institutions and a programme to guarantee short-term and certain medium-term debt of financial institutions, among other measures. A rescue package to tackle Ireland's banking and budget crisis has been agreed between Ireland and the European Union and International Monetary Fund and in Spain, the government increased consumer deposit guarantees, made available a programme to guarantee the debt of certain financial institutions, created a fund to purchase assets from financial institutions and the Spanish Ministry of Economy and Finance was authorised, on an exceptional basis and until 31 December 2009, to acquire, at the request of credit institutions resident in Spain, shares and other capital instruments (including preferred shares) issued by such institutions.

Additionally, in 2009 the Spanish Government created the Orderly Banking Restructuration Fund (FROB) to manage the restructuring processes of credit institutions and reinforce the equity of institutions undergoing integration.

On 3 February 2012, the Spanish Government enacted new measurements for the Spanish banking system designed to address the problematic balance sheet exposures of Spanish institutions to construction and real estate developers in Spain as well as to address such institutions' potential migrations from normal to problematic portfolios.

Finally, on 9 June 2012, the Spanish Government announced that it would request financial assistance from the European Union of up to €100 billion for the purpose of recapitalising Spanish banks with problems.

Some uncertainty remains concerning the future economic environment. While certain segments of the global economy are currently experiencing a moderate recovery, we expect such uncertainty will continue, which could have a negative impact on our business and results of operations. Global investor confidence remains cautious and downgrades of the sovereign debt of Ireland, Greece, Portugal, Spain, Italy and France, as well as the recent development and banking crisis in Cyprus, have caused volatility in the capital markets. A slowing or failing of the economic recovery would likely aggravate the adverse effects of these difficult economic and market conditions on us and on others in the financial services industry.

Risks and ongoing concerns about the debt crisis in Europe could have a detrimental impact on the global economic recovery, sovereign and non-sovereign debt and the financial condition of European financial institutions, including the Consumer Group and international financial institutions with exposure to the region. Market and economic disruptions have affected, and may continue to affect, consumer confidence levels and spending, personal bankruptcy rates, levels of incurrence and default on consumer debt and residential mortgages, and housing prices, among other factors. There can be no assurance that the market disruptions in Europe, including the increased cost of funding for certain governments and financial institutions, will not continue, nor can there be any assurance that future assistance packages will be available or, even if provided, will be sufficient to stabilise the affected countries and markets in Europe or elsewhere. To the extent uncertainty regarding the European economic recovery continues to negatively impact consumer confidence and consumer credit factors, or should the European Union enter a deep recession, the Consumer Group's business and results of operations could be materially adversely affected.

Continued or worsening disruption and volatility in the global financial markets could have a material adverse effect on the ability of the Consumer Group to access capital and liquidity on financial terms acceptable to it, if at all. If capital markets financing ceases to become available, or becomes excessively expensive, the Consumer Group may be forced to raise the rates it pays on deposits to attract more customers. Any such increase in capital markets funding costs or deposit rates would entail a repricing of loans, which would result in a reduction of volumes, and may also have an adverse effect on interest margins. Prolonged economic downturn, especially in Germany or Spain, could also result in a general reduction in business activity and a consequent loss of income for the Consumer Group. Furthermore, concerns over the European sovereign debt crisis could lead to the reintroduction of one or more Eurozone countries' national currencies. In a worst case scenario, the same concerns could result in the Euro being abandoned altogether. The occurrence of either of the above scenarios could adversely affect certain contractual relationships to which the Consumer Group is party both in terms of its ability to satisfy its obligations to counterparties and in terms of counterparties' abilities to satisfy their obligations to it, which would materially adversely affect the Consumer Group's results of operations, business and financial condition.

***Risks concerning borrower credit quality and general economic conditions are inherent to the business of the Consumer Group.***

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent to a wide range of the businesses operated by the Consumer Group. Adverse changes in the credit quality of the Consumer Group's borrowers and counterparties or a general deterioration in European or global economic conditions, or arising from systemic risks in the financial systems, could reduce the recoverability and value of the Consumer Group's assets and require an increase in its levels of provisions for credit losses. Deterioration in the economies in which the Consumer Group operates could reduce the profit margins for the Consumer Group's business.

***The financial problems which the customers of the Consumer Group may face could adversely affect the Consumer Group.***

Market turmoil and economic recession could materially adversely affect the liquidity, businesses and/or financial condition of the Consumer Group's borrowers, which could in turn further increase their respective non-performing loan ratios, impair the Consumer Group's loan and other financial assets and result in decreased demand for borrowings in general. In a context of continued market turmoil, economic recession and increasing unemployment, coupled with declining consumer spending, the value of assets collateralising the Consumer Group's secured loans, including, homes and other real estate, could still decline significantly, which could result in an impairment of the value of the Consumer Group's loan assets.

In the second half of 2008 and across 2009 the Consumer Group experienced an increase in the Consumer Group's non-performing loans ratios, although in the second half of 2009 risk premium dropped slightly due to tighter admission policies and new collection strategies. This good performance was confirmed during 2010 and enhanced in 2011 and the first half of 2012, where a good evolution was seen on the main risk metrics.

Any of the conditions described above could have a material adverse effect on the business of the Consumer Group and its financial condition and results of operations.

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

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

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

The Consumer Group transacts with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients. Defaults by, and even rumours or questions about the solvency of certain financial institutions and the financial services industry generally, have led to market-wide liquidity problems and could lead to losses or defaults by other institutions. These liquidity concerns have had, and may continue to have, a chilling effect on inter-institutional financial transactions in general. Some of the transactions the Consumer Group enters into expose it to significant credit risk in the event of default by one of the counterparties. Despite the risk control measures which the Consumer Group has put in place, a default by a significant financial counterparty, or liquidity problems in the financial services industry in general, could have a material adverse effect on the Consumer Group's business, financial condition and results of operations.

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

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

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

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

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

***The Consumer Group's recent and future acquisitions may not be successful and may be disruptive to the Consumer Group's business.***

The Consumer Group has historically acquired controlling interests in various companies, including the recent acquisition of the German retail banking activities of Skandinaviska Enskilda Banken AG ("**SEB AG**") in Germany described in "*Santander Consumer Finance S.A. – Recent Developments*" below, and has engaged in other strategic partnerships. Additionally, the Consumer Group may consider other strategic acquisitions and partnerships from time to time. There can be no assurances that the Consumer Group will be successful in its plans regarding the operation of past or future acquisitions and strategic partnerships.

The Consumer Group can give no assurance that its acquisition and partnership activities will perform in accordance with the Consumer Group's expectations. The Consumer Group's bases its assessment of potential acquisitions and partnerships on limited and potentially inexact information and on assumptions with respect to operations, profitability and other matters that may prove to be incorrect. In addition, it is possible that the integration process of the Consumer Group's recent (and any future) acquisitions could take longer or be more costly than anticipated or could result in the loss of key employees, the disruption of each Consumer Group company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of each company within the Consumer Group to maintain relationships with clients, customers or employees. If the Consumer Group takes longer than anticipated or is not able to integrate the aforementioned businesses, the anticipated benefits of the Consumer Group's recent acquisitions may not be realised fully or at all, or may take longer to realise than expected.

***Increased competition in the countries where the Consumer Group operates may adversely affect the growth prospects and operations of the Consumer Group.***

Most of the consumer finance markets in which the Consumer Group operates are highly competitive. Financial sector reforms in the markets in which the Consumer Group operates, have increased competition among both local and foreign financial institutions, and the Consumer Group believes that this trend will continue. There can be no assurance that increased competition in the markets will not adversely affect its growth prospects, and therefore its operations. The Consumer Group also faces competition from non bank competitors, such as brokerage companies, department stores (for some credit products), leasing and factoring companies, and financial companies.

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

Changes in market interest rates could affect the interest rates charged on interest earning assets differently than that paid on interest bearing liabilities. This difference could result in an increase in interest expenses relative to interest income leading to a reduction in the Consumer Group's net interest income. Rising interest rates may also bring about an increase in the non-performing loan portfolio. Interest rates are highly sensitive to many factors beyond the control of the Consumer Group, including increased regulation of the financial

sector, monetary policies, domestic and international economic and political conditions and other factors.

***Foreign exchange rate fluctuations may negatively affect the Consumer Group's earnings and the value of its assets and shares.***

In the ordinary course of its business, the Consumer Group has a percentage of its assets and liabilities denominated in currencies other than the Euro. Fluctuations in the value of the Euro against other currencies may adversely affect the Consumer Group's profitability. Additionally, while most of the governments of the countries in which the Consumer Group operates have not imposed prohibitions on the repatriation of dividends, capital investment or other distributions, no assurance can be given that these governments will not institute restrictive exchange control policies in the future.

Balance sheets of each business area are hedged in the area's local currency, basically using natural on-balance sheet hedges. There are higher open positions in the head office of the Consumer Group as a result of permanent investments in the banks of countries with currencies other than the Euro.

***Changes in the regulatory framework, including increased regulation of the financial services industry in the jurisdictions where the Consumer Group operates, could adversely affect its business.***

Extensive legislation affecting the financial services industry has recently been adopted in Spain, the United States, the European Union and other jurisdictions, and regulations are in the process of being implemented.

In Spain, the Bank of Spain issued Circular 9/2010 of 22 December 2010, which amends certain rules in order to establish more restrictive conditions regarding capital requirements for credit risk, credit risk mitigation techniques, securitisation and treatment of counterparty and trading book risk. The circular was issued following the passage of two EU Directives on risk management (Directive 2009/27/CE and Directive 2009/83/CE).

The EU Directive 2010/76/EU was issued on 24 November 2010 amending further the EU Directives 2006/48/EC and 2006/49/EC as regards capital requirements for the trading book and for re-securitisations and the supervisory review of remuneration policies. This Directive introduces a number of changes in response to market conditions, such as:

- an increase in the capital requirements for financial institutions in respect of trading books to ensure that a bank's assessment of the risks connected with its trading book better reflects the potential losses from adverse market movements in stressed conditions;
- a limit on investments in re-securitisations and imposition of higher capital requirements for re-securitisations to make sure that banks take proper account of the risks of investing in such complex financial products; and

- a restriction on the remuneration payable to individuals fulfilling roles with a potential impact on a bank's risk profile.

Furthermore on 16 December 2010 and 13 January 2011, the Basel Committee issued its final guidance on the proposed changes to capital adequacy and liquidity requirements ("**Basel III**"), which envisages a substantial strengthening of existing capital rules. The main proposals are summarised as follows:

- raising the quality of the Core Tier 1 capital base in a harmonised manner (including through changes to the items which give rise to adjustments to that capital base and a reform of the capital structure;
- introducing a requirement for non-Core Tier I and Tier II capital instruments to have a mechanism that requires them to be written off on the occurrence of a bailout of the institution;
- the strengthening of the risk coverage of the capital framework;
- promoting the build up of capital buffers; and
- introducing a new leverage ratio as well as short-term and long-term standards for funding liquidity (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio).

The implementation of the Basel III reforms will begin on 1 January 2014; however, the requirements are subject to a series of transitional arrangements and will be phased in over a period of time. Member countries will be required to implement the new capital standards from January 2013, the new Liquidity Funding Ratio from January 2015 and the Net Stable Funding Ratio from January 2018.

These and any additional legislative or regulatory actions in Spain, the European Union or other countries, and any required changes to the Consumer Group's business operations resulting from such legislation and regulations, could result in significant loss of revenue, limit the ability of the Consumer Group to pursue business opportunities in which they might otherwise consider engaging, affect the value of assets that the Consumer Group holds, require the Consumer Group to increase its prices and thereby reducing demand for its products, impose additional costs on the Consumer Group or otherwise adversely affect its business. Accordingly, the Consumer Group cannot provide assurance that any such new legislation or regulations would not have an adverse effect on its business, results of operations or financial condition in the future.

The Consumer Group may also face increased compliance costs and limitations on its ability to pursue certain business opportunities. Changes in regulations, which are beyond its control, may have a material effect on its business and operations. As some of the banking laws and regulations have been recently adopted, the manner in which those laws and related regulations are applied to the operations of financial institutions is still evolving. Moreover, no assurance can be given generally that laws or regulations will be adopted, enforced or

interpreted in a manner that will not have a material adverse effect on the Consumer Group's business.

***Operational risks are inherent in the business of the Consumer Group.***

The business of the Consumer Group depends on the ability to process a large number of transactions efficiently and accurately. Losses can result from inadequate personnel, inadequate or failed internal control processes and systems, or from external events that interrupt normal business operations.

The Consumer Group also faces the risk that the design of their controls and procedures prove to be inadequate or are circumvented. The Consumer Group has suffered losses from operational risk in the past and there can be no assurance that the Consumer Group will not suffer material losses from operational risk in the future.

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

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

***Damage to the reputation of the Consumer Group could cause harm to its business prospects.***

Maintaining a positive reputation is critical to the ability of the Consumer Group to attract and maintain customers, investors and employees. Damage to the reputation of the Consumer Group could therefore cause significant harm to its business and prospects. Harm to its reputation can arise from numerous sources, including, among others, employee misconduct, litigation or regulatory outcomes, failing to deliver minimum standards of service and quality, compliance failures, unethical behaviour, and the activities of customers and counterparties. Further, negative publicity regarding the Consumer Group, whether or not true, may result in harm to its prospects.

Actions by the financial services industry generally or by certain members of or individuals in the industry could also affect the reputation of the Consumer Group. For example, the role played by financial services firms in the financial crisis has damaged the reputation of the industry as a whole.

The Consumer Group could suffer significant reputational harm if it fails to properly identify and manage potential conflicts of interest. Management of potential conflicts of interests has become increasingly complex as the Consumer Group expands its business activities through more numerous transactions, obligations and interests with and among its clients. The failure to adequately address or the perceived failure to adequately address, conflicts of interest could affect the willingness of clients to deal with the Consumer Group, or give rise to litigation or enforcement actions. Therefore, there can be no assurance that conflicts of interest will not arise in the future that could cause material harm to the Consumer Group.

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

Failure to address issues appropriately such as potential conflicts of interest, legal and regulatory requirements, ethical issues, and conduct by companies in which the Consumer Group holds strategic investments or joint venture partners, could increase the number of litigation claims and the amount of damages asserted against the Consumer Group or subject it to regulatory enforcement actions, fines and penalties. Currently, the Issuer and its subsidiaries are the subject of a number of legal proceedings and regulatory actions. An adverse result in one or more of these proceedings could have a material adverse effect on the Consumer Group's operating results for any particular period.

***Credit, market and liquidity risk may have an adverse effect on the Consumer Group's credit ratings and its cost of funding.***

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

Any downgrade in the Consumer Group's ratings or even in the Santander Group rating would likely increase its borrowing costs, limit its access to capital markets and adversely affect the ability of the Consumer Group's business to sell or market its products, engage in business transactions and retain its customers. This, in turn, could reduce the Consumer Group's liquidity and have an adverse effect on its operating results and financial condition.

Possible rating downgrades of the countries in which the Consumer Group operates could also negatively affect the rating of the companies within the Consumer Group. Moody's Investors Service España, S.A. ("**Moody's**") lowered the sovereign long-term rating of the Kingdom of Spain to Aa2 negative outlook from Aa1 on 10 March 2011, to A1 on 18 October 2011, to A3 negative outlook on 13 February 2012 and to Baa3 on 14 June 2012. On 4 March 2011, Fitch Ratings Ltd. ("**Fitch**") affirmed their AA+ rating changing from stable to negative outlook, on 7 October 2011 lowered it to AA-, on 27 January 2012 lowered it to A negative outlook and to BBB on 7 June 2012. On 1 February 2011 Standard & Poor's Credit Market Services Europe Limited ("**S&P**") affirmed their AA rating keeping the negative outlook, on 14 October 2011 lowered it to AA-, on 13 January 2012 lowered it to A, on 26 April 2012 to BBB+ and on 10 October to BBB-. As at the date of this Base Prospectus, the sovereign

long-term ratings of the Kingdom of Spain are Baa3 by Moody's, BBB by Fitch and BBB- by S&P.

Moody's lowered the long-term rating of the Issuer prior to its annual review, from A2 to Baa1 on 24 March 2011, following their multiple rating actions on Spanish banks. On 6 July 2011, Moody's increased the long-term rating of the Issuer from Baa1 to A3 and changed the outlook from negative to stable and on 25 June 2012 lowered the rating to Baa2. On 12 October 2011, Fitch lowered its long-term rating from AA to AA-, on 13 February 2012 to A negative outlook and on 11 June 2012 to BBB+ . S&P lowered the rating of the Issuer from AA to AA- on 12 October 2011, to A+ on 30 November 2011 after applying its revised bank criteria, to A on 13 December 2012, to BBB+ on 30 April 2012 and to BBB- on 15 October 2012. As at the date of this Base Prospectus, the short-term ratings of the Issuer are P-2 by Moody's, F2 by Fitch and A-3 by S&P. As at the date of this Base Prospectus, the long-term ratings of the Issuer are Baa2 by Moody's, BBB+ by Fitch and BBB- by S&P.

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

## **Risks Relating to the Notes**

### ***Risks Relating to the Insolvency Law.***

Law 22/2003 (*Ley Concursal*) dated 9 July 2003 ("**Law 22/2003**" or the "**Insolvency Law**"), which came into force on 1 September 2004 supersedes all pre-existing Spanish provisions which regulated the bankruptcy, insolvency (including suspension of payments) and any process affecting creditors' rights generally, including the ranking of its credits.

Law 22/2003 provides, among other things, that: (i) any claim may become subordinated if it is not reported to the insolvency administrators (*administradores concursales*) within one month from the last official publication of the court order declaring the insolvency (if the insolvency proceeding is declared as abridged, the term to report may be reduced to fifteen days), (ii) provisions in a contract granting one party the right to terminate by reason only of the other's insolvency may not be enforceable, and (iii) interest (other than interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security) shall cease to accrue as from the date of the declaration of insolvency and any amount of interest accrued up to such date (other than any interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security) shall become subordinated.

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

The Issuer is required to provide certain information relating to the Notes to the Spanish tax authorities. If such information is not received by the Issuer it will be required to apply Spanish withholding tax to any payment of principal or interest in respect of the relevant

Notes.

Under Spanish Law 13/1985 and Royal Decree 1065/2007, each as amended, payments of income in respect of the Notes will be made without withholding tax in Spain provided that the Issue and Paying Agent provides to the Issuer at the relevant time a certificate in the Spanish language substantially in the form set out in Exhibit I, attached hereto. The Issuer is required pursuant to Spanish law to provide certain information relating to the Notes to the Spanish tax authorities.

This information must be provided by the Issue and Paying Agent to the Issuer before the close of business on the Business Day (as defined in the Terms and Conditions of the Notes) immediately preceding the date on which any payment of interest, principal or of any amounts in respect of the early redemption of the Notes (each a "**Payment Date**") is due. The information must be filed by the Issuer with the Spanish tax authorities on an annual basis.

The Issuer and the Issue and Paying Agent have arranged certain procedures to facilitate the collection of information concerning the Notes. If, despite these procedures, the relevant information is not received by the Issuer on each Payment Date, the Issuer will withhold tax at the then-applicable rate (currently 21 per cent.) from any payment in respect of the relevant Notes. The Issuer will not pay any additional amounts with respect to any such withholding.

The Issue and Paying Agency Agreement provides that the Issue and Paying Agent will, to the extent applicable, comply with the relevant procedures to facilitate the collection of information concerning the Notes. See "*Taxation in Spain - Information about the Notes in Connection with Payments*". The procedures may be modified, amended or supplemented to, among other reasons, reflect a change in applicable Spanish law, regulation, ruling or interpretation thereof. None of the Issuer or any of the Dealers assumes any responsibility therefor.

Royal Decree 1145/2011, of 29 July which amends Royal Decree 1065/2007, of 27 July provides that any payment of interest made under securities originally registered in a non-Spanish clearing and settlement entity recognised by Spanish legislation or by the legislation of another OECD country will be made with no withholding or deduction from Spanish taxes provided that the relevant information about the Notes is received by the Issuer. In the opinion of the Issuer, payments in respect of the Notes will be made without deduction or withholding of taxes in Spain provided that the relevant information about the Notes is submitted by the Issue and Paying Agent to it.

Notwithstanding the above, in the case of Notes held by Spanish resident individuals (and, under certain circumstances, by Spanish entities subject to Corporate Income Tax) and deposited with a Spanish resident entity acting as depositary or custodian, payments in respect of such Notes may be subject to withholding by such depositary or custodian at the current rate of 21 per cent.

***Payments on the Securities may be subject to U.S. withholding under FATCA***

The Issuer and other financial institutions through which payments on the Notes are made may

be required to withhold at a rate of up to 30 per cent. on all, or a portion of, payments made after 31 December 2016 in respect of any Notes which are issued (or materially modified) after 31 December 2012 or that are treated as equity for U.S. federal tax purposes whenever issued, pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as “**FATCA**”).

The Issuer is a foreign financial institution (“**FFI**”) for the purposes of FATCA. If the Issuer becomes obliged to provide certain information on its account holders pursuant to a FATCA agreement with the U.S. Internal Revenue Service (“**IRS**”) (i.e. the Issuer is a “Participating FFI”) then withholding may be triggered if: (i) the Issuer has a positive “passthru payment percentage” (as determined under FATCA), and (ii) (a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States Account” of the Issuer, (b) an investor does not consent, where necessary, to have its information disclosed to the IRS or (c) any FFI that is an investor, or through which payment on the Notes is made, is not a Participating FFI.

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

An investor that is withheld upon generally will be able to obtain a refund only to the extent an applicable income tax treaty with the United States entitles the investor to a reduced rate of tax on the payment that was subject to withholding under FATCA, provided the required information is furnished in a timely manner to the IRS.

Significant aspects of the application of FATCA are not currently clear and the above description is based on proposed regulations and interim guidance. Investors should consult their own advisors about the application of FATCA, in particular if they may be classified as financial institutions under the FATCA rules.

***Reforms to Spanish banking legislation that result from the Basel III proposals could lead to Subordinated Notes being used to absorb losses of Santander Consumer Finance, S.A. in certain circumstances.***

The Basel Committee on Banking Supervision (the “**Basel Committee**”) has proposed a number of fundamental reforms to the regulatory capital framework for internationally active banks, the principal elements of which are set out in its papers released on 16 December 2010 and on 13 January 2011 (the “**January 2011 Press Release**”).

The January 2011 Press Release states that the terms and conditions of all Additional Tier 1 and Tier 2 instruments must have a provision that requires such instruments, at the option of the relevant authority, to either be written off or converted into ordinary shares upon the

occurrence of a specified trigger event (a "**Non-Viability Event**"). The Non-Viability Event will be the earlier of (a) a decision that a write-off, without which the firm would become non-viable, is necessary; and (b) the decision to make a public sector injection of capital, without which the financial institution would become non-viable, as determined by the relevant authority.

However, the January 2011 Press Release also states that it is not necessary to include a Non-Viability Event in the contractual terms of the instruments if (a) the governing jurisdiction of the bank has in place laws that (i) require such instruments to be written off upon the occurrence of such trigger event, or (ii) otherwise require such instruments to fully absorb losses before tax payers are exposed to loss; (b) a peer group review confirms that the jurisdiction so conforms; and (c) it is disclosed by the relevant regulator and by the issuing bank, in issuance documents going forward, that such instruments are subject to such loss.

There has not yet been an official proposal for the implementation of the loss absorption proposals contained in the January 2011 Press Release in the European Union, although a draft of a new EU directive (called the Crisis Management Directive, or the "**CMD**") containing rules in relation to bank resolution and recovery was released on 6 June 2012. The CMD, although currently in draft form, includes provisions relating to, inter alia, "bail-in" (write-down or conversion into equity) of subordinated debt, certain types of senior debt and certain other liabilities at the point of a bank's non-viability. The draft CMD proposes that, with application from 1 January 2015, national authorities in each Member State will be given the power to write down or convert Additional Tier 1 and Tier 2 instruments at the point of an issuer's non-viability. It is expected that each Member State will be required to implement the CMD into its national law. However, it is possible that all or some of the CMD provisions will eventually be implemented by way of a directly-applicable regulation, similar to the proposed regulation of the European Parliament and the Council in respect of the prudential requirements for credit institutions and investments firms (the "**CRR**").

The draft CMD currently contains four resolution tools and powers:

- (A) sale of business – enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply;
- (B) bridge institution - enables resolution authorities to transfer of all or part of the business of the firm to a "bridge bank" (a public controlled entity);
- (C) asset separation - enables resolution authorities to transfer impaired or problem assets to an asset management vehicle to allow them to be managed and worked out over time; and
- (D) bail-in - gives resolution authorities the power to write-down the claims of unsecured creditors of a failing institution and to convert debt claims to equity (subject to certain parameters as to which liabilities would be eligible for the bail-in tool).

The powers currently set out in the draft CMD would impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. However, the proposed directive is not in final form and changes may be made to it in the course of the legislative process. In addition, many of the proposals contained in the draft CMD have already been implemented in Spain by virtue of Spanish Law 9/2012 of November 14 on restructuring and resolution of credit entities ("**Law 9/2012**") and it is currently unclear to what extent, if any, the provisions of Law 9/2012 may need to change once the draft CMD is implemented

Although the Terms and Conditions of the Subordinated Notes do not contain a provision which requires them to be converted into equity or written off on the occurrence of a Non-Viability Event, Law 9/2012 provides that voluntary and mandatory mechanisms of hybrid instrument management could be established affecting both preferred securities (*participaciones preferentes*) and subordinated debt. The Fund for the Orderly Restructuring of the Banking Sector in Spain ("**FROB**") is responsible for deciding when to apply such mechanism in accordance with the provisions of Law 9/2012. The underlying principle is that shareholders and creditors of the relevant institution should bear the risk of loss in such circumstances. These mechanisms are applicable until 30 June 2013. Holders of Subordinated Notes could be affected if the Issuer were the subject of a restructuring or resolution process pursuant to Law 9/2012.

There can be no assurance that existing legislation will be amended or new legislation introduced in Spain to reflect the January 2011 Press Release, such that Subordinated Notes would become subject to being written down or become fully loss absorbing on terms similar to those set out in the January 2011 Press Release.

Furthermore, there can be no assurance that, prior to its implementation in 2013, the Basel Committee will not amend the package of reforms described above. Further, the European Union and/or the authorities in Spain may implement the package of reforms, including the terms which capital securities are required to have, in a manner that is different from that which is currently envisaged or may impose more onerous requirements on Spanish banks.

#### ***Risks Relating to the Comisario.***

Under Spanish law, the Issuer is required to appoint a commissioner (*comisario*) (the "**Commissioner**") in relation to issues of Notes. The Commissioner owes certain obligations to the Syndicate of Noteholders (as described in the Issue and Paying Agency Agreement). However, prospective investors should note that the Commissioner will be an individual appointed by the Issuer and that such individual may also be an employee or officer of the Issuer.

#### ***Suitability.***

Prospective investors should determine whether an investment in the Notes is appropriate in their particular circumstances and should consult with their legal, business and tax advisers to

determine the consequences of an investment in the Notes and to arrive at their own evaluations of the investment.

***There is no active trading market for the Notes.***

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although applications have been made for the Notes issued under the Programme to be admitted to listing on the regulated market of the Irish Stock Exchange, there is no assurance that such applications will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

***The Notes may be redeemed by the Issuer prior to maturity.***

If in the case of any particular Tranche of Notes the relevant Final Terms specifies that the Notes are redeemable at the Issuer's option in certain other circumstances the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

***Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.***

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary or common safekeeper, as applicable, for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes the Issuer will discharge their payment obligations under the Notes by making payments to the common depositary or paying agent (in the case of a New Global Note) for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Deed of Covenant.

### **Risks related to the structure of a particular issue of Notes**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

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

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when their cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### ***Risks in relation to early redemption of Subordinated Notes.***

With respect to the provisions of the Subordinated Notes, Bank of Spain Circular 3/2008, of 22 May (*Circular 3/2008, de 22 de mayo, del Banco de España*) ("**Circular 3/2008**") contains the following statement:

"Without prejudice to the rights granted by the bankruptcy legislation, contractual clauses cannot contemplate the early redemption of debt due to the non-payment of principal, or other debts of the issuer, or any of the members of its group."

The CRR provides that the provisions governing the instruments should not give the holders the right to accelerate the future scheduled payment of interest or principal, other than in the insolvency or liquidation of the institution.

#### ***Partly-paid Notes.***

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of their investment.

#### ***Variable rate Notes with a multiplier or other leverage factor.***

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

***Inverse Floating Rate Notes.***

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

***Fixed/Floating Rate Notes.***

Fixed/Floating Rate Notes may bear interest at a rate that may convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

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

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

***The Issuer's obligations under Subordinated Notes are subordinated.***

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

***Payments of principal and interest in respect of Short Term Subordinated Notes may be suspended in certain circumstances.***

In the event that there is a shortage in the consolidated own funds of the Issuer as defined in Chapter 3 of Circular 3/2008 the Issuer will be obliged to suspend payments of principal and interest in respect of subordinated Notes having a maturity of not less than two years ("**Short Term Subordinated Notes**").

## IMPORTANT NOTICES

Santander Consumer Finance, S.A. (the "**Issuer**") accepts responsibility for the information contained in this Base Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

In addition, in the context of any offer of Notes that is not within an exemption from the requirement to publish a prospectus under the Prospectus Directive (a "**Non-Exempt Offer**"), either Issuer may request the Central Bank of Ireland to provide a certificate of approval in accordance with Article 18 of the Prospectus Directive (a "**passport**") in relation to the passporting of the Base Prospectus to the competent authorities of Spain and Germany (each a "**Host Member State**"), but it may choose not to do so. Even if the relevant Issuer passports the Base Prospectus into a Host Member State, it does not mean that it will choose to make any Non-Exempt Offer in such Host Member State. Investors should refer to the Final Terms for any issue of Notes to see whether the relevant Issuer has selected for a Non-Exempt Offer of Notes in a Host Member State and the period during which it intends to make a Non-Exempt Offer in such Host Member State. Each Responsible Person accepts responsibility, in the relevant Host Member State for which it has given consent referred to herein, for the content of this Base Prospectus, in relation to any person (an "**Investor**") to whom an offer of any Notes is made by any financial intermediary to whom the Responsible Persons have given their consent to use this Base Prospectus (an "**Authorised Offeror**"), where the offer is made during the period for which that consent is given and where the offer is made in the relevant Host Member State for which that consent was given and is in compliance with all other conditions attached to the giving of the consent, all as mentioned in this Base Prospectus. However, neither any Responsible Person nor any Dealer has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

If so specified in the Final Terms in respect of any Tranche of Notes, the relevant Issuer consents to the use of this Base Prospectus in connection with a Non-Exempt Offer of the relevant Notes during the Offer Period specified in the relevant Final Terms (the "**Offer Period**") either (1) in the Member State(s) specified in the relevant Final Terms by any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) and which satisfies the conditions (if any) specified in the relevant Final Terms or (2) by the financial intermediaries specified in the relevant Final Terms, in the Member State(s) specified in the relevant Final Terms and subject to the relevant conditions specified in the relevant Final Terms, for so long as they are authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC). The relevant Issuer may give consent to additional financial intermediaries after the date of the relevant Final Terms and, if they do so, the relevant Issuer will publish the above information in relation to them on their website.

The consent referred to above relates to Offer Periods occurring within 12 months from the date of this Base Prospectus.

**Any Authorised Offeror who wishes to use this Base Prospectus in connection with a Non-Exempt Offer as set out in (1) above is required, for the duration of the relevant Offer Period, to publish on its website that it is using this Base Prospectus for such Non-Exempt Offer in accordance with the consent of the relevant Issuer and the conditions attached thereto.**

To the extent specified in the relevant Final Terms, a Non-Exempt Offer may be made during the relevant Offer Period by any of the relevant Issuer, the Dealers or any relevant Authorised Offeror in any relevant Member State and subject to any relevant conditions, in each case all as specified in the relevant Final Terms.

Neither the Issuer nor any of the Dealers has authorised the making of any Non-Exempt Offer of any Notes by any person in any circumstances and such person is not permitted to use this Base Prospectus in connection with its offer of any Notes unless (1) the offer is made by an Authorised Offeror as described above or (2) the offer is otherwise made in circumstances falling within an exemption from the requirement to public a prospectus under the Prospectus Directive. Any such unauthorised offers are not made on behalf of either of the Issuer, any Dealer or any Authorised Offeror and none of the Issuer, any Dealer or any Authorised Offeror has any responsibility or liability for the actions of any person making such offers.

**An Investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to an Investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocation, settlement arrangements and any expenses or taxes to be charged to the Investor (the "Terms and Conditions of the Non-Exempt Offer"). The Issuer will not be a party to any such arrangements with Investors in connection with the offer or sale of the Notes and, accordingly, this Base Prospectus and any Final Terms will not contain such information. The Terms and Conditions of the Non-Exempt Offer shall be provided to Investors by that Authorised Offeror at the relevant time. Neither of the Issuer nor any Dealers or other Authorised Offerors has any responsibility or liability for such information.**

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as completed by a document specific to such Tranche called final terms (the "**Final Terms**") or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "*Final Terms and Drawdown Prospectuses*" below. This Base Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms.

The Issuer has confirmed to the Dealers named under "*Subscription and Sale*" below that this Base Prospectus contains all information which is (in the context of the Programme and the issue, offering and sale 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 Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme and the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

No person has been authorised to give any information or to make any representation regarding the Issuer and the companies whose accounts are consolidated with those of the Issuer (together, the "**Consumer Group**") or the Notes not contained in or consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus or any supplement hereto, or any Final Terms or any document incorporated herein by reference. Neither the delivery of this Base Prospectus or any Final Terms or Drawdown Prospectus, as the case may be, nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and any Final Terms or Drawdown Prospectus, as the case may be, and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms or Drawdown Prospectus, as the case may be, comes are required by the Issuer 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 Base Prospectus or any Final Terms or Drawdown Prospectus, as the case may be, 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.

Neither this Base Prospectus nor any Final Terms or Drawdown Prospectus, as the case may be, constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer or any Dealer that any recipient of this Base Prospectus or any Final Terms or Drawdown Prospectus, as the case may be, should

subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms or Drawdown Prospectus, as the case may be, shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €5,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement). The maximum aggregate principal amount of Notes which may be outstanding 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*".

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

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms or a Drawdown Prospectus in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by Final Terms or is a Drawdown Prospectus which specifies that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms or drawdown prospectus, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

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

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, certain of the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or their affiliates. Certain of the Dealers or their affiliates which have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. Certain of the Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

For the avoidance of doubt, uniform resource locators ("**URLs**") given in respect of web-site addresses in the Base Prospectus are inactive textual references only and it is not intended to incorporate the contents of any such web sites into this Base Prospectus nor should the contents of such web sites be deemed to be incorporated into this Base Prospectus.

Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation**") will be disclosed in the relevant Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is

not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused. A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

All references in this Base Prospectus to "U.S. \$" or to "U.S. Dollars" are to United States dollars, references to "Sterling" are to pounds sterling and references to "EUR", "euro" and "€" are to the single currency of participating Member States of the European Union.

## GENERAL DESCRIPTION OF THE PROGRAMME

The programme is a €5,000,000,000 Medium Term Note Programme under which the Issuer may from time to time issue Notes in accordance with and subject to all applicable laws and regulations and denominated in any currency, subject as set out herein. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer prior to the issue of the Notes and 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 Final Terms which complete those terms and conditions, as more fully described under "*Form of the Notes*" below.

As at the date of this Base Prospectus the Issuer has been assigned the following credit ratings:

### Moody's:

Senior unsecured:	Baa2
Subordinated:	Baa3

### S&P:

Senior unsecured debt maturing in one year or more:	BBB-
Senior unsecured debt maturing in less than one year:	A-3
Subordinated Notes:	BB+

### Fitch:

Long -term senior unsecured:	BBB+
Short-term senior unsecured:	F2

## INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (1) an English language translation of the audited consolidated financial statements of the Issuer for the years ended 31 December 2012 and 31 December 2011, together with the auditor's reports thereon;
- (2) the terms and conditions set out on pages 42 to 125 of the base prospectus dated 22 June 2012 under the heading "Terms and Conditions of the Notes";
- (3) the terms and conditions set out on pages 41 to 120 of the base prospectus dated 18 November 2011 under the heading "Terms and Conditions of the Notes";
- (4) the terms and conditions set out on pages 38 to 117 of the base prospectus dated 26 November 2010 under the heading "Terms and Conditions of the Notes";
- (5) the terms and conditions set out on pages 35 to 113 of the base prospectus dated 25 November 2009 under the heading "Terms and Conditions of the Notes"; and
- (6) the terms and conditions set out on pages 33 to 111 of the base prospectus dated 27 November 2008 under the heading "Terms and Conditions of the Notes".

The tables below set out the relevant page references for the English language balance sheet, income statement, cash-flow statement, explanatory notes and auditor's report of the Issuer for the years ended 31 December 2012 (the "**2012 Financial Statements**") and 31 December 2011 (the "**2011 Financial Statements**"), as set out in the annual reports for the years ended 31 December 2012 and 31 December 2011:

### **2012 Financial Statements**

	<b>Page reference</b>
	<i>(pdf document page numbers)</i>
Consolidated Balance Sheets	4
Consolidated Income Statements	5
Consolidated Statements of Recognised Income and Expense	6
Consolidated Statements of Changes in Total Equity	7-8
Consolidated Cash-flow Statements	9
Notes to the Consolidated Financial Statements	10-178
Auditor's report	2

### **2011 Financial Statements**

	<b>Page reference</b>
	<i>(pdf document page numbers)</i>
Consolidated Balance Sheets	cover page iv
Consolidated Income Statements	cover page v
Consolidated Statements of Recognised Income and Expenses	cover page vi
Consolidated Statements of Changes in Total Equity	cover page vii-viii
Consolidated Cash-flow Statements	cover page ix

Notes to the Consolidated Financial Statements  
Auditor's report

1-151  
cover page ii

Copies of the documents specified above as containing information incorporated by reference in this Base Prospectus may be inspected, free of charge, at the specified offices of the Issuer and the Issue and Paying Agent.

Any information not listed in the cross reference tables set out above but which is included in the documents from which the information incorporated by reference has been derived, is either not relevant or covered elsewhere in this Base Prospectus.

Documents (1) to (6) above are available at.

<http://www.ise.ie/app/DeptSecurityDocuments.aspx?progID= 333&FIELDSORT= docId>

## **FINAL TERMS AND DRAWDOWN PROSPECTUSES**

In this section the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme the Issuer has endeavoured to include in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus. Such information will be contained in the relevant Final Terms unless any of such information constitutes a significant new factor relating to the information contained in this Base Prospectus in which case such information, together with all of the other necessary information in relation to the relevant series of Notes, may be contained in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions as completed by the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, this Base Prospectus shall be read in conjunction with the relevant Drawdown Prospectus.

Each Drawdown Prospectus will be constituted by a single document containing the necessary information relating to the Issuer and the relevant Notes.

## 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 Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in new global note ("**NGN**") form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006 the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The relevant Final Terms 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 Final Terms 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 to or to the order of the Issue and Paying Agent; and
- (ii) receipt by the Issue and Paying 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 Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms 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 6 (*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 Final Terms), 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 to or to the order of the Issue and Paying Agent within 30 days of the bearer requesting such exchange.

#### **Temporary Global Note exchangeable for Definitive Notes**

If the relevant Final Terms 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 Final Terms 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 Final Terms), 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 to or to the order of the Issue and Paying Agent within 30 days of the bearer requesting such exchange

#### **Permanent Global Note exchangeable for Definitive Notes**

If the relevant Final Terms 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 Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms 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 6 (*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 Final Terms), 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 to or to the order of the Issue and Paying 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 Final Terms which complete 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."

### **USE OF PROCEEDS**

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

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be 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.*

### **Introduction**

The Notes of each Tranche will be constituted by virtue of a public deed of issuance (the "**Public Deed of Issuance**") to be executed before a Spanish notary public and to be registered with the Mercantile Registry of Madrid on or prior to the issue date, and which shall contain, among other information, the terms and conditions of the Notes. The Notes will be issued in accordance with an amended and restated issue and paying agency agreement (the "**Issue and Paying Agency Agreement**", which expression shall include any amendments or supplements thereto) dated 26 June 2013 and made between Santander Consumer Finance, S.A. (the "**Issuer**"), Citibank, N.A., London Branch in its capacities as issue and paying agent (the "**Issue and Paying Agent**" which expressions shall include any successor to Citibank, N.A., London Branch, in its capacities as such), A&L Listing Limited in its capacity as Listing Agent (the "**Listing Agent**", which expression shall include any successor to A&L Listing Limited in its capacity as such) and the paying agents named therein (the "**Paying Agents**", which expression shall include the Issue and Paying Agent and any substitute or additional paying agents appointed in accordance with the Issue and Paying Agency Agreement). For the purposes of making determinations or calculations of interest rates, interest amounts, redemption amounts or any other matters requiring determination or calculation in accordance with the Conditions of any Series of Notes (as defined below), the Issuer may appoint a Determination Agent (as defined under Condition 5C.03) for the purposes of such Notes, in accordance with the provisions of the Issue and Paying Agency Agreement, and such Determination Agent shall be specified in the applicable Final Terms. The Issuer has executed and delivered a deed of covenant dated 26 June 2013 (the "**Deed of Covenant**"). Copies of the Issue and Paying Agency Agreement and the Deed of Covenant are, or will be, available for inspection during normal business hours at the specified office of each of the Paying Agents and the Listing Agent. All persons from time to time entitled to the benefit of obligations under any Notes shall be deemed to have notice of, and shall be bound by, all of the provisions of the Issue and Paying Agency Agreement and the Deed of Covenant insofar as they relate to the relevant Notes.

The Notes are issued in series (each, a "**Series**"), and each Series may comprise one or more tranches ("**Tranches**" and each, a "**Tranche**") of Notes. Each Tranche will be the subject of a Final Terms (each, a "**Final Terms**"), a copy of which will be available for inspection during normal business hours at the specified office of the Issue and Paying Agent and/or the Listing Agent (as defined above), as the case may be, and, in the case of a Tranche of Notes listed on the Regulated Market of the Irish Stock Exchange. In the case of a Tranche of Notes in relation to which application has not been made for admission for listing on any listing authority, stock exchange and/or quotation system, copies of the Final Terms will only be

available for inspection by a Holder of or, as the case may be, an Accountholder (as defined in the Deed of Covenant) in respect of, such Notes.

References in these Terms and Conditions to "**Notes**" are to Notes of the relevant Series and any references to "**Coupons**" (as defined in Condition 1.05) and "**Receipts**" (as defined in Condition 1.06) are to Coupons and Receipts relating to Notes of the relevant Series.

References in these Terms and Conditions to the "**Final Terms**" are to the Final Terms or Final Terms(s) prepared in relation to the Notes of the relevant Tranche or Series.

In respect of any Notes, references herein to these "**Terms and Conditions**" are to these terms and conditions as modified or (to the extent thereof) replaced by the Final Terms.

## 1. **Form and Denomination**

1.01 Notes are issued in bearer form ("**Bearer Notes**") and are serially numbered.

1.02 Each Tranche of Notes will be represented upon issue by a temporary global note (a "**Temporary Global Note**") in substantially the form (subject to amendment and completion) scheduled to the Issue and Paying Agency Agreement. On or after the date (the "**Exchange Date**") which is forty days after the completion of the distribution of the Notes of the relevant Tranche and provided certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing systems) has been received, interests in the Temporary Global Note may be exchanged for:

- (i) interests in a permanent global note (a "**Permanent Global Note**") representing the Notes of that Tranche and in substantially the form (subject to amendment and completion) scheduled to the Issue and Paying Agency Agreement; or
- (ii) if so specified in the relevant Final Terms, serially numbered definitive Notes ("**Definitive Notes**").

1.03 If any date on which a payment of interest is due on the Notes of a Tranche occurs whilst any of the Notes of that Tranche are represented by a Temporary Global Note, the related interest payment will be made on the Temporary Global Note only to the extent that certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing systems) has been received by Euroclear Bank S.A./N.V. ("**Euroclear**") or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") or any other relevant clearing system. Payments of amounts due in respect of a Permanent Global Note will be made through Euroclear or Clearstream, Luxembourg or any other relevant clearing system without any requirement for certification.

- 1.04 Interests in a Permanent Global Note will be exchanged by the Issuer in whole (but not in part), at the option of the Holder of such Permanent Global Note, for serially numbered Definitive Notes, (a) if any Note of the relevant Series becomes due and repayable following an Event of Default (as defined herein); or (b) if either Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of fourteen days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so or announces its intention to withdraw its acceptance of the Notes for clearance and settlement through its system or in fact does so; or (c) if so specified in the Final Terms, at the option of the Holder of such Permanent Global Note upon such Holder's request, in all cases at the cost and expense of the Issuer, unless otherwise specified in the relevant Final Terms. In order to exercise the option contained in part (c) of the preceding sentence, the Holder must, not less than forty-five days before the date upon which the delivery of such Definitive Notes is required, deposit the relevant Permanent Global Note with the Issue and Paying Agent at its specified office with the form of exchange notice endorsed thereon duly completed. If default is made by the Issuer in the required delivery of Definitive Notes and such default is continuing at 6.00 p.m. (Irish time) on the thirtieth day after the day on which the relevant notice period expires or, as the case may be, such Permanent Global Note becomes so exchangeable, such Permanent Global Note will become void in accordance with its terms but without prejudice to the rights of the accountholders with Euroclear or Clearstream, Luxembourg or any other relevant clearing system in relation thereto under the Deed of Covenant.
- 1.05 Definitive Notes will, if so specified in the relevant Final Terms, have attached thereto at the time of their initial delivery coupons ("**Coupons**"), presentation of which will be a prerequisite to the payment of interest in certain circumstances specified below. Definitive Notes will also, if so specified in the relevant Final Terms, have attached thereto at the time of their initial delivery, a talon ("**Talon**") for further coupons and the expression "**Coupons**" shall, where the context so requires, include Talons.
- 1.06 Bearer Notes, the principal amount of which is repayable by instalments ("**Instalment Notes**") have attached thereto at the time of their initial delivery, payment receipts ("**Receipts**") in respect of the instalments of principal.

#### ***Denomination Notes***

- 1.07 Bearer Notes are in the denomination or denominations (each of which denomination is integrally divisible by each smaller denomination) specified in the Final Terms. Bearer Notes of one denomination will not be exchangeable, after their initial delivery, for Bearer Notes of any other denominations. No Notes may be issued under the Programme which have a minimum denomination of less than €1,000 (or equivalent in another currency).

### *Currency of Notes*

- 1.08 Notes may be denominated in any currency, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
- 1.09 For the purposes of these Terms and Conditions, references to Notes shall, as the context may require, be deemed to be to Temporary Global Notes, Permanent Global Notes or Definitive Notes.

### 2. **Title**

- 2.01 Title to Notes and Coupons passes by delivery. References herein to the "**Holders**" of Notes or of Coupons, or "**Noteholders**", are to the bearers of such Notes or such Coupons (as applicable).
- 2.02 The Holder of any Note or Coupon will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder.

### 3. **Status of the Notes**

#### *Status of Senior Notes*

- 3.01 The Senior Notes (being those Notes which specify their status as Senior) and the Receipts and Coupons relating to them, constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and upon the insolvency of the Issuer (and unless they qualify as subordinated claims pursuant to article 92 of Law 22/2003 (*Ley Concursal*) of 9 July 2003 (the "**Insolvency Law**") or equivalent legal provisions which replace it in the future, and subject to any applicable legal and statutory exceptions) rank *pari passu* and rateably without any preference among themselves and at least *pari passu* with all other unsecured and unsubordinated indebtedness, present and future of the Issuer. Claims relating to the Senior Notes will be ordinary credits (*creditos ordinarios*) as defined in the Insolvency Law. Ordinary credits rank below credits against the insolvency state (*creditos contra la masa*) and credits with privilege (*creditos privilegiados*). Ordinary credits rank above subordinated credits and the rights of shareholders. Accrued and unpaid interests due in respect of the Senior Notes at the commencement of an insolvency proceeding (*concurso*) of the Issuer will qualify as subordinated credits.

By purchasing the Senior Notes, holders of any Senior Notes expressly waive any preference or priority that may be conferred upon them by any existing or future law over the holders of any other Senior Notes and any other unsecured and unsubordinated debt securities issued by the Issuer (the "**Senior Securities**"), so that no Senior Notes shall rank in any circumstances ahead of any such other Senior Notes and any Senior Securities (provided, however, that no such waiver shall apply in

respect of any other Senior Notes and Senior Securities which qualify as subordinated claims pursuant to Article 92 of the Insolvency Law or equivalent legal provisions which replace it in the future).

### *Status of Subordinated Notes*

3.02 **Status of Subordinated Notes:** The Subordinated Notes (being Notes which specify their status as Subordinated) constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and, upon the insolvency of the Issuer (and unless they qualify as subordinated claims pursuant to Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provisions which replace them in the future, and subject to any applicable legal and statutory exceptions) rank without preference or priority among themselves together with all other subordinated obligations of the Issuer other than those subordinated obligations which qualify as subordinated claims pursuant to Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provisions which replace them in the future, other subordinated obligations prescribed by law, and subordinated obligations which are expressed to rank junior to the Subordinated Notes.

By purchasing the Subordinated Notes, holders of any Subordinated Notes expressly waive any preference or priority that may be conferred upon them by any existing or future law over the holders of any other Subordinated Notes and any other subordinated debt securities issued by the Issuer (the "**Subordinated Securities**"), so that no Subordinated Notes shall rank in any circumstances ahead of any other Subordinated Notes and any Subordinated Securities (provided, however, that no such waiver shall apply in respect of any other Subordinated Notes and Subordinated Securities which are subordinated by operation of Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provisions which replace them in the future, other subordinated obligations prescribed by law or which are expressed to rank junior to the Subordinated Notes or other Subordinated Securities).

## 4. **Interest**

Notes will be interest-bearing. The Final Terms in relation to each Tranche of Notes shall specify which of Condition 4A and/or 4B shall be applicable and Condition 4C will be applicable to each Tranche of Notes as specified therein save, in each case, to the extent inconsistent with the relevant Final Terms. In relation to any Tranche of Notes, the relevant Final Terms may specify actual amounts of interest payable rather than, or in addition to, a rate or rates at which interest accrues.

### 4A **Interest — Fixed Rate**

Notes in relation to which this Condition 4A is specified in the relevant Final Terms as being applicable shall bear interest from their date of issue (as specified in the relevant Final Terms) or from such other date as may be specified in the relevant Final Terms at the rate or rates per annum (or otherwise, as specified in the relevant Final Terms) specified in the relevant Final Terms. Such interest will be payable in arrear on such

dates as are specified in the relevant Final Terms and on the date of final maturity thereof. Interest in respect of a period of less than one year will be calculated on such basis as may be specified in the relevant Final Terms.

#### **4B Interest — Floating Rate Notes**

4B.01 Notes in relation to which this Condition 4B is specified in the relevant Final Terms as being applicable, shall bear interest at the rate or rates per annum (or otherwise, as specified in the relevant Final Terms) determined in accordance with this Condition 4B. Condition 4C.01 shall apply to Notes to which this Condition 4B applies.

4B.02 Such Notes shall bear interest from their date of issue (as specified in the relevant Final Terms) or from such other date as may be specified in the relevant Final Terms. Such interest will be payable in arrear on each Interest Payment Date (as defined in Condition 4C.01) and on the maturity date.

#### **4B.03 Screen Rate Determination**

If "**Screen Rate Determination**" is specified in the relevant Final Terms it shall also specify which page (the "**Relevant Screen Page**") on the Reuters Screen or any other information vending service shall be applicable. For these purposes, "**Reuters Screen**" means, when used in connection with any designated page and any Floating Rate option, the display page so designated on the Reuters service or any successor display page (or such other services or service as may be nominated as the information vendor for the purpose of displaying comparable rates in succession thereto). The rate of interest (the "**Rate of Interest**") applicable to such Notes for each Interest Period shall be determined by the Determination Agent (as defined in Condition 4C.03) on the following basis:

- (i) the Determination Agent will determine the offered rate for deposits (or, as the case may require, the arithmetic mean (rounded, if necessary, to the nearest ten thousandth of a percentage point, 0.00005 being rounded upwards) of the rates for deposits) in the relevant currency for a period of the duration of the relevant Interest Period (as defined in Condition 4C.01) on the Relevant Screen Page as of 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the second London Banking Day or, in the case of Notes denominated in Euro, on the second TARGET Business Day, before (or, in the case of Notes in another currency if so specified in the relevant Final Terms, on) the first day of the relevant Interest Period (the "**Interest Determination Date**");
- (ii) if, on any Interest Determination Date, no such rate for deposits so appears (or, as the case may be, if fewer than two such rates for

deposits so appear) or if the Relevant Screen Page is unavailable, the Determination Agent will request appropriate quotations and will determine the arithmetic mean (rounded as aforesaid) of the rates at which deposits in the relevant currency are offered by four major banks in the London interbank market or, where the basis for calculating the Rate of Interest is EURIBOR, in the Euro-zone interbank market, selected by the Determination Agent, at approximately 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date to prime banks in the London interbank market or, where the basis for calculating the Rate of Interest is EURIBOR, in the Euro-zone interbank market for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time;

- (iii) if, on any Interest Determination Date, only two or three rates are so quoted, the Determination Agent will determine the arithmetic mean (rounded as aforesaid) of the rates so quoted; or
- (iv) if fewer than two rates are so quoted, the Determination Agent will determine the arithmetic mean (rounded as aforesaid) of the rates quoted by four major banks in the Relevant Financial Centre (as defined in Condition 8B.02) (or, in the case of Notes denominated in Euro, in such financial centre or centres as the Determination Agent may select) selected by the Determination Agent, at approximately 11.00 a.m. (Relevant Financial Centre time (or local time at such other financial centre or centres as aforesaid)) on the first day of the relevant Interest Period for loans in the relevant currency to leading European banks for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time,

and the Rate of Interest applicable to such Notes during each Interest Period will be the sum of the relevant margin (the "**Relevant Margin**") specified in the Final Terms and the rate (or, as the case may be, the arithmetic mean (rounded as aforesaid) of rates) so determined; **provided, however, that**, if the Determination Agent is unable to determine a rate (or, as the case may be, an arithmetic mean (rounded as aforesaid) of rates) in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to such Notes during such Interest Period will be the sum of the Relevant Margin and the rate (or, as the case may be, the arithmetic mean (rounded as aforesaid) of rates) determined in relation to such Notes in respect of the last preceding Interest Period; **provided always that** if there is specified in the relevant Final Terms a minimum interest rate or a maximum interest rate then the Rate of Interest shall in no event be less than or, as the

case may be, exceed it. For the purposes of these Terms and Conditions "**London Banking Day**" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London.

#### 4B.04 **ISDA Determination**

If ISDA Determination is specified in the relevant Final Terms 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 2006 Definitions of the International Swaps and Derivatives Association, Inc. (the "**ISDA Definitions**") (as amended and updated as at the date specified in the relevant Final Terms)) that would be determined by the Determination Agent under an interest rate swap transaction if the Determination Agent were acting as Determination 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 Final Terms;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; 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 Final Terms.

#### 4B.05 **Determination of Rates**

The Determination Agent will, as soon as practicable after determining the Rate of Interest in relation to each Interest Period, calculate the amount of interest (the "**Interest Amount**") payable in respect of the principal amount of the smallest or minimum denomination of such Notes specified in the relevant Final Terms for the relevant Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to such principal amount, multiplying the product by a fraction (day count fraction) the numerator of which is the actual number of days in the Interest Period concerned and the denominator for which is 360 (or, in the case of Notes denominated in Pounds Sterling, 365 or, when all or part of an Interest Period falls in a leap year, 366 for that proportion of the Interest Period so falling) or by such other day count fraction as may be specified in the relevant Final Terms and rounding the resulting figure to the nearest sub-unit of the currency

in which such Notes are denominated or, as the case may be, in which such interest is payable (one half of any such sub-unit being rounded upwards).

#### 4C **Interest — Supplemental Provision**

##### *Interest Payment Date Conventions and other Calculations*

###### 4C.01

###### (a) **Business Day Convention**

The Final Terms in relation to each Series of Notes in relation to which this Condition 4C.01 is specified as being applicable shall specify which of the following conventions shall be applicable, namely:

- (i) the "**FRN Convention**", in which case interest shall be payable in arrear on each date (each an "**Interest Payment Date**") which numerically corresponds to their date of issue or such other date as may be specified in the relevant Final Terms or, as the case may be, the preceding Interest Payment Date in the calendar month which is the number of months specified in the relevant Final Terms after the calendar month in which such date of issue or such other date as aforesaid or, as the case may be, the preceding Interest Payment Date occurred *provided that*:
  - (a) if there is no such numerically corresponding day in the calendar month in which an Interest Payment Date should occur, then the relevant Interest Payment Date will be the last day which is a Business Day (as defined in Condition 8B.02) in that calendar month;
  - (b) if an Interest Payment Date would otherwise fall on a day which is not a Business Day, then the relevant Interest Payment 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 such date of issue or such other date as aforesaid or the preceding Interest Payment Date occurred on the last day in a calendar month which was a Business Day, then all subsequent Interest Payment 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 such date of issue or such other

date as aforesaid or, as the case may be, the preceding Interest Payment Date occurred;

- (ii) the "**Modified Following Business Day Convention**", in which case interest shall be payable in arrear on such dates (each an "**Interest Payment Date**") as are specified in the relevant Final Terms Provided that, if any Interest Payment Date would otherwise fall on a date which is not a Business Day, the relevant Interest Payment Date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case the relevant Interest Payment Date will be the first preceding day which is a Business Day;
  - (iii) the "**Following Business Day Convention**" in which case interest shall be payable in arrear on such dates (each an "**Interest Payment Date**") as are specified in the relevant Final Terms Provided that, if any Interest Payment Date would otherwise fall on a date which is not a Business Day, the relevant Interest Payment Date will be the first following day which is a Business Day;
  - (iv) "**No Adjustment**" in which case the relevant date shall not be adjusted in accordance with any Business Day Convention; or
  - (v) such other convention as may be specified in the relevant Final Terms.
- (b) "**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time ("**Calculation Period**"), such day count fraction as may be specified in the Final Terms and:
- (i) if "**Actual/Actual**", "**Actual/Actual (ISDA)**", "**Act/Act**" or "**Act/Act (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);
  - (ii) if "**Actual/365 (Fixed)**", "**Act/365 (Fixed)**", "**A/365 (Fixed)**" or "**A/365F**" is so specified, means the actual number of days in the Calculation Period divided by 365;
  - (iii) if "**Actual/Actual (ICMA)**" or "**Act/Act (ICMA)**" is so specified, means a fraction equal to "number of days accrued/number of days in year", as such terms are used in

Rule 251 of the statutes, by-laws, rules and recommendations of the International Capital Market Association (the "**ICMA Rule Book**"), calculated in accordance with Rule 251 of the ICMA Rule Book as applied to non U.S. Dollar denominated straight and convertible bonds issued after 31 December 1998, as though the interest coupon on a bond were being calculated for a coupon period corresponding to the Calculation Period;

- (iv) if "**Actual/360**", "**Act/360**" or "**A/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if "**30/360**" "**360/360**" or "**Bond Basis**" is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if "**30E/360**" or "**Eurobond Basis**" is so specified means, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30.

(vii) if "**30E/360 (ISDA)**" is specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Termination Date or (ii) such number would be 31, in which case D2 will be 30.

Each period beginning on (and including) such date of issue or such other date as aforesaid and ending on (but excluding) the first Interest Payment Date and each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an "**Interest Period**".

*Notification of Rates of Interest, Interest Amounts and Interest Payment Dates*

4C.02 The Determination Agent will cause each Rate of Interest, floating rate, Interest Payment Date, final day of a calculation period, Interest Amount, floating amount or other item, as the case may be, determined or calculated by it to be notified to the Issuer and the Issue and Paying Agent. The Issue and Paying Agent will cause all such determination or calculations to be notified to the other Paying Agents (from whose respective specified offices such information will be available) and to the Holders in accordance with Condition 13 as soon as practicable after such determination or calculation but in any event not later than the fourth London Banking Day thereafter or, if earlier, in the case of notification to any listing authority, stock exchange and/or quotation system, the time required by the rules of any such listing authority, stock exchange and/or quotation system. The Determination Agent will be entitled to amend any Interest Amount, floating amount, Interest Payment Date or final day of a calculation period (or to make appropriate alternative arrangements by way of adjustment) without prior notice in the event of the extension or abbreviation of any relevant Interest Period or calculation period and such amendment will be notified in accordance with the first two sentences of this Condition 4C.02.

4C.03 The determination by the Determination Agent of all items falling to be determined by it pursuant to these Terms and Conditions shall, in the absence of manifest error, be final and binding on all parties.

"**Determination Agent**" means the Issue and Paying Agent or such other person specified in the relevant Final Terms 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 Final Terms.

#### ***Accrual of Interest***

- 4C.04 Interest shall accrue on the principal amount of each Note or, in the case of an Instalment Note, on each instalment of principal, on the paid up principal amount of such Note from the Interest Commencement Date. Interest will cease to accrue as from the due date for redemption therefor (or, in the case of an Instalment Note, in respect of each instalment of principal, on the due date for payment thereof) unless upon (except in the case of any payment where presentation and/or surrender of the relevant Note is not required as a precondition of payment) due presentation or surrender thereof, payment in full of the principal amount or the relevant instalment or, as the case may be, redemption amount is improperly withheld or refused or default is otherwise made in the payment thereof in which case interest shall continue to accrue thereon (as well after as before any demand or judgment) at the rate then applicable to the principal amount of the Notes until the earlier of (i) the date on which, upon due presentation of the relevant Note (if required), the relevant payment is made or (ii) (except in the case of any payment where presentation and/or surrender of the relevant Note is not required as a precondition of payment) the seventh day after the date on which notice is given to the Holders in accordance with Condition 13 that the Issue and Paying Agent has received the funds required to make such payment (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

#### ***Temporary suspension to payments of Principal and Interest (Short Term Subordinated Notes)***

- 4C.05 In the event of a shortage in the consolidated own funds of the Issuer (as defined in Chapter 3 of Circular 3/2008, of 22 May (*Circular 3/2008, de 22 de mayo, del Banco de España*)) the Issuer will be obliged to suspend payments of principal and interest in respect of Subordinated Notes with a maturity of not less than two years ("**Short Term Subordinated Notes**"). Following an increase in the consolidated own funds of the Issuer so that there is no longer a shortage of such funds, the Issuer must give the Bank of Spain (*Banco de España*) one month's notice prior to payment of any interest or principal.

### **5. Redemption and Purchase**

#### ***Redemption at Maturity***

- 5.01 Unless previously redeemed, or purchased and cancelled, each Note shall be redeemed at its maturity redemption amount (the "**Maturity Redemption Amount**") (which

shall be its principal amount) (or, in the case of Instalment Notes, in such number of instalments and in such amounts as may be specified in the relevant Final Terms) on the date or dates (or, in the case of Notes which bear interest at a floating rate of interest, on the date or dates upon which interest is payable) specified in the relevant Final Terms. Subordinated Notes (other than Short Term Subordinated Notes) qualifying as regulatory capital (*recursos propios*) in accordance with Banco de España requirements will have a maturity of not less than five years or as otherwise permitted by Banco de España. Short Term Subordinated Notes will have a maturity of not less than two years or as otherwise permitted by Banco de España.

#### ***Early Redemption for Taxation Reasons***

5.02 If, in relation to any Series of Notes, (i) as a result of any change in the laws or regulations of Spain or in either case of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws or regulations which becomes effective on or after the date of issue of such Notes or any earlier date specified in the relevant Final Terms, the Issuer would be required to pay additional amounts as provided in Condition 7, and (ii) such circumstances are evidenced by the delivery by the Issuer to the Issue and Paying Agent of a certificate signed by two directors of the Issuer stating that the said circumstances prevail and describing the facts leading thereto, an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail and, in the case of Subordinated Notes qualifying as regulatory capital (*recursos propios*), a copy of the Banco de España consent to the redemption, the Issuer may, at its option and having given no less than thirty nor more than sixty days' notice (ending, in the case of Notes which bear interest at a floating rate, on a day upon which interest is payable) to the Holders of the Notes in accordance with Condition 13 (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes (in the case of Subordinated Notes qualifying as regulatory capital (*recursos propios*) in accordance with the requirements of Banco de España) comprising the relevant Series at their early tax redemption amount (the "**Early Redemption Amount (Tax)**") (which shall be their principal amount or at such other Early Redemption Amount (Tax) as may be specified in the relevant Final Terms) less, in the case of any Instalment Note, the aggregate amount of all instalments that shall have become due and payable in respect of such Note prior to the date fixed for redemption under any other Condition (which amount, if and to the extent not then paid, remains due and payable), together with accrued interest (if any) thereon **provided, however, that** (i) no such notice of redemption may be given earlier than 90 days (or, in the case of Notes which bear interest at a floating rate a number of days which is equal to the aggregate of the number of days falling within the then current interest period applicable to the Notes plus 60 days) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due, and (ii) in the case of Subordinated Notes qualifying as regulatory capital (*recursos propios*), that the Banco de España consents to redemption of the Subordinated Notes.

In the case of Subordinated Notes qualifying as regulatory capital (*recursos propios*), redemption for taxation reasons is subject to the prior consent of Banco de España and may not take place within a period of five years (or, in the case of Short Term Subordinated Notes, two years) from their date of issue or as otherwise permitted by Banco de España.

#### ***Optional Early Redemption (Call)***

5.03 If this Condition 5.03 is specified in the relevant Final Terms as being applicable, then the Issuer may, upon the expiry of the appropriate notice (and subject, in the case of Subordinated Notes qualifying as regulatory capital (*recursos propios*), in accordance with the requirements of Banco de España, to the prior consent of Banco de España) redeem all (but not, unless and to the extent that the relevant Final Terms specifies otherwise, some only) of the Notes of the relevant Series at their call early redemption amount (the "**Early Redemption Amount (Call)**") (which shall be their principal amount or such other Early Redemption Amount (Call) as may be specified in the relevant Final Terms) less, in the case of any Instalment Note, the aggregate amount of all instalments that shall have become due and payable under any other Condition (which amount, if and to the extent not then paid, remains due and payable), together with accrued interest (if any) thereon.

In the case of Subordinated Notes qualifying as regulatory capital (*recursos propios*), redemption at the option of the Issuer is subject to the prior consent of Banco de España and may not take place within a period of five years (or, in the case of Short Term Subordinated Notes, two years) from their date of issue or as otherwise permitted by Banco de España.

5.04 The appropriate notice referred to in Condition 5.03 is a notice given by the Issuer to the Issue and Paying Agent and the Holders of the Notes of the relevant Series, which notice shall be signed by two duly authorised officers of the Issuer and shall specify:

- the Series of Notes subject to redemption;
- whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Notes of the relevant Series which are to be redeemed;
- the due date for such redemption which shall be a Business Day, which shall be not less than thirty days (or such lesser period as may be specified in the relevant Final Terms) after the date on which such notice is validly given and which is, in the case of Notes which bear interest at a floating rate, a date upon which interest is payable; and
- the Early Redemption Amount (Call) at which such Notes are to be redeemed.

Any such notice shall be irrevocable, and the delivery thereof shall oblige the Issuer to make the redemption therein specified.

### ***Partial Redemption***

- 5.05 If the Notes of a Series are to be redeemed in part only on any date in accordance with Condition 5.03, the Notes to be redeemed shall be drawn by lot, with the intervention of the relevant Commissioner and before a Notary Public who will take the minutes, in such European city as the Issue and Paying Agent may specify, or identified in such other manner or in such other place as the Issue and Paying Agent may approve and deem appropriate and fair subject always to compliance with all applicable laws and the requirements of any listing authority, stock exchange and/or quotation system on which the relevant Notes may be listed and/or quoted.

In connection with an exercise of the option contained in Condition 5.03 (*Optional Early Redemption (Call)*) 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 but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

In the case of Subordinated Notes qualifying as regulatory capital (*recursos propios*) partial redemption is subject to the prior consent of Banco de España and may not take place within a period of five years (or, in the case of Short Term Subordinated Notes, two years) from which their date of issue or as otherwise permitted by Banco de España.

### ***Optional Early Redemption (Put)***

- 5.06 If this Condition 5.06 is specified in the relevant Final Terms as being applicable to the Senior Notes, then the Issuer shall, upon the exercise of the relevant option by the Holder of any Note of the relevant Series, redeem such Note on the date or the dates specified in the relevant Final Terms at its put early redemption amount (the "**Early Redemption Amount (Put)**") (which shall be its principal amount or such other Early Redemption Amount (Put) as may be specified in the relevant Final Terms) less, in the case of any Instalment Note, the aggregate amount of all instalments that shall have become due and payable in respect of such Note under any other Condition prior to the date fixed for redemption (which amount, if and to the extent not then paid, remains due and payable), together with accrued interest (if any) thereon. In order to exercise such option, the Holder must, not less than sixty days before the date so specified (or such other period as may be specified in the relevant Final Terms), deposit the relevant Note (together, in the case of a Definitive Note, with any unmatured Coupons appertaining thereto) with any Paying Agent together with a duly completed redemption notice in the form which is available from the specified office of any of the Paying Agents. No Note so deposited and option exercised may be withdrawn (except as provided in the Issue and Paying Agency Agreement).

The Early Redemption (Put) shall not apply in the case of Subordinated Notes and holders of Subordinated Notes may not redeem such Subordinated Notes prior to the Maturity Date.

The Holder of a Note may not exercise such option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under either Condition 5.02 or 5.03.

### ***Purchase of Notes***

- 5.07 The Issuer and any of its respective subsidiaries may at any time purchase Notes in the open market or otherwise and at any price *provided that*, in the case of Definitive Notes, all unmatured Coupons appertaining thereto are purchased therewith.

In the case of Subordinated Notes which qualify as regulatory capital (*recursos propios*) the purchase of the Notes by the Issuer or any of its subsidiaries shall take place in accordance with the requirements of Spanish law, Banco de España and the Capital Requirement Regulation.

### ***Cancellation of Redeemed and Purchased Notes***

- 5.08 All unmatured Notes and Coupons and unexchanged Talons redeemed or purchased otherwise than in the ordinary course of business of dealing in securities or as a nominee in accordance with this Condition 5 will be cancelled forthwith and may not be reissued or resold.

### ***Further Provisions applicable to Redemption Amount and Instalment Amounts***

- 5.09 The provisions of Condition 4C.02 shall apply to any determination or calculation of the Redemption Amount or any Instalment Amount required by the Final Terms to be made by the Determination Agent.
- 5.10 References herein to "**Redemption Amount**" shall mean, as appropriate, the Maturity Redemption Amount, the final Instalment Amount, Early Redemption Amount (Tax), Early Redemption Amount (Call), Early Redemption Amount (Put) and Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in the Final Terms.

### *Notices*

- 5.11 Notices of early redemption (whether full or partial) of Notes shall be given in accordance with Condition 13 (*Notices*).

### *Notification of Irish Stock Exchange*

- 5.12 The Issuer shall notify the Irish Stock Exchange of any early redemption (whether full or partial) of Notes.

## **6. Events of Default**

- 6.01 Unless otherwise specified in the relevant Final Terms, if, in the case of Subordinated Notes, any of the events set out in paragraphs (iii) or (v) occurs and is continuing or, in the case of Senior Notes, any of the following events occurs and is continuing (each an "**Event of Default**"), such Event of Default shall be an acceleration event in relation to the Notes of any Series, namely:
- (i) *Non-payment*: if default is made in the payment of any interest or principal due in respect of the Notes of the relevant Series or any of them and such default continues for a period of seven days (or such other period as may be specified in the relevant Final Terms); or
  - (ii) *Breach of other obligations*: if the Issuer fails to perform or observe any of its other obligations under or in respect of the Notes, the Issue and Paying Agency Agreement and (except in any case where such failure is incapable of remedy when no such continuation as is hereinafter mentioned will be required) the failure continues for a period of 30 days following the service by the relevant Commissioner (as defined in Condition 12 below) on the Issuer of a notice requiring the same to be remedied; or
  - (iii) *Winding up*: if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer (except in any such case for the purpose of reconstruction or a merger or amalgamation which has been previously approved by a resolution of the relevant Syndicate of Holders of the Notes or a merger with another financial institution in this case even without being approved by a resolution of the relevant Syndicate of Holders of the Notes, *provided that* any entity that survives or is created as a result of

such merger is given a rating by an internationally recognised rating agency at least equal to the then current rating of the Issuer at the time of such merger); or

- (iv) *Cessation of business*: if the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of a reorganisation (except in any such case for the purpose of reconstruction or a merger or amalgamation which has been previously approved by a resolution of the relevant Syndicate of Holders of the Notes or a merger with another financial institution in this case even without being approved by a resolution of the relevant Syndicate of Holders of the Notes, *provided that* any entity that survives or is created as a result of such merger is given a rating by an internationally recognised rating agency at least equal to the then current rating of the Issuer at the time of such merger), or the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class thereof) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (v) *Insolvency proceedings*: if (a) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or in relation to the whole or a part of the undertaking or assets of it, or an encumbrancer takes possession of the whole or a part of the undertaking or assets of either of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a part of the undertaking or assets or any of them, and (b) in any case is not discharged within 14 days; or
- (vi) *Arrangements with creditors*: if the Issuer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors).

6.02 As used herein "**Indebtedness for Borrowed Money**" means (i) money borrowed and premiums and accrued interest in respect thereof, (ii) liabilities under or in respect of any acceptance or acceptance credit and (iii) the principal and premium (if any) and accrued interest in respect of any bonds, notes, debentures, debenture stock, loan stock, certificates of deposit or other securities whether issued for cash or in whole or in part for a consideration other than cash.

6.03 If any Event of Default shall occur in relation to any Series of Notes, the relevant Commissioner, acting upon a resolution of the relevant Syndicate of Holders of the Notes of the relevant Series, in respect of all the Notes of a relevant Series, or any Holder of a Note in respect of such Note and *provided that* such Holder does not contravene the resolution of the relevant Syndicate (if any) may, by written notice to the Issuer, at the specified office of the Issue and Paying Agent, declare that such Note or Notes and all interest then accrued on such Note or Notes shall (when permitted by applicable Spanish law) be forthwith due and payable, whereupon the same shall become immediately due and payable at its early termination amount (the "**Early Termination Amount**") (which shall be its principal amount or such other Early Termination Amount as may be specified in the relevant Final Terms) less, in the case of any Instalment Note, the aggregate amount of all instalments that shall have become due and payable in respect of such Notes under any other Condition prior to the date fixed for redemption (which amount, if and to the extent not then paid, remains due and payable), together with all interest (if any) accrued thereon without presentment, demand, protest or other notice of any kind, all of which the Issuer will expressly waive, anything contained in such Note or Notes to the contrary notwithstanding, unless, prior thereto, all Events of Default in respect of the Notes of the relevant Series shall have been cured.

## 7. **Taxation**

7.01 All amounts payable (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Notes, the Receipts and the Coupons by the Issuer will 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, within or on behalf of Spain or any political subdivision thereof or any authority or agency 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 Holder of any Note, Receipt or Coupon of such amounts as would have been received by them had no such withholding or deduction been required.

7.02 The Issuer shall not be required to pay any additional amounts as referred to in Condition 7.01 in relation to any payment in respect of any Note, Receipt or Coupon:

- (i) to, or to a third party on behalf of, a Holder of a Note, Receipt or Coupon who is liable for such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with Spain other than the mere holding of such Note, Receipt or Coupon; or
- (ii) to, or to a third party on behalf of, a Holder if the Issuer does not receive the information in respect of the notes as may be required in order to comply with the applicable Spanish tax reporting obligations; or

- (iii) presented for payment more than thirty days after the Relevant Date, except to the extent that the relevant Holder would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of thirty days; or
- (iv) where the withholding or deduction referred to in 8.01 is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2004/48/EC or any law implementing or complying with, or introduced in order to conform to, this Directive; or
- (v) presented for payment by or on behalf of a Holder of a Note, Receipt or Coupon who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or
- (vi) to, or to a third party on behalf of, individuals resident for tax purposes in The Kingdom of Spain; or
- (vii) to, or to a third party on behalf of, a Spanish-resident legal entity subject to Spanish corporation tax if the Spanish tax authorities determine that the Notes do not comply with exemption requirements specified in the Reply to a Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27th July 2004 and require a withholding to be made.

Notwithstanding any other provisions contained herein, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of Sections 1471 through 1474 of the U.S. Internal Revenue Code (or any amended or successor provisions), pursuant to any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service ("**FATCA withholding**") as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer not being entitled to receive payments free of FATCA withholding. The Issuer will have no obligation to pay additional amounts or otherwise indemnify an investor for any such FATCA withholding deducted or withheld by the Issuer, the paying agent or any other party.

7.03 For the purposes of these Terms and Conditions, the "**Relevant Date**" means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Issue and Paying Agent on or prior to such due date, it means the first date on which, the full amount of such moneys having been so received and being available for payment to Holders of Notes, Receipts and Coupons, notice to that effect shall have been duly given to the Holders of the Notes of the relevant Series in accordance with Condition 13.

7.04 Unless the context otherwise requires, any reference in these Terms and Conditions to "**principal**" shall include any premium payable in respect of a Note, any Instalment

Amount or Redemption Amount and any other amounts in the nature of principal payable pursuant to these Terms and Conditions and "**interest**" shall include all amounts payable pursuant to Condition 4 and any other amounts in the nature of interest payable to these Terms and Conditions.

8. **Payments**

8A **Payments**

8A.01 Payment of amounts (other than interest) due in respect of Bearer Notes will be made against presentation and (save in the case of a partial redemption which includes, in the case of an Instalment Note, payment of any instalment other than the final instalment) surrender of the relevant Bearer Notes at the specified office of any of the Paying Agents.

8A.02 Payment of amounts in respect of interest on Bearer Notes will be made:

- (i) in the case of a Temporary Global Note or Permanent Global Note, against presentation of the relevant Temporary Global Note or Permanent Global Note at the specified office of any of the Paying Agents outside (unless Condition 8A.03 applies) the United States and, in the case of a Temporary Global Note, upon due certification as required therein;
- (ii) in the case of Definitive Notes without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Definitive Notes at the specified office of any of the Paying Agents outside (unless Condition 8A.03 applies) the United States; and
- (iii) in the case of Definitive Notes delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons or, in the case of interest due otherwise than on a scheduled date for the payment of interest, against presentation of the relevant Definitive Notes, in either case at the specified office of any of the Paying Agents outside (unless Condition 8A.04 applies) the United States.

8A.03 Payments of amounts due in respect of interest on the Bearer Notes and exchanges of Talons for Coupon sheets in accordance with Condition 8A.03 will not be made at the specified office of any Paying Agent in the United States (as defined in the United States Internal Revenue Code and Regulations thereunder) unless (a) payment in full of amounts due in respect of interest on such Notes when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions, and (b) such payment or exchange is permitted by applicable United States law. If

parts (a) and (b) of the previous sentence apply, the Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City.

8A.04 If the due date for payment of any amount due in respect of any Bearer Note is not a Relevant Financial Centre Day (as defined in Condition 8B.02) and (in the case of Definitive Notes only) a local banking day (as defined in Condition 8B.02), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day (or as otherwise specified in the relevant Final Terms) and, thereafter will be entitled to receive payment on a Relevant Financial Centre Day and (in the case of Definitive Notes only) a local banking day and no further payment on account of interest or otherwise shall be due in respect of such delay or adjustment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 4C.04.

8A.05 Each Definitive Note initially delivered with Coupons attached thereto should be presented and, save in the case of partial payment which includes, in the case of an Instalment Note, payment of any instalment other than the final instalment, surrendered for final redemption together with all unmatured Coupons and Talons appertaining thereto, failing which:

- (i) in the case of Definitive Notes which bear interest at a fixed rate or rates, the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the redemption amount paid bears to the total redemption amount due) (excluding, for this purpose, Talons) will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time within ten years of the Relevant Date applicable to payment of such final redemption amount;
- (ii) in the case of Definitive Notes which bear interest at, or at a margin above or below, a floating rate, all unmatured Coupons (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) relating to such Definitive Notes (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them; and
- (iii) in the case of Definitive Notes initially delivered with Talons attached thereto, all unmatured Talons (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them.

The provisions of paragraph (i) of this Condition 8A.05 notwithstanding, if any Definitive Notes which bear interest at a fixed rate or rates should be

issued with a maturity date and a fixed rate or fixed rates such that, on the presentation for payment of any such Definitive Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required by paragraph (i) to be deducted would be greater than the amount otherwise due for payment, then, upon the due date for redemption of any such Definitive Note, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon application of the provisions of paragraph (i) in respect of such Coupons as have not so become void, the amount required by paragraph (i) to be deducted would not be greater than the amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Definitive Note to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

8A.06 In relation to Definitive Notes initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside (unless Condition 8A.03 applies) the United States in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 9 below. Each Talon shall, for the purpose of these Conditions, be deemed to mature on the due date for the payment of interest on which the final Coupon comprised in the relative Coupon sheet matures.

8A.07 For the purposes of these Terms and Conditions, the "United States" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

## 8B **Payments — General Provisions**

8B.01 Payments of amounts due (whether principal, redemption amount, interest or otherwise) in respect of Notes will be made in the currency in which such amount is due by (a) cheque or (b) at the option of the payee, transfer to an account denominated in the relevant currency specified by the payee. Payments will, without prejudice to the provisions of Condition 7, be subject in all cases to any applicable fiscal or other laws and regulations.

8B.02 For the purposes of these Terms and Conditions:

- (i) "**Business Day**" means a day:
- in relation to Notes denominated or payable in euro which is a TARGET Business Day; and

- in relation to Notes payable in any other currency, on which commercial banks are open for business and foreign exchange markets settle payments in the Relevant Financial Centre in respect of the relevant currency; and, in either case,
  - on which commercial banks are open for business and foreign exchange markets settle payments in any place specified in the relevant Final Terms;
- (ii) "**local banking day**" means a day (other than a Saturday and Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place of presentation of the relevant Note or, as the case may be, Coupon;
- (iii) "**Relevant Financial Centre**" means such financial centre or centres as may be specified in relation to the relevant currency for the purposes of the definition of "Business Day" in the ISDA Definitions;
- (iv) "**Relevant Financial Centre Day**" means, in the case of any currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the Relevant Financial Centre (which in the case of Australian dollars shall be Melbourne and which in the case of New Zealand dollars shall be Wellington) and in any other place specified in the relevant Final Terms and in the case of payment in euro, a day which is a TARGET Business Day;
- (v) "**TARGET Business Day**" means any day on which the TARGET2 System, or any successor thereto, is open for the settlement of payments in euro; and
- (vi) "**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) payment system which utilises a single shared platform and which was launched on 19 November 2007.

and, in the case of any of paragraphs (i) to (iv) of this Condition 8B.02, as the same may be completed in the relevant Final Terms.

## 9. **Prescription**

9.01 Claims against the Issuer for payment of principal and interest in respect of Notes will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date for payment thereof.

9.02 In relation to Definitive Notes initially delivered with Talons attached thereto, there shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue pursuant to Condition 8A.05 or the due date for the payment of which would fall after the due date for the redemption of the relevant Note or which would be void pursuant to this Condition 9 or any Talon the

maturity date of which would fall after the due date for redemption of the relevant Note.

#### **10. The Paying Agents and the Determination Agent**

- 10.01 The initial Paying Agents and their respective initial specified offices are specified below. The Determination Agent in respect of any Notes shall be specified in the Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Issue and Paying Agent) or the Determination Agent and to appoint additional or other Paying Agents or another Determination Agent Provided that it will at all times maintain (i) an Issue and Paying Agent, (ii) a Paying Agent (which may be the an Issue and Paying Agent) with a specified office in a continental European city, (iii) so long as the Notes are listed on the Irish Stock Exchange and/or any other listing authority, stock exchange and/or quotation system, a Paying Agent (which may be the Issue and Paying Agent) with a specified office in such place as may be required by the rules of such other listing authority, stock exchange and/or quotation system, (iv) in the circumstances described in Condition 8A.03, a Paying Agent with a specified office in New York City, (v) a Paying Agent in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced to conform to, this Directive, and (vi) a Determination Agent where required by the Terms and Conditions applicable to any Notes (in the case of (i), (ii) and (vi) with a specified office located in such place (if any) as may be required by the Terms and Conditions). The Paying Agents and the Determination Agent reserve the right at any time to change their respective offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of the Paying Agents or the Determination Agent will be given promptly by the Issuer to the Holders of the Notes in accordance with Condition 13.
- 10.02 The Paying Agents and the Determination Agent act solely as agents of the Issuer and, save as provided in the Issue and Paying Agency Agreement or any other agreement entered into with respect to its appointment, do not assume any obligations towards or relationship of agency or trust for any Holder of any Note or Coupon and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Issue and Paying Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

#### **11. Replacement of Notes**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issue and Paying Agent or such Paying Agent or Paying Agents as may be specified for such purpose in the relevant Final Terms (in the case of Notes and Coupons), subject to all applicable laws and the requirements of any listing authority, stock exchange and/or quotation system on which the relevant Notes are listed and/or quoted, upon payment by the claimant of all expenses incurred in connection with such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Issue

and Paying Agent or the relevant Paying Agent may require. Mutilated or defaced Notes and Coupons must be surrendered before replacements will be delivered therefor.

## 12. **Syndicate of Holders of the Notes and Modification**

The Holders of the Notes of the relevant Series shall meet in accordance with the regulations governing the relevant Syndicate of Holders of the Notes (the "Regulations"). The Regulations shall contain the rules governing the functioning of each Syndicate and the rules governing its relationship with the Issuer and shall be attached to the relevant Public Deed of Issuance. A set of pro forma Regulations is included in the Issue and Paying Agency Agreement.

A temporary Commissioner will be appointed for each Syndicate. Upon the subscription of the Notes, the Commissioner will call a general meeting of the Syndicate to ratify or oppose the acts of the temporary Commissioner, confirm his appointment or appoint a substitute and to ratify the Regulations.

Provisions for meetings of the Syndicate of Holders of the Notes will be contained in the Regulations and the Issue and Paying Agency Agreement. Such provisions shall have effect as if incorporated herein.

The Issuer may, with the consent of the Issue and Paying Agent and the relevant Commissioner, but without the consent of the Holders of the Notes of any Series or Coupons, amend these Terms and Conditions and the Deed of Covenant insofar as they may apply to such Notes to correct a manifest error. Subject as aforesaid, no other modification may be made to these Terms and Conditions or the Deed of Covenant except with the sanction of a resolution of the relevant Syndicate of Holders of Notes.

For the purposes of these Terms and Conditions,

- (i) "**Commissioner**" means the trustee (*comisario*) as this term is defined under the Consolidated Text of Law on Limited Liability Companies 1/2010 dated 2 July (*Texto Refundido de la Ley de Sociedades de Capital*) ("**Spanish Companies Law**") of each Syndicate of Holders of the Notes; and
- (ii) "**Syndicate**" means the syndicate (*sindicato*) as this term is described under the Spanish Companies Law.

## 13. **Notices**

13.01 Notices to Holders of Notes will, save where another means of effective communication has been specified herein or in the relevant Final Terms, be deemed to be validly given if published in an English language daily newspaper in London (which is expected to be the *Financial Times*) or on the website of the Irish Stock Exchange if the Notes are listed on the Irish Stock Exchange (so long as such Notes are listed on the Irish Stock Exchange and the rules of that exchange so require), in a leading newspaper having general circulation in Ireland or, in either case if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe or, in the case of a Temporary Global Note or

Permanent Global Note, if delivered to Euroclear and Clearstream, Luxembourg and any other relevant clearing system for communication by them to the persons shown in their respective records as having interests therein *provided that*, in the case of Notes admitted to listing on any listing authority, stock exchange and/or quotation system, the requirements of such listing authority, stock exchange and/or quotation system, have been complied with. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the first date on which publication is made) or, as the case may be, on the fourth day after the date of such delivery to Euroclear and Clearstream, Luxembourg and any other relevant clearing system. Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Bearer Notes in accordance with this Condition.

#### ***To Commissioners***

13.02 Copies of any notice given to any Holders of the Notes will be also given to the Commissioner of the Syndicate of Holders of the Notes of the relevant Series.

#### **14. Further Issues**

The Issuer may, from time to time without the consent of the Holders of any Notes or Coupons create and issue further instruments, bonds or debentures having the same terms and conditions as such Notes in all respects (or in all respects except for the first payment of interest, if any, on them and/or the denomination thereof) so as to form a single series with the Notes of any particular Series.

#### **15. Currency Indemnity**

The currency in which the Notes are denominated or, if different, payable, as specified in the relevant Final Terms (the "**Contractual Currency**") is the sole currency of account and payment for all sums payable by the Issuer in respect of the Notes, including damages. Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Holder of a Note or Coupon in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the Contractual Currency which such Holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount is less than the amount in the Contractual Currency expressed to be due to any Holder of a Note or Coupon in respect of such Note or Coupon the Issuer shall indemnify such Holder against any loss sustained by such Holder as a result. In any event, the Issuer shall indemnify each such Holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder of a Note or Coupon and shall continue in full force and effect despite any judgment, order, claim or proof for a

liquidated amount in respect of any sum due in respect of the Notes or any judgment or order. Any such loss aforesaid shall be deemed to constitute a loss suffered by the relevant Holder of a Note or Coupon and no proof or evidence of any actual loss will be required by the Issuer.

#### 16. **Waiver and Remedies**

No failure to exercise, and no delay in exercising, on the part of the Holder of any Note, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

#### 17. **Law and Jurisdiction**

17.01 The issue of the Notes, including their legal nature (*obligaciones*), the status of the Notes and the subordination provisions in relation to the Notes, the capacity of the Issuer, the relevant corporate resolutions, the appointment of the Commissioner and the constitution of the Syndicates of Holders of the Notes are governed by Spanish law. The terms and conditions of the Notes, the Issue and Paying Agency Agreement and the Deed of Covenant and all non-contractual obligations arising out of or in connection with the terms and conditions of the Notes, the Issue and Paying Agency Agreement and the Deed of Covenant, are governed by, and shall be construed in accordance with, English law.

17.02 The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or in connection with the Notes including a dispute regarding the existence, validity or termination of the Notes or any non-contractual obligation arising out of or in connection with the Notes) or the consequences of their nullity.

17.03 The Issuer irrevocably waives any objection which they might now or hereafter have to the courts of England being nominated as the forum to hear and determine any proceedings and to settle any Disputes and agrees not to claim that any such court is not a convenient or appropriate forum.

17.04 Without prejudice to any other mode of service allowed under any relevant law, the Issuer irrevocably (a) appoints Santander Consumer (UK) plc at 3 Princess Way, Redhill, Surrey, RH1 1SR as its agent for service of process in relation to any Proceedings or, if different, at any other address of the Issuer in Great Britain at which service of process may from time to time be served on it and (b) agrees that failure by an agent for service of process to notify the Issuer of the process will not invalidate the Proceedings concerned. If the appointment of the person mentioned in this Condition 17.04 ceases to be effective, the Issuer shall forthwith appoint a further person in England to accept service of process on its behalf in England and notify the name and address of such person to the Issue and Paying Agent and, failing such appointment within fifteen days, any Holder of Notes 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 Issue and Paying Agent. Nothing contained herein shall affect the right of any Holder of Notes to serve process in any other manner permitted by law. This condition applies to proceedings in England and to proceedings elsewhere.

17.05 The submission to the exclusive jurisdiction of the courts of England is for the benefit of the Holders of the Notes only and therefore shall not (and shall not be construed so as to) limit the right of the Holders of the Notes or any of them to take proceedings in any other court of competent jurisdiction nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

18. **Rights of Third Parties**

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

## FORM OF FINAL TERMS

*Set out below is the form of Final Terms in respect of each Tranche of Notes, duly completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.*

Final Terms dated [•]

**Santander Consumer Finance, S.A.**

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

**€5,000,000,000**

**Euro Medium Term Note Programme**

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so in:

- (i) circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) those Public Offer Jurisdictions mentioned in Paragraph 29 of Part A below, provided such person is one of the persons mentioned in Paragraph 29 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU **provided, however, that** all references in this document to the "**Prospectus Directive**" in relation to any Member State of the European Economic Area refer to Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State), and include any relevant implementing measure in the relevant Member State.]<sup>3</sup>

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**")

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<sup>3</sup> *Include this legend where a non-exempt offer of Notes is anticipated.*

will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU **provided, however, that** all references in this document to the "**Prospectus Directive**" in relation to any Member State of the European Economic Area refer to Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State), and include any relevant implementing measure in the relevant Member State.]<sup>4</sup>

#### [PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 26 June 2013 [and the Supplement[s] to the Base Prospectus dated [insert date] which [together] constitutes] a base prospectus for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive]<sup>5</sup> and must be read in conjunction with such Base Prospectus. The Base Prospectus has been published in accordance with Article 14 of the Prospectus Directive on the website of the Central Bank of Ireland

at <http://www.ise.ie/app/DeptSecurityDocuments.aspx?progID= 333&FIELDSORT= docId>.

These final terms will be published on the website of the Irish Stock Exchange at [www.ise.ie].

[Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated 26 June 2013 [as so supplemented], however, a summary of the issue of the Notes is annexed to these Final Terms. [The Base Prospectus [and the Supplement[s] to the Base Prospectus] [is] [are] available for viewing at the registered office of the Issuer (being Ciudad Grupo Santander, Avenida de Cantabria, s/n, Boadilla del Monte, Madrid, Spain) and the offices of the Issue and Paying Agent, Citibank, N.A., London Branch at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and copies may be obtained from the addresses specified above.]]

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<sup>4</sup> Include this legend where a non-exempt offer of Notes is NOT anticipated.

<sup>5</sup> Delete this language in case of exempt offers.

*[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 guidance for completing the Final Terms.]]*

1. (i) Series Number: [•]
- [(ii)] Tranche Number: [•]
- [(iii)] Date on which the Notes become fungible: [Not applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the *[insert description of the Series]* on *[insert date]*/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below [which is expected to occur on or about *[insert date]*]].]
  
2. Specified Currency or Currencies: [•]
  
3. Aggregate Principal Amount: [•]
- [(i)] Series: [•]
- [(ii)] Tranche: [•]
  
4. Issue Price: [•] per cent. of the Aggregate Principal Amount [plus accrued interest from *[insert date]* (if applicable)]
  
5. Specified Denominations: [•]
  
6. [(i)] Issue Date: [•]
- [(ii)] Interest Commencement Date: [Specify/Issue Date/Not applicable]]
  
7. Maturity Date: [Specify date or (for Floating Rate — Notes) Interest Payment Date falling in the relevant month and year]
  
8. Interest Basis: [• per cent. Fixed Rate]  
 [[specify reference rate] • per cent. Floating Rate]  
 (further particulars specified below)
  
9. Redemption/Payment Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their

- nominal amount].
10. Put/Call Options: [Investor Put]<sup>6</sup>  
[Issuer Call]<sup>7</sup>  
[(further particulars specified below at paragraph [14/15])]
11. [(i)] Status of the Notes: [Senior/Subordinated]
- [(ii)] Status of the Guarantee: [Senior/Subordinated]
- [(ii)] [Date [Board] approval for issuance of Notes [and Guarantee] [respectively] obtained: (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)

### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12. Fixed Rate Note Provisions: [Applicable/Not applicable]
- (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/not adjusted].
- (iii) Fixed Coupon Amount[(s)]: [•] per [•] Nominal Amount
- (iv) Day Count Fraction: [30/360]/[30E/360]/[Actual/Actual (ICMA)]
- (v) Determination Dates: [•] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.  
  
*(N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*
- (vi) Broken Amount(s): [•] per Nominal Amount, payable on the Interest Payment Date falling [in/on] [•]  
  
*[Insert particulars of any initial or final*

<sup>6</sup> Not applicable in the case of Subordinated Notes. When applicable Euroclear must be given a minimum of 5 business days' notice and Clearstream, Luxembourg must be given a minimum of 15 business days' notice of exercise of Investor put option.

<sup>7</sup> Euroclear and Clearstream, Luxembourg must be given 5 business days' notice of exercise of Issuer call option.

*broken interest amounts which do not correspond with the Fixed Coupon Amount(s)]*

13. Floating Rate Note Provisions: [Applicable/Not applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): [•]
  - (ii) Interest Payment Dates: [•]
  - (iii) First Interest Payment Date: [•]
  - (iv) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]
  - (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
  - (vi) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the[Agent]): [•] [*Party acting as Determination Agent*]
  - (vii) Screen Rate Determination
    - Reference Rate: [•]
    - Interest Determination Date(s): [•]
    - Relevant Screen Page: [•]
  - (viii) ISDA Determination:
    - Floating Rate Option: [•]
    - Designated Maturity: [•]
    - Reset Date: [•]
  - (ix) Margin(s): [+ /-] [•] per cent. per annum
  - (x) Minimum Rate of Interest: [•] per cent. per annum

- (xi) Maximum Rate of Interest: [•] per cent. per annum
- (xii) Day Count Fraction: [•]

**PROVISIONS RELATING TO REDEMPTION**

14. [Call Option [and/or Regulatory Call]: [Applicable/Not applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

*(The clearing systems require a minimum of 5 business days notice if such an option is to be exercised)*

- (i) Optional Early Redemption Date(s): [•]
- (ii) [Optional Early Redemption Amount (Call)/Regulatory Event Redemption Amount] of each Note: [•] per Note of [•] specified denomination
- (iii) If redeemable in part:
  - (a) Minimum Redemption Amount: [•]
  - (b) Maximum Redemption Amount: [•]
- (iv) Notice period:<sup>8</sup> [•]

15. Put Option: [Applicable/Not applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

*(Euroclear require a minimum of 5 business days' notice and Clearstream, Luxembourg require a minimum of 15 business days' notice if such an option is to be exercised)*

- (i) Optional Early Redemption [•]

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<sup>8</sup> If setting notice periods which are different to those provided in the terms and conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issue and Paying Agent.

Date(s):

- (ii) Optional Early Redemption Amount (Put) of each Note: [•] per Note of [•] specified denomination
- (iii) Notice period:<sup>9</sup> [•]
16. Maturity Redemption Amount of each Note: [[•] per Note of [•] specified denomination
17. Early Redemption Amount (Tax):
- Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on Event of Default or other early redemption: [•]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

18. Form of 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]
19. New Global Note: [Yes] [No]
20. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes] [No]
21. Relevant Financial Centre: [*Specify any modification required.*]
22. Relevant Financial Centre Day: [*Specify any additional financial centres necessary for the purposes of Condition [8B.02], or [8A.04].*]

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<sup>9</sup> Euroclear and Clearstream, Luxembourg must be given 5 business days' notice of exercise of Issuer call option.

23. Details relating to Instalment Notes: [Not applicable/give details]  
amount of each Instalment date on  
which each payment is made:

## DISTRIBUTION

24. [(i) If syndicated, names and addresses of Managers and underwriting commitments: *(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
- (ii) Date of [Subscription Agreement] [•]
25. If non-syndicated, name and address of Dealer/Manager: [•]
26. [Total commission and concession: [•] per cent. of the Aggregate Nominal Amount]<sup>10</sup>
27. US Selling Restrictions: [Reg. S Category 2; TEFRA C/TEFRA D/TEFRA not applicable]
28. Non-exempt Offer: [Not Applicable]
- [An offer of the Notes may be made by the Managers [and [specify, if applicable]] other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) — which must be jurisdictions where the Base Prospectus and any supplements have been passported] ("**Public Offer Jurisdictions**") during the period from [specify date] until [specify date] ("**Offer Period**").

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<sup>10</sup>Include this legend only where an exempt offer of Notes is anticipated. Applicable only to securities with a denomination of less than EUR 100,000

**THIRD PARTY INFORMATION**

[*Relevant third party information*] has been extracted from [*specify source*]. [The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

**CONFIRMED**

**Issuer**

**SANTANDER CONSUMER FINANCE, S.A.**

By: .....

*Authorised Signatory*

Date

## PART B — OTHER INFORMATION

### 1. ADMISSION TO TRADING

[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*the Regulated Market of the Irish Stock Exchange*] with effect from [•].]

*(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*

### 2. RATINGS

The Notes to be issued have been rated:

[S&P: [•]]

[Moody's: [•]]

[[Other]: [•]]

**[Option 1: Credit Rating Agency ("CRA") is (i) established in the EU and (ii) registered under the CRA Regulation:** [*Insert legal name of particular credit rating agency entity providing rating*] is established in the EU and registered under Regulation (EC) No 1060/2009, as amended (the "**CRA Regulation**").]

**[Option 2: Credit Rating Agency ("CRA") is not established in the EU nor registered under the CRA Regulation:** [*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EU and is not registered under Regulation (EC) No 1060/2009, as amended (the "**CRA Regulation**").]

**[Option 3: CRA is not established in the EU but the relevant rating is endorsed by a CRA which is established and registered under the CRA Regulations:** [*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EU but the rating it has given to the Instruments is endorsed by [*insert legal name of credit rating agency*], which is established in the EU and registered under Regulation (EC) No 1060/2009 (the "**CRA Regulation**").]

**[Option 4: CRA is not established in the EU and the relevant rating is not endorsed under the CRA Regulation, but the CRA is certified in accordance with the CRA Regulation:** [*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EU but is certified under Regulation (EC) No 1060/2009 (the "**CRA Regulation**").]

[*Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.*]

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Save as discussed in the section entitled "*Subscription and Sale*" of the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to

the offer.]/[•]/[Not applicable]

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i)] Estimated net proceeds: [•]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

[(ii)] Estimated total expenses<sup>11</sup>: [•]

[Include breakdown of expenses.]

5. **[[Fixed Rate Notes only - YIELD**

Indication of yield: [•]

Calculated as *[include details of method of calculation in summary form]* on the Issue Date.

6. **[Floating Rate Notes only — HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters].]

7. **OPERATIONAL INFORMATION**

ISIN: [•]

Common Code: [•]

Any Clearing System other than Euroclear and Clearstream Banking, société anonyme and the relevant identification numbers: [•] *[Not applicable]*

Names and addresses of additional Paying Agent(s) (if any): [•]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No]

[Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily

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<sup>11</sup>For securities of at least €100,000 only the estimated total expenses related to admission to trading should be included.

mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] The Notes are intended upon issue to be deposited initially with one of the ICSDS acting as common safekeeper.

*[Include this text if "yes" selected in which case the Notes must be issued in NGN form]*

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

*[Include this text if "no" selected in which case the Notes must be issued in NGN form]*

**8. TERMS AND CONDITIONS OF THE OFFER**

Offer Price:	[Issue Price][•]
Conditions to which the offer is subject:	[Not applicable] [•]
Description of the application process:	[Not applicable] [•]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not applicable] [•]
Details of the minimum and/or maximum amount of application:	[Not applicable] [•]
Details of the method and time limits for paying up and delivering the Notes:	[Not applicable] [•]
Manner in and date on which results of	[Not applicable] [•]

the offer are to be made public:

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not applicable] [•]

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not applicable] [•]

Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not applicable] [•]

Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [Not applicable] [•]

## 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, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

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 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 in respect of payments due under the Notes and such obligations of the Issuer 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 and, in the case of an NGN, effectuated, 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 to or to the order 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 Final Terms), 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 to or to the order of the Issue and Paying 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 26 June 2013 (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 Final Terms), 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 to or to the order of the Issue and Paying 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 to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the 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 in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

*Exercise of put option:* In order to exercise the option contained in Condition 5.06 (*Optional Early Redemption (Put)*) 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 Issuer and Paying 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 5.03 (*Optional Early Redemption (Call)*) 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 but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

*Notices:* Notwithstanding Condition 13 (*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 or a common safekeeper, 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 13 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

## DESCRIPTION OF THE ISSUER

### History and Development

The Issuer's legal name is Santander Consumer Finance, S.A. (the "**Issuer**") and its commercial name is "Santander Consumer".

The Issuer is registered in the Mercantile Registry of Madrid with Fiscal Identification Code number A 28122570. It is also registered under the number 0224 in the Register of Banks maintained by the Bank of Spain.

The Issuer was established as a limited liability company (*sociedad anónima*) under the legal name "Banco de Fomento, S.A." by way of a deed (*escritura*) granted by the Notary of Madrid Mr. Urbicio López Gallego, acting as the substitute of his colleague Mr. Alejandro Bérnago Llabrés but with Mr. Bérnago Llabrés' notarial number 2.842, on 31 August 1963. In 1995, the Issuer changed its name to "Hispaner Banco Financiero, S.A." and then changed it again in 1999 to "HBF Banco Financiero, S.A.". The Issuer's current name, Santander Consumer Finance, was changed on 19 December 2002 and published in the Official Bulletin of the Mercantile Registry (*Boletín Oficial del Registro Mercantil*) on 13 January 2003.

The Issuer began operations on the same day that it was established and was established for an indefinite term. The Issuer's activity is subject to the Spanish legislative regime applicable to financial institutions in general and, in particular, to the supervision, control and rules of the Bank of Spain and the Spanish National Securities Market Commission (the "**CNMV**"). The Issuer is subject to the CNMV's code of good governance which, amongst other things, safeguards against abuse of control. In addition, the Issuer's parent company, Banco Santander, S.A. prepares an annual corporate governance report which it publishes and presents to the CNMV. Banco Santander, S.A. also has an audit and compliance committee which supervises its compliance with such governance rules and the CNMV's code of good governance.

The authorised and paid up share capital of the Issuer as at 31 December 2012 is €4,663,638,516 divided into 1,554,546,172 ordinary shares having a face value of €3 each. All issued share capital is fully paid up.

The registered office of the Issuer is located at Ciudad Grupo Santander, Avenida de Cantabria, s/n, Boadilla del Monte (Madrid), Spain. The telephone number of the Issuer's registered office is + 34 91 289 0000.

### Business Overview

#### *Principal Activities of the Issuer*

The Issuer's objective is to receive funds from the public in the form of deposits, loans, repos or other similar transactions entailing the obligation to refund them, and to use these funds for its own account to grant loans and credits or to perform similar transactions, as set out in Article 2 of the constitutive documents (*Estatutos*) of the Issuer. In addition, the Issuer is the

holding company of a finance group (the "**Consumer Group**") and handles the investments of its subsidiaries.

The Issuer is part of the Santander Group (as described above), the parent entity of which (Banco Santander, S.A.) had a 100 per cent. direct and indirect ownership interest in the share capital of the Issuer as at 31 December 2012. Banco Santander, S.A. has its registered office at Paseo de Pereda 9-12, Santander.

The Consumer Group's primary activity is related to automobile financing, personal loan and credit card businesses. However, it also works at attracting customer funds. The Consumer Group has 630 branches located throughout Europe (271 of which are in Germany and 72 of which are in Spain) and engages in finance leasing, financing of third party purchases of consumer goods of any kind, full-service leasing ("**renting**") and other activities. Additionally, since December 2002, the Issuer has been the head of a European corporate group, consisting mainly of financial institutions, which engages in commercial banking, consumer finance, operating and finance leasing, full-service leasing and other activities in Germany, Italy, Hungary, Austria, Poland, the Netherlands, Norway, Finland, Denmark, Sweden and Portugal.

The Issuer's strategy consists of establishing agreements with authorized agents (mainly dealers) in order to deliver finance for automobiles and other consumer goods. The Issuer also seeks to generate loyalty affiliations with final customers by directly offering them other products such as credit cards. The Issuer's primary business, however, continues to be the financing of new and used cars.

The main management focus during 2012 was centered on commercial operations and cross selling supported by brand agreements and by penetration in the used vehicle market to offset the decline in new vehicle registrations. Also, further progress was made in loan admission and recovery policies in various countries following the initial positive results obtained.

Additionally the Consumer Group took advantage with the consolidation of the business model in Germany by rolling out the Partenón technology platform and the consolidation of SC Poland, strengthened in the third quarter with the acquisition of Zagiel, which specialises in consumer loans.

Total assets managed by the Consumer Group amounted to €71,129 million in 2012, representing a decrease of 1.97 per cent. as compared to €72,558 million in 2011.

At the end of 2012, gross loans and advances to customers amounted to €58,718.2 million, the same level as the end of 2011. The increase of gross loans and advances to customers in 2012, compared with the same period in 2011, in Scandinavia (an increase of 15.48 per cent.), in the Rest of Europe (an increase of 1.95 per cent.), and Germany (an increase of 0.75 per cent.) has compensated for the declines in Italy (a decrease of 12.02 per cent.) and Spain (a decrease of 6.29 per cent.), which are affected by the economic situation.

The Consumer Group's impaired assets stood at €2,312.3 million at 31 December 2012, a decrease in comparison with the balance of €2,359.5 million at 31 December 2011.

The Consumer Group's consolidated net profit for the year was €14 million in 2012 (with an attributable profit to the parent of €79.9 million), representing a decrease of 32.75 per cent. as compared to €66.9 million in the previous year.

The Consumer Group's income statement for the year ended 31 December 2012 shows a light decrease in the gross income of 2.01 per cent. to €2,921.9 million, in comparison to the previous year's total of €2,981.9 million.

There was a reduction in impairment losses on financial assets (net) for the year ended 31 December 2012 to €781.0 million compared to the year ended 31 December 2011 (down by 8.5 per cent.) This decrease in provisions reflects the improved quality of the portfolio.

Profit before tax in 2012 was €432.03 million and €21.02 million after taxes. Profit before tax in 2011 was €57.96 million. From the management point of view inside the Santander Group, the 2012 net attributable profit of the Consumer Group was €26.7 million (this included Santander Consumer UK). The reorganization of the Consumer Group's business also led to a loss of almost €6.9 million under "Loss from Discontinued Operations (Net)".

In terms of geographic areas, Germany accounted for the largest profit (loss) attributable to the parent of the Consumer Group with €79.8 million in 2012, followed by Poland with €161 million and Spain with €21 million in the current year.

Wholesale financing performed well, with more than €2,100 million issued in 2012. Of note is the securitisation activity (€1,600 million captured in the market), where Santander Consumer Finance was the first entity to securitise loans to finance vehicles in Finland and Sweden. Also, a senior debt issue amounting to €500 million was launched by the parent of Santander Consumer Finance in the fourth quarter.

The funding plan for 2013 maintains current trends: high level of customer deposits together with wholesale financing through securitisations and issues.

### **New Business of the Issuer in 2012**

The volume of new loans at December 2012 was €21,720 million, up by 0.8 per cent. This increase was supported by used car business which increased by 6.33 per cent., and by durables and credit cards which were up by 7.29 per cent. Also growth in financing of new cars by 1.6 per cent., contrasting with a decrease of 5 per cent. in registrations in the EU. In the mortgages business Santander Consumer Finance decreased 37.55 per cent., other products declined 20.57 per cent. and directs decreased 4.7 per cent.

The units with higher productions in 2012 were Germany (up 5 per cent. compared with 2011), the Nordic countries (up 8 per cent. in local currency compared with 2011), and Poland (up 9 per cent. in local currency compared with 2011). In contrast, Italy posted the steepest decline (down 29 per cent. compared with 2011) and Spain (down 4 per cent. compared with 2011).

The following table summarises new financing extended in 2012 by product line, compared with the previous year:

<b>(Unaudited)</b>	<b>2012 financial year</b>	<b>Percentage of total activity</b>	<b>2011 financial year</b>	<b>Variation 2012/2011</b>
	<i>(millions of Euro)</i>	<i>(percentage)</i>	<i>(millions of Euro)</i>	<i>(percentage)</i>
New Business (W/O Stock Financing)				
Cars	11,937.1	54.96%	11,492.9	3.9%
New cars	6,080.6	28.00%	5,984.7	1.6%
Used Cars	5,856.5	26.96%	5,508.2	6.3%
Consumer Financing and Credit Cards	4,693.1	21.61%	4,374.1	7.3%
Direct	4,017.6	18.50%	4,217.4	-4.7%
Mortgages	331.1	1.52%	530.2	-37.5%
Other	741.1	3.41%	933.0	-20.5%
<b>Total financing activity</b>	<b>21,720.0</b>	<b>100%</b>	<b>21,547.5</b>	<b>0.8%</b>

The automotive business comprises all the businesses related to the financing of new and used vehicles, including operating and finance leases. This is the Consumer Group's main business, which at €11,937.1 million represented 54.96 per cent. of the new financing activity during 2012 (new car financing accounted for 28 per cent. of the total new business), an increase of 3.9 per cent. over the previous year.

Consumer financing and the credit cards business reflect the income from consumer products distributed through intermediaries (subscription agents or dealers) not included in the direct finance business. Credit cards represent the business of extending consumer credit by means of credit cards, including the management of the credit cards. These two products represented 21.61 per cent. of total activity in 2012, or €4,693.1 million, and an increase of 7.3 per cent. when compared with the previous year.

Direct loans decreased by 4.7 per cent. in 2012. Direct financing comprises the financing of consumer products distributed through the Consumer Group's own channels, without the use of intermediaries. It includes the marketing of personal loans for small amounts, with a short granting and approval period. Direct financing represented 18.50 per cent. of the Consumer Group's total activity, with an amount of €4,017.6 million in 2012.

The mortgage financing business includes all activities related to financing backed by property as collateral. In 2012, mortgages had a significant reduction of 37.5 per cent. in comparison with the previous year. This product represented 1.52 per cent. of total activity in 2012, or €31.1 million.

Other businesses include operations that do not fit into any of the above categories, such as operations with companies (corporate leasing and real estate renting). This business accounted for 3.41 per cent. of new business in 2012.

At the end of 2012, the customer funds under management (customer deposits and marketable debt securities) reached €39,815 million, representing a decrease of 2.37 per cent. compared to the €40,781.6 million recorded in the previous financial year, excluding subordinated debt issued. Customer deposits decreased by 2.87 per cent. in 2012, mainly due to deposits acquired in SC Germany and the German retail banking activities of SEB AG.

The Consumer Group holds banking licenses in the majority of the countries in which it is present. One of its main sources of funding is customer deposits through Germany and Poland.

Customer deposits (demand deposits and fixed term deposits) ended the year with a balance of €2,114.1 million, a decrease of 2.87 per cent. from the previous financial year.

Out of this total, 93.1 per cent. came from Germany, 5.1 per cent. came from Poland, 0.84 per cent. came from Italy, and 0.71 per cent. came from Spain.

The following table summarises customer funds under management in 2012, as compared to the previous financial year (the data does not include valuation adjustments or subordinated debt):

**Customer Funds under management**

	<b>2012 Financial year (unaudited)</b>	<b>2011 Financial year (unaudited)</b>	<b>Variation 2012/2011</b>
	<i>(millions of euro)</i>		
Customer deposits	32,114.1	33,062.2	-2.87%
Marketable debt securities	7,700.9	7,719.4	-0.24%
<b>Total client funds on balance sheet</b>	<b>39,815.0</b>	<b>40,781.6</b>	<b>-2.37%</b>

**Main Markets in which the Issuer Competes**

At year-end 2012, the Issuer carried out its consumer financing business mainly in the Euro zone. The Consumer Group separates geographic reporting into six operating areas, each of which covers all business carried out by the Consumer Group in such geographical area: Germany, Spain, Italy, Scandinavia, Poland and the rest of Europe.

The following tables summarise customer lending and customer deposits by geographical area as at 31 December 2012, in comparison with the previous year (including balance sheet adjustments):

#### Customer Lending

	<b>2012 Financial year (unaudited)</b>	<b>Percentage of total activity</b>	<b>2011 financial year (unaudited)</b>	<b>Variation 2012/2011 (percentage)</b>
	<i>(millions of euro)</i>		<i>(millions of euro)</i>	
Spain	8,994.6	15.9%	9,124.2	-1.42%
Germany	29,654.4	52.4%	29,276.9	1.29%
Italy	6,525.9	11.5%	7,481.1	-12.77%
Scandinavia	7,980.9	14.1%	6,909.2	15.51%
Poland	2,663.9	4.7%	2,636.2	1.05%
Rest of Europe	3,518.9	6.2%	3,743.1	-5.99%
Intragroup Eliminations	-2,725.4	-4.8%	-2,561.6	6.39%
<b>Total</b>	<b>56,613.2</b>	<b>100%</b>	<b>56,609.1</b>	<b>0.01%</b>

#### Customer Deposits

	<b>2012 Financial year (unaudited)</b>	<b>Percentage of total activity</b>	<b>2011 financial year (unaudited)</b>	<b>Variation 2012/2011 (percentage)</b>
	<i>(millions of euro)</i>		<i>(millions of euro)</i>	
Spain	226.7	0.7%	595.4	-61.92%
Germany	29,894.5	93.1%	31,332.3	-4.59%
Italy	269.2	0.8%	255.2	5.49%
Scandinavia	38.8	0.1%	33.4	16.17%
Poland	1,635.50	5.1%	1,111	47.21%
Rest of Europe	26.9	0.1%	28	-3.93%
Intragroup Eliminations	22.5	0.1%	-293.1	-107.68%
<b>Total</b>	<b>32,114.10</b>	<b>100%</b>	<b>33,062.2</b>	<b>-2.87%</b>

The following sections describe the main markets in which the Issuer competes within each geographic area. Please notice that the following Consolidated Balance Sheets by area are affected by intragroup transactions and are to be read in conjunction with the Annual Statements. The following financial information is derived from the Issuer's consolidated financial statements.

## GERMANY

The following table sets out the consolidated balance sheet for Germany as at 31 December 2012, compared with the previous year and the total figures for the Consumer Group:

### Consolidated Balance Sheet (Germany against the total figures for the Consumer Group)

	2012 financial year	2011 financial year	Total 2012 financial year for the Consumer Group
	<i>(millions of euro)</i>		
Loans and advances to customers	29,654.4	29,276.9	56,613.2
Financial assets held for trading	43.3	65.7	92.6
Debt instrument	277.3	93	1,633.8
Loans and advances to credit institutions	6,098.0	9,703.2	6,452.6
Tangible and intangible assets	568.5	408.8	2,459.7
Other asset accounts	1,735.1	1,417.7	3,877.1
<b>Total assets</b>	<b>38,376.6</b>	<b>40,665.3</b>	<b>71,129.0</b>
Customer deposits	29,894.4	31,332.3	32,114.1
Marketable debt securities	1,040.7	1,997.4	7,700.9
Subordinated liabilities	376.6	378	1,524.6
Deposits from central banks and credit institutions	1,650.5	1,359	19,554.2
Other liability accounts	1,840.5	2,815.7	3,699.1
Equity	3,573.8	3,082.9	6,536.1
<b>Total funds under management</b>	<b>38,376.5</b>	<b>40,965.3</b>	<b>71,129.0</b>

SC Germany is the largest business entity within the Consumer Group, representing 52.4 per cent. of all loans and advances to customers at the end of 2012 considering eliminations, with an outstanding amount of €29,654.4 million (net of impairment losses).

Germany contributed 77.7 per cent. of the total customer funds within the Consumer Group, with customer funds under management at the end of 2012 in the amount of €30,935.1 million (including both customer deposits of €29,894.4 million and marketable debt securities of €1,040.7 million).

The situation in Germany was better than other countries in the European Union. The unemployment rate was 5.4 per cent., with positive growth in GDP.

In the automobile business, there was an increase of 8.55 per cent. in the new cars market in comparison to the previous year, as well as a slight rise of 1.32 per cent. in the used cars market.

In December 2012, the portfolio of Stock finance increased by 9.96 per cent. to €1,800.5 million in comparison to previous year. These results can partly be explained by a new cooperation with Volvo.

Finally, Durables increased by 6.64 per cent. during 2012.

## SPAIN

The following table sets out the consolidated balance sheet for Spain as at 31 December 2012, compared with the previous year and the total figures for the Consumer Group:

### Consolidated Balance Sheet (Spain against the total figures for the Consumer Group)

	2012 financial year	2011 financial year	Total 2012 financial year for the Consumer Group
	<i>(millions of euro)</i>		
Loans and advances to customers	8,994.5	9,124.2	56,613.2
Financial assets held for trading	54.7	54.7	92.6
Debt instrument	980.1	980.3	1,633.8
Loans and advances to credit institutions	10,118.1	12,988.9	6,452.6
Tangible and intangible assets	224.4	189.2	2,459.7
Other asset accounts	407.7	464	3,877.1
<b>Total assets</b>	<b>20,779.5</b>	<b>23,801.3</b>	<b>71,129.0</b>
Customer deposits	226.8	595.3	32,114.1
Marketable debt securities	3,493.2	4,087.2	7,700.9
Subordinated liabilities	241.9	278.3	1,524.6
Deposits from central banks and credit institutions	11,599.8	14,529.4	19,554.2
Other liability accounts	1,062.5	627	3,699.1
Equity	4,155.3	3,684.1	6,536.1
<b>Total funds under management</b>	<b>20,779.5</b>	<b>23,801.3</b>	<b>71,129.0</b>

The total sum of loans and advances to customers in Spain was €8,994.5 million and accounted for 15.89 per cent. of the total consolidated portfolio for the Consumer Group as at 31 December 2012, considering intragroup eliminations, and represents an decrease of 1.42 per cent. compared with 2011.

Spain accounted for 9.34 per cent. of total customer funds within the Consumer Group, with customer funds under management at the end of 2012 in the amount of €3,720.0 million (including both customer deposits of €226.8 million and marketable debt securities of €3,493.2 million).

In 2012, car registrations declined, however used cars sales increased by 11.95 per cent., considering a higher rate in Renting in comparison to 2011.

## ITALY

The following table sets out the consolidated balance sheet for Italy as at 31 December 2012, compared with the previous year and the total figures for the Consumer Group:

### Consolidated Balance Sheet (Italy against the total figures for the Consumer Group)

	2012 financial year	2011 financial year	Total 2012 financial year for the Consumer Group
	<i>(millions of euro)</i>		
Loans and advances to customers	6,526	7,481.1	56,613.2
Financial assets held for trading	6.7	2.9	92.6
Debt instrument	766.5	456.5	1,633.8
Loans and advances to credit institutions	196.9	63.4	6,452.6
Tangible and intangible assets	20.9	18.6	2,459.7
Other asset accounts	338	332.5	3,877.1
<b>Total assets</b>	<b>7,855.0</b>	<b>8,355.0</b>	<b>71,129.0</b>
Customer deposits	269.2	255.2	32,114.1
Marketable debt securities	626.4	834.7	7,700.9
Subordinated liabilities	—	321.5	1,524.6
Deposits from central banks and credit institutions	6,127.6	6,013.6	19,554.2
Other liability accounts	263.9	382	3,699.1
Equity	567.9	548	6,536.1
<b>Total funds under management</b>	<b>7,855.0</b>	<b>8,355.0</b>	<b>71,129.0</b>

Italy represented 11.53 per cent. of the Consumer Group's loans and advances to customers, with loans and advances to customers amounting to €6,526 million at the end of 2012.

Italy accounted for 2.25 per cent. of the Consumer Group's customer funds, with customer funds under management at the end of 2012 valued at €95.6 million (including customer deposits of €269.2 million and marketable debt securities of €26.4 million).

The evolution by products is the following:

Automobile business decreased in comparison to previous year by 20 per cent., due to the negative market situation.

Direct business registered a slight reduction of 6.5 per cent. in relation to the previous year. The decrease was due to the closing of internet channel and lower contribution from Branches and Agents.

Finally, the reduction in Durables is mainly due to commercial policies, with the aim to reduce exposition to customers with medium/high risk profile.

## SCANDINAVIA

The following table sets out the consolidated balance sheet for Scandinavia as at 31 December 2012, compared with the previous year and the total figures for the Consumer Group:

### Consolidated Balance Sheet (Scandinavia against the total figures for the Consumer Group)

	2012 financial year	2011 financial year	Total 2012 financial year for the Consumer Group
	<i>(millions of euro)</i>		
Loans and advances to customers	7,980.9	6,909.3	56,613.2
Financial assets held for trading	—	—	92.6
Debt instrument	56	39.1	1,633.8
Loans and advances to credit institutions	493.7	139.7	6,452.6
Tangible and intangible assets	104.8	95.6	2,459.7
Other asset accounts	221.5	219.8	3,877.1
<b>Total assets</b>	<b>8,800.9</b>	<b>7,403.5</b>	<b>71,129.0</b>
Customer deposits	38.8	33.3	32,114.1
Marketable debt securities	1,610.4	1,356.2	7,700.9
Subordinated liabilities	24.5	84.6	1,524.6
Deposits from central banks and credit institutions	6,067.5	5,021.9	19,554.2
Other liability accounts	256.9	220.7	3,699.1
Equity	802.8	686.8	6,536.1
<b>Total funds under management</b>	<b>8,800.9</b>	<b>7,403.5</b>	<b>71,129.0</b>

The Scandinavian loans and advances to customers portfolio of €7,980.9 million represented 14.1 per cent. of the Consumer Group's consolidated portfolio as at December 2012 considering intragroup eliminations, an increase of 15.51 per cent. in comparison to 2011. It has a residual portion of customer deposits of €38.8 million.

In Scandinavia, the total portfolio increased by 15.3 per cent. There was a strong increase in the durable business by 466.7 per cent. over the previous year.

The automobile business was higher compared to 2011; the used cars market rose by 15.7 per cent. and the new cars sector increased by 13.6 per cent.

Finally, credit cards increased by 21 per cent. in comparison to the previous year.

## POLAND

The following table sets out the consolidated balance sheet for Poland as at 31 December 2012, compared with the previous year and the total figures for the Consumer Group:

### Consolidated Balance Sheet (Poland against the total figures for the Consumer Group)

	2012 financial year	2011 financial year	Total 2012 financial year for the Consumer Group
		<i>(millions of euro)</i>	
Loans and advances to customers	2,663.9	2,636.2	56,613.2
Financial assets held for trading	—	—	92.6
Debt instrument	171.7	98.2	1,633.8
Loans and advances to credit institutions	129.7	130	6,452.6
Tangible and intangible assets	43.9	39.7	2,459.7
Other asset accounts	288.1	105.5	3,877.1
<b>Total assets</b>	<b>3,297.3</b>	<b>3,009.6</b>	<b>71,129.0</b>
Customer deposits	1,635.5	1,111.1	32,114.1
Marketable debt securities	272.7	214.8	7,700.9
Subordinated liabilities	—	34.1	1,524.6
Deposits from central banks and credit institutions	616.7	1,020.4	19,554.2
Other liability accounts	334.3	267.9	3,699.1
Equity	438.1	361.3	6,536.1
<b>Total funds under management</b>	<b>3,297.3</b>	<b>3,009.6</b>	<b>71,129.0</b>

Poland represented 4.71 per cent. of the Consumer Group's customer loans and advances to customers, with loans amounting to €2,663.9 million at the end of 2012.

Poland accounted for 4.8 per cent. of the Consumer Group's customer funds, with customer funds under management at the end of 2012 valued at €1,908.2 million (including customer deposits of €1,635.5 million and marketable debt securities of €272.7 million).

In 2012, Poland had a GDP slowdown (1.4 per cent. in the 3rd quarter) but it remained above the European average.

By products, New and Used cars business had a slight decline of 1.6 per cent. relative to previous year and highlight a strong growth of 19 per cent. in Durables during 2012.

## REST OF EUROPE

The following table sets out the consolidated balance sheet for the rest of Europe as at 31 December 2012, compared with the figures from the previous year and the total figures for the Consumer Group:

### Consolidated Balance Sheet (Rest of Europe against the total figures for the Consumer Group)

	2012 financial year	2011 financial year	Total 2012 financial year for the Consumer Group
	<i>(millions of euro)</i>		
Loans and advances to customers	3,518.9	3,743.1	56,613.2
Financial assets held for trading	—	—	92.6
Debt instrument	1.3	1.1	1,633.8
Loans and advances to credit institutions	179.6	94	6,452.6
Tangible and intangible assets	29.1	30.4	2,459.7
Other asset accounts	220.1	118.7	3,877.1
<b>Total assets</b>	<b>3,949.0</b>	<b>3,987.3</b>	<b>71,129.0</b>
Customer deposits	26.9	28.0	32,114.1
Marketable debt securities	—	—	7,700.9
Subordinated liabilities	—	—	1,524.6
Deposits from central banks and credit institutions	2,713.7	2,720.5	19,554.2
Other liability accounts	145.3	213.3	3,699.1
Equity	1,063.1	1,025.5	6,536.1
<b>Total funds under management</b>	<b>3,949.0</b>	<b>3,987.3</b>	<b>71,129.0</b>

This area includes all of the countries where the Issuer is present, except Spain, Germany, Italy, Scandinavia and Poland, as well as relevant subsidiaries. It includes Portugal, Austria and the Netherlands.

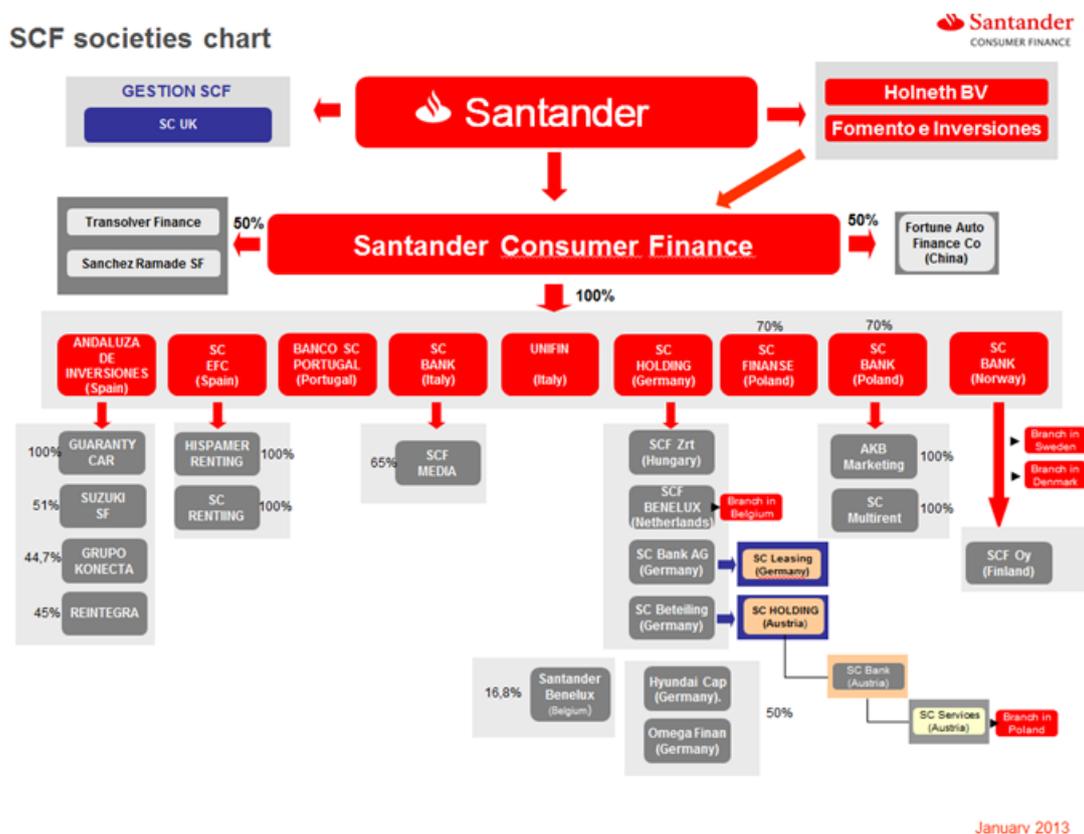
### Organisational Structure

The Issuer is the parent company of a group of companies providing consumer finance services within the Santander Group.

The growth experienced by the Consumer Group in recent years has resulted in the Issuer acting, in addition to its consumer-financing role, as shareholder of different Consumer Group companies.

In 2011, the Santander Group sold 25 per cent. of its stake in Santander Consumer USA, Inc. For that reason, at 31 December 2011, this unit consolidated at Equity Method (a method by which an equity investment is initially recorded at cost and subsequently adjusted to reflect the investor's share of the net assets of the associate (investee)). In 2012, Santander Consumer USA, Inc. was not integrated in the Consumer Group.

The diagram below summarises the organisational structure of the Consumer Group as at December 2012.



## Recent Developments

The most significant acquisitions and disposals of investments in the Consumer Group entities and other relevant corporate transactions in 2012 were as follows:

In 2012 the Consumer Group paid CNY 250 million (approximately EUR 32,550 thousand) to establish in China a financial institution 50 per cent. owned by the Consumer Group and by the Chinese vehicle manufacturer Anhui Jianghuai Automobile Co. Ltd. (JAC Motors). This amount is recognized under "Loans and Receivables - Loans and Advances to Credit Institutions" in the accompanying consolidated balance sheet at 31 December 2012. On 25 January 2013, having obtained the relevant regulatory approvals, this financial institution was incorporated under the name of Fortune Auto Finance Co. Ltd.

On 16 February 2012, the shareholders at the Issuer's Extraordinary General Meeting resolved to increase capital by €10,000 thousand by issuing at par 103,333,336 ordinary shares of € par value each. This capital increase was fully subscribed and paid by Santander Consumer Finance, S.A.'s shareholders on 17 February 2012, and it was executed in a public deed on 5 March 2012 and registered in the Mercantile Registry on 15 March 2012.

Royal Decree-Law 2/2012 on the clean-up of the financial services industry was approved on 3 February 2012. On 6 March 2012, the Bank of Spain published Circular 2/2012, of 29 February, adapting Circular 4/2004 to Royal Decree-Law 2/2012. The Royal Decree-Law

involves tighter provisioning rules and increased capital requirements to cover positions held by financial institutions relating to the financing of developer loans and assets received in payment of debts. Financial institutions must comply with the requirements mentioned in the following paragraphs by 31 December 2012.

Included in Royal Decree-Law 2/2012 is the clean-up of balance sheets, a new scheme for the coverage of financing to developers and property assets foreclosed or received in payment of debts. This scheme takes the form of an estimate of the specific impairment of these assets based on certain set parameters, and a tightening of the provisioning requirements for exposures to developers classified as doubtful or substandard; and the inclusion of coverage of 7 per cent. of the outstanding balance of the aggregate loans of this type classified as standard exposures as at 31 December 2011.

Also, under Royal Decree-Law 2/2012 it is obligatory to increase the principal capital required under Royal Decree-Law 2/2011, of 18 February, on strengthening the financial system, which applies to the consolidated group of credit institutions to which the Issuer belongs, the head of which is Banco Santander, S.A.

Based on the estimates made by the Issuer's directors, the provisions recognized pursuant to Royal Decree-Law 2/2012 had reached the legally required minimum at 2011 year-end and, accordingly, no additional provisions will be made in this respect in 2012 in order to comply with the new requirements.

The estimated amount of additional principal capital to be maintained by the consolidated group of credit institutions headed by Banco Santander, S.A. in connection with transactions recognized by consolidated entities of the Santander Group is €404 thousand.

On 26 January 2012, the Board of Directors of the Issuer resolved to distribute an interim dividend of €10,000 thousand out of the profit for 2011.

#### **Zagiel S.A. (Poland)**

On 31 July 2012, the Polish subsidiary Santander Consumer Finance S.A. acquired all the share capital of Zagiel S.A., a financial intermediary specialising in lending to private borrowers, from the Belgian bank KBC Bank N.V., for PLN 10 million (approximately €2,455 thousand). This transaction gave rise to goodwill amounting to €433 thousand, which was recognised under "Intangible Assets - Goodwill" in the accompanying consolidated balance sheet at 31 December 2012.

#### **Santander Consumer Finance a.s. (Czech Republic)**

On 24 September 2012, the dependent entities, Santander Consumer Bank AG and Santander Consumer Holding GmbH, agreed to sell 100 per cent. of the shares of Santander Consumer Finance a.s. (Czech Republic) to third parties outside the group, by 148 million Czech Crowns (about €5,851 thousand), the group having obtained a benefit amounting to €4,962 thousand, that it has registered in the chapter "Result of operations interrupted" in the consolidated statement of profit and loss from this exercise.

## SEB AG

On 12 July 2010, the Santander Group announced an agreement with SEB AG for the purchase by the German subsidiary Santander Consumer Bank AG of the German retail banking activities of SEB AG. As a result of the acquisition of this business, which comprises 173 branches and provides services to a million customers, the number of the Consumer Group's branches in Germany almost doubled and the Consumer Group's headcount increased by approximately 2,200. Once the relevant regulatory approvals had been obtained, the transaction was completed on 31 January 2011 for €494 million (€555 million less certain adjustments agreed upon by the parties to the acquisition price), subject to such adjustments as might arise following a review of the net assets acquired.

	<b>Millions of euro</b>
Cash	61
Loans and advances to customers (loans) <sup>(*)</sup>	8.185
Tangible assets	16
Other assets	69
	<hr/>
	8.331
	<hr/>
Financial liabilities at amortised cost-Deposits from credit institutions	710
Customer deposits	4.486
Other financing	2.545
	<hr/>
	7.741
Provisions and other liabilities <sup>(**)</sup>	241
	<hr/>
	7.982
Fair value of net assets acquired	349
	<hr/>
<b>Goodwill<sup>(***)</sup></b>	<b>145</b>

<sup>(\*)</sup> Of which approximately 83 per cent. relate to mortgage loans and the remaining to consumer loans. The estimate of fair value includes impairment losses of EUR 126 million on the acquired loans.

<sup>(\*\*)</sup> Of which approximately EUR 62 million and EUR 103 million relate to pension funds and accounts payable and provisions for customer claims.

<sup>(\*\*\*)</sup> Belongs to the Santander Consumer Holding GmbH cash-generating unit.

The amounts contributed by the acquired business to gross income and profit before tax in the consolidated income statement for 2011 amounted to €295 million and € -58 million, respectively.

At the date of preparation of these consolidated financial statements, all the assets acquired and liabilities assumed had been recognized at fair value, including the effects arising from closing the process of negotiation of the adjustments to the purchase price of the business and, therefore, the amounts indicated above are definitive.

### **Santander Consumer Bank, S.A. (Poland)**

On 1 March 2011, the merger by absorption of Santander Consumer Bank, S.A. (Poland) (the absorbing company) and AIG Bank Polska, S.A. (the absorbed company) was executed.

### **Santander Consumer Renting, S.L. (formerly Santander Consumer Iber-rent, S.L.)**

On 26 July 2011, the subsidiary Santander Consumer, E.F.C., S.A. acquired 40 per cent. of the share capital of Santander Consumer Renting, S.L. from SAG Gest – Soluções Automóvel Globais, S.G.P.S., S.A. for €20,896 thousand. The difference between the purchase price and the amount recognized under "*Non-Controlling Interests*" in the balance sheet relating to the equity of this investee owned by non-controlling shareholders at the transaction date amounted to €1,080 thousand, which is recognized under "*Shareholders' Equity – Reserves – Accumulated Reserves*" in the balance sheet at 31 December 2011. At that date, Santander Consumer Renting, S.L. was wholly owned by Consumer Group entities.

### **Multirent - Aluguer e Comércio de Automóveis, S.A.**

The subsidiary Santander Consumer Renting, S.L. (formerly Santander Consumer Iber-rent, S.L.) resolved to sell all the shares of Multirent - Aluguer e Comércio de Automóveis, S.A. to non-Consumer Group third parties. The sale was made on 23 March 2011 for €22,000 thousand, giving rise to a gain of €70 thousand for the Consumer Group which is recognized under "*Gains (Losses) on Disposal of Assets Not Classified as Non-Current Assets Held for Sale*" in the consolidated income statement for 2011.

### **Santander Consumer Finance S.A. (Poland)**

On 29 December 2011, the shareholders at the Polish subsidiary Santander Consumer Bank S.A. (Poland)'s Extraordinary General Meeting resolved to increase its capital by 15 million zlotys by issuing at par 150,000 ordinary shares of PLN100 par value each, of which 90,001 shares were subscribed and paid by the Consumer Group of, for a total of 129 million zlotys (approximately €29 million), and 59,999 shares have been subscribed and paid by AIG Consumer Finance Group, Inc., for a total of 60 million zlotys (approximately €13 million). This capital increase was fully subscribed and paid by the Issuer's shareholders, and it was registered in the Mercantile Registry on 18 January 2012.

### **Capital increases**

In 2012 and 2011 certain investees carried out capital increases which were fully subscribed and paid, the detail being as follows:

	<b>2012</b>	<b>2011</b>
	<i>Millions of euro<sup>(*)</sup></i>	
Transolver Finance, E.F.C., S.A.	3	—
Santander Consumer Bank, S.p.A. (Italia)	40	215
Unifin, S.p.A. (Italia)	30	—
Santander Consumer Bank A.S. (Noruega)	41	113
Santander Consumer Finance Benelux B.V. (Holanda)	60	—
Santander Consumer Finance Zrt. (Hungria)	3	—
Santander Consumer Bank AG (Alemania)	325	1.150
Santander Consumer Leasing GmbH (Alemania)	—	14
Santander Consumer Finanzia S.r.l. (Italia)	—	55
Santander Consumer Finance S.A. (Polonia)	29	—

2012	2011
<i>Millions of euro<sup>(*)</sup></i>	
<b>531</b>	<b>1,547</b>

<sup>(\*)</sup> Includes only the disbursements made by the Consumer Group in these capital increases

### Notifications of acquisitions of investments

In compliance with Article 155 of the Spanish Limited Liability Companies Law or Article 53 of Stock Exchange Law 24/1988, there have not been acquisitions of interests which should report in 2012.

### Administrative, Management and Supervisory Bodies

The Issuer's Board of Directors, in accordance with its corporate by laws (*estatutos sociales*), is comprised of no less than five and no more than fifteen members appointed by the General Meeting of shareholders for a one year term and re-elected as applicable for further one-year terms. Members of the Board of Directors may not necessarily be shareholders, except in the event that vacancies on the Board of Directors arise during the interval between General Meetings, in which case, the relevant vacancy is typically filled by the Board of Directors itself by co opting the shareholders.

As at the date of this Base Prospectus, the Board of Directors of the Issuer was comprised of nine members, excluding its Non Director Secretary, as set out in the table below:

<b>Board of Directors of Santander Consumer Finance, S.A.</b>		<b>Appointment Date</b>
Chairman	Mr. Antonio Escámez Torres	24 May 2012
Vice-Chairperson	Ms. Magda Salarich Fernández de Valderrama	24 May 2012
General Director	Mr. Bruno Montalvo Wilmot	24 May 2012
General Director	Ms. Inés Serrano González	24 May 2012
Director	Mr. José Antonio Alvarez Alvarez	24 May 2012
Director	Mr. José María Espí Martínez	24 May 2012
Director	Mr. Juan Rodríguez Inciarte	24 May 2012
Director	Mr. David Turiel López	24 May 2012
Director	Mr. Ernesto Zulueta Benito	24 May 2012
Non-Director Secretary	Mr. Fernando García Solé	22 July 1999

The principal outside activities carried out by members of the Board of Directors at the date of this Base Prospectus included:

<b>Directors</b>	<b>Company Name</b>	<b>Functions</b>
Antonio Escámez Torres	Open Bank, S.A.	Chairman
	Arena Media Communications España, S.A.	Chairman
	Attijariwafa Bank, Soci�t� Anonyme	Vice Chairman
	Konecta Activos Inmobiliarios, S.L.	Vice Chairman
	Grupo Konectanet, S.L.	Vice Chairman
	Fundaci�n Consejo Espa�a-India	President
	Fundaci�n Banco Santander	President
	Fundaci�n Konecta	President
Tarazona Once, S.L	President	
Magda Salarich Fern�ndez de Valderrama	Banco Banif, S.A.	Director
	Santander Consumer Bank AG (Germany)	Vice President
	Banco Santander, S.A.	General Director
	Santander Consumer Holding GmbH (Germany)	Director
Bruno Montalvo Wilmot	Santander Consumer Bank, S.A. (Poland)	Director
In�s Serrano Gonz�lez	Santander Consumer, E.F.C., S.A.	Chairperson
	Transolver Finance, E.F.C., S.A.	Representative of Santander Consumer Finance, S.A.
	Unifin, S.p.A.	Director
	Santander Consumer Bank AG (Germany)	Director
	Santander Consumer Bank, S.p.A. (Italy)	Vice President
	Banco Santander Consumer Portugal	Chairperson
	Santander Benelux B.V.	Director
Santander Consumer Holding GmbH (Germany)	Director	
Jos� Antonio Alvarez Alvarez	Banco Santander, S.A.	General Director

<b>Directors</b>	<b>Company Name</b>	<b>Functions</b>
	Bolsas y Mercados Españoles, Soc. Holding Merc. Sist. Financ. Santander de Titulización, SFGT, S.A. Santander Consumer Bank AG (Germany) Banco Santander (Brasil) Santander Global Property, S.L. Bank of Zachodni WBK (Poland) Santander Consumer Holding GmbH (Germany)	Director Chairman Director Director Director Director Director
José María Espí Martínez	Unión de Credito Inmobiliario, S.A. Santander Lease, S.A. EFC Unión de Créditos Inmobiliarios, S.A. EFC Equifax Iberica, S.L. Garozco 2000 Simcav, S.A.	Director Chairman Chairman Director Chairman
Juan Rodríguez Inciarte	Banco Santander, S.A. Banco Banif, S.A. Saarema Inversiones, S.A. Vista Capital de Expansión, S.A. Santander UK PLC Alliance & Leicester Plc RFS Holdings, B.V. Saarema Sociedad Promotora de Centros Residenciales, S.L.	Director Director Director Director Vice Chairman Director Director Director
David Turiel López	Santander Consumer, E.F.C., S.A. Santander Consumer Bank, S.A. (Poland) Santander Consumer Finanse, S.A. (Poland) Banco Santander Consumer Portugal Santander Consumer Bank, S.p.A. (Italy)	Director Director Director Director Director
Ernesto Zulueta Benito	Santander Consumer Bank, S.p.A. (Italy) Santander Consumer Bank, S.A. (Poland)	Director Director

<b>Directors</b>	<b>Company Name</b>	<b>Functions</b>
	Santander Consumer Zrt (Hungary)	Director
Fernando García Solé	Santander Consumer Finance, S.A. (Poland)	Director

The Board of Directors has extensive powers to manage, administer and govern all matters related to the Issuer's business, subject only to any powers exercisable solely by the General Meeting of shareholders.

The Board of Directors meets at least once every three months and may meet more frequently in certain circumstances.

A Director of the Issuer may have other duties in the Issuer or on the Board of Directors, through which remuneration may be received.

All of the Directors are appointed by the Santander Group, owner of 100 per cent. of the Issuer's shares, at the General Meeting of shareholders.

The Executive Committee of the Issuer's Board of Directors has been delegated all of the Board's powers, except those that cannot be delegated. At the date of this Base Prospectus, the Executive Committee is made up of Mr. Antonio Escámez Torres, as Chairman, Ms. Magda Salarich Fernández de Valderrama, as Vice Chairperson and Mr. José María Espí Martínez, Mr. Ernesto Zulueta Benito, Mr. Javier San Félix and Ms. Inés Serrano as Board Members, and Mr. Fernando García Solé as its Secretary.

The professional address of the Issuer's management is Ciudad Grupo Santander, Avenida de Cantabria sin número, Boadilla del Monte (Madrid, Spain).

In accordance with Law 44/2002 dated 22 November 2002, which amended Law 24/1988 dated 28 July 1988, and which regulates the securities market, the General Meeting of shareholders of the Issuer, as well as its Board of Directors, has appointed the Auditing Committee of Banco Santander, S.A. to also act as its Auditing Committee. The Auditing Committee was created primarily in order to evaluate the systems in place for information control and accounts oversight, to safeguard the independence of the accounts auditor and to review the control and compliance systems of the Issuer whilst reporting to the Board of Directors on its conduct and findings of these matters. The Auditing Committee is composed of no less than three and no more than seven members (at the date of this Base Prospectus there are five members: Mr. Fernando de Asúa Álvarez, Mr. Rodrigo Echenique Gordillo, Mr. Abel Matutes Juan, Mr. Luis Alberto Salazar Simpson Bos, and its chairman is Mr. Manuel Soto Serrano; the secretary (not a member) is Mr. Ignacio Benjumea Cabeza de Vaca).

Members of the Auditing Committee are selected by the Board with reference to their knowledge, aptitude and experience in accounting, auditing and risk management matters. The Auditing Committee must be chaired by an independent member of the Board who must have

knowledge and experience in accounting, auditing and risk management. Currently it is Mr. Manuel Soto Serrano. All the current members of the Auditing Committee are external and independent.

**Conflict of Interest**

There exist no conflicts of interest between the administrative, management and supervisory bodies of the Issuer and there exist no potential conflicts of interest between any duties to the issuing entity of any members of such administrative, management or supervisory bodies and their private interests and/or other duties.

**Litigation**

There are not any and have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the previous 12 months which may have, or have had in the recent past, significant effects on the Issuer and/or the Consumer Group's financial position or profitability.

## TAXATION

*The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.*

### Taxation in Spain

#### 1. Introduction

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

- (1) of general application, Additional Provision Two of Law 13/1985, of 25 May on investment ratios, own funds and information obligations of financial intermediaries, as amended by Law 19/2003, of 4 July on legal rules governing foreign financial transactions and capital movements and various money laundering prevention measures, Law 23/2005, of 18 November on certain tax measures to promote productivity, and Law 4/2008, of 23 December, that abolishes the Net Wealth Tax, generalises the VAT monthly refund system and introduces other tax measures, as well as Royal Decree 1065/2007 of 27 July, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes, as amended by Royal Decree 1145/2011, of 29 July;
- (2) for individuals resident for tax purposes in Spain which are subject to the Individual Income Tax ("**IIT**"), Law 35/2006 of 28 November, on the IIT and on the Partial Amendment of the Corporate Income Tax Law, the Non-Residents Income Tax Law and the Net Wealth Tax Law, and Royal Decree 439/2007 of 30 March promulgating the IIT Regulations, along with Law 29/1987, of 18 December on the Inheritance and Gift Tax;
- (3) for legal entities resident for tax purposes in Spain which are subject to the Corporate Income Tax ("**CIT**"), Royal Legislative Decree 4/2004, of 5 March promulgating the Consolidated Text of the CIT Law, and Royal Decree 1777/2004, of 30 July promulgating the CIT Regulations; and
- (4) for individuals and entities who are not resident for tax purposes in Spain which are subject to the Non-Resident Income Tax ("**NRIT**"), Royal Legislative Decree 5/2004, of 5 March promulgating the Consolidated Text of the NRIT Law, and Royal Decree 1776/2004 of 30 July promulgating the NRIT Regulations, along with Law 29/1987, of 18 December on the Inheritance and Gift Tax.

Whatever the nature and residence of the Beneficial Owner, the acquisition and transfer of Notes will be exempt from indirect taxes in Spain, i.e., exempt from Transfer Tax and Stamp Duty, in accordance with the Consolidated Text of such tax promulgated by Royal Legislative Decree 1/1993, of 24 September and exempt from Value Added Tax, in accordance with Law 37/1992, of 28 December regulating such tax.

## 2. **Individuals with Tax Residency in Spain**

### 2.1 **Individual Income Tax (*Impuesto sobre la Renta de las Personas Físicas*)**

Both interest payments periodically received and income derived from the transfer, redemption or exchange of the Notes constitute a return on investment obtained from the transfer of a person's own capital to third parties in accordance with the provisions of Section 25 of the PIT Law, and therefore must be included in the investor's PIT savings taxable base pursuant to the provisions of the aforementioned law and taxed at a flat rate of 21 per cent. on the first €6,000, 25 per cent. for taxable income between €6,001 and €24,000, and 27 per cent. for taxable income exceeding €24,000.

According to Section 44.5 of Royal Decree 1065/2007, of 27 July as amended by Royal Decree 1145/2011, of 29 July, and in the opinion of the Issuer, the Issuer will pay interest without withholding to individual Bondholders who are resident for tax purposes in Spain provided that the information about the Notes required by Exhibit I is submitted, notwithstanding the information obligations of the Issuer under general provisions of Spanish tax legislation. In addition, income obtained upon transfer, redemption or exchange of the Notes may also be paid without withholding.

However, in the case of Notes held by Spanish resident individuals and deposited with a Spanish resident entity acting as depositary or custodian, payments of interest under the Notes may be subject to withholding tax at the current rate of 21 per cent. which will be made by the depositary or custodian.

### 2.2 **Net Wealth Tax (*Impuesto sobre el Patrimonio*)**

Individuals with tax residency in Spain are subject to Wealth Tax on tax year 2013 to the extent that their net worth exceeds €700,000. Therefore, they should take into account the value of the Notes which they hold as at 31 December 2013, the applicable rates ranging between 0.2 per cent. and 2.5 per cent..

### 2.3 **Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)**

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

### 3. **Legal Entities with Tax Residency in Spain**

#### 3.1 **Corporate Income Tax (*Impuesto sobre Sociedades*)**

Both interest received periodically and income derived from the transfer, redemption or repayment of the Notes are subject to CIT (at the current general tax rate of 30 per cent.) in accordance with the rules for this tax.

In accordance with Section 44.5 of Royal Decree 1065/2007, of 27 July as amended by Royal Decree 1145/2011, of 29 July, and in the opinion of the Issuer, there is no obligation to withhold on income payable to Spanish CIT taxpayers (which for the sake of clarity, include Spanish tax resident investment funds and Spanish tax resident pension funds). Consequently, the Issuer will not withhold tax on interest payments to Spanish CIT taxpayers provided that the information about the Notes required by Exhibit I is submitted, notwithstanding the information obligations of the Issuer under general provisions of Spanish tax legislation.

However, in the case of Notes held by Spanish resident entity and deposited with a Spanish resident entity acting as depositary or custodian, payments of interest under the Notes may be subject to withholding tax at the current rate of 21 per cent., withholding that will be made by the depositary or custodian, if the Notes do not comply with exemption requirements specified in the Reply to the Consultation of the Directorate General for Taxation (Dirección General de Tributos) dated 27 July 2004 and require a withholding to be made.

#### 3.2 **Net Wealth Tax (*Impuesto sobre el Patrimonio*)**

Legal entities resident in Spain for tax purposes are not subject to Wealth Tax.

#### 3.3 **Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)**

Legal entities resident in Spain for tax purposes which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift Tax but must include the market value of the Notes in their taxable income for Spanish CIT purposes.

### 4. **Individuals and Legal Entities with no Tax Residency in Spain**

#### 4.1 **Non-Resident Income Tax (*Impuesto sobre la Renta de no Residentes*)**

##### (a) *With permanent establishment in Spain*

If the Notes form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes are, generally, the same as those previously set out for Spanish CIT taxpayers. See "*Taxation in Spain—Legal Entities with Tax Residency in Spain—Corporate Income Tax (Impuesto sobre Sociedades)*". Ownership of the

Notes by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

(b) *With no permanent establishment in Spain*

Both interest payments received periodically and income derived from the transfer, redemption or repayment of the Notes, obtained by individuals or entities who are not resident in Spain for tax purposes and who do not act, with respect to the Notes, through a permanent establishment in Spain, are exempt from NRIT.

In order for the exemption to apply, it is necessary to comply with certain information obligations relating to the Notes, in the manner detailed under "—Information about the Notes in Connection with Payments" as laid down in section 44 of Royal Decree 1065/2007. If these information obligations are not complied with in the manner indicated, the Issuer will withhold 21 per cent. and the Issuer will not pay additional amounts.

Holders not resident in Spain for tax purposes and entitled to exemption from NRIT but where the Issuer does not timely receive the information about the Notes in accordance with the procedure described in detail as set forth in Exhibit I hereto would have to apply directly to the Spanish tax authorities for any refund to which they may be entitled, according to the procedures set forth in the Spanish Non Resident Income Tax Law.

4.2 **Net Wealth Tax (*Impuesto sobre el Patrimonio*)**

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to Wealth Tax would generally not be subject to such tax. Otherwise, non-Spanish resident individuals whose properties and rights located in Spain, or that can be exercised within the Spanish territory exceed €700,000 would be subject to Wealth Tax, the applicable rates ranging between 0.2 per cent. and 2.5 per cent..

4.3 **Inheritance And Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)**

Individuals not resident in Spain for tax purposes who acquire ownership or other rights over Notes by inheritance, gift or legacy, will be subject to the Spanish Inheritance and Gift Tax in accordance with the applicable Spanish regional and state rules, unless they reside in a country for tax purposes with which Spain has entered into a double tax treaty in relation to Inheritance and Gift Tax. In such case, the provisions of the relevant double tax treaty will apply.

Non-Spanish resident legal entities which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift Tax. Such acquisitions will be subject to NRIT (as described above), except as provided in any applicable double tax treaty entered into by Spain. In general, double tax treaties provide for the taxation of this type of income in the country of tax residence of the Holder.

## 5. Tax Rules for Notes not Listed on an Organised Market in an OECD Country

### 5.1 Withholding on Account of IIT, CIT and NRIT

If the Notes are not listed on an organised market in an OECD country on any Payment Date, payments to Holders in respect of the Notes will be subject to withholding tax at the current rate of 21 per cent., except in the case of Holders which are: (a) resident in a Member State of the European Union other than Spain and obtain the interest income either directly or through a permanent establishment located in another Member State of the European Union, provided that such Holders (i) do not obtain the interest income on the Notes through a permanent establishment in Spain and (ii) are not resident of, or are not located in, nor obtain income through, a tax haven (as defined by Royal Decree 1080/1991, of 5 July, as amended) or (b) resident for tax purposes of a country which has entered into a convention for the avoidance of double taxation with Spain which provides for an exemption from Spanish tax or a reduced withholding tax rate with respect to interest payable to any Holder.

### 5.2 Net Wealth Tax (*Impuesto sobre el Patrimonio*)

See "*Taxation in Spain-Individuals with Tax Residency in Spain — Net Wealth Tax (Impuesto sobre el Patrimonio)*".

## 6. Information About the Notes in Connection with Interest Payments

As described above, interest and other income paid with respect to the Notes will not be subject to Spanish withholding tax unless the procedures for delivering to the Issuer the information described in Exhibit I of this Base Prospectus are not complied with.

In this regard, Law 4/2008, of 23 December has modified section 3 of the second additional provision of Law 13/1985, reducing the scope of the information that must be submitted by the Issuer to the Spanish tax authorities.

The information obligations to be complied with in order to apply the exemption are those laid down in Section 44 of Royal Decree 1065/2007 ("**Section 44**").

In accordance with Section 44, for the purpose of preparing the annual return to be filed with the Spanish tax authorities by the Issuer, the following information with respect to the Notes must be submitted to the Issuer before the close of business on the Business Day (as defined in the Terms and Conditions of the Instrumens) immediately preceding the date on which any payment of interest, principal or of any amounts in respect of the early redemption of the Notes (each, a "**Payment Date**") is due.

Such information comprises:

- (a) the identification of the Notes with respect to which the relevant payment is made;
- (b) the date on which the relevant payment is made;
- (c) the total amount of the relevant payment;

- (d) the amount of the relevant payment paid to each entity that manages a clearing and settlement system for securities situated outside of Spain.

In particular, the Issue and Paying Agent must certify the information above about the Notes by means of a certificate in the Spanish language, an English language form of which is attached as Exhibit I of this Base Prospectus.

In light of the above, the Issuer and the Issue and Paying Agent have arranged certain procedures to facilitate the collection of information concerning the Notes by the close of business on the Business Day immediately preceding each relevant Payment Date. If, despite these procedures, the relevant information is not received by the Issuer on each Payment Date, the Issuer will withhold tax at the then-applicable rate (currently 21 per cent.) from any payment in respect of the relevant Notes. The Issuer will not pay any additional amounts with respect to any such withholding.

If, before the tenth day of the month following the month in which interest is paid, the Issue and Paying Agent provides such information, the Issuer will reimburse the amounts withheld.

**Investors should note that neither the Issuer nor any Dealer accepts any responsibility in the event of the late delivery or, as the case may be, non-delivery by the Issue and Paying agent to the Issuer of a duly completed certificate in the form of Exhibit I. Accordingly, the Issuer will not be liable for any damage or loss suffered by any Holder who would otherwise be entitled to an exemption from Spanish withholding tax but whose income payments are nonetheless paid net of Spanish withholding tax because the Issuer has not received such certificate at the relevant time or at all. Moreover, the Issuer will not pay any additional amounts with respect to any such withholding. See "*Risk Factors – Risks Relating to the Notes – Risks in Relation to Spanish Taxation*".**

*Set out below is Exhibit I. The information set out in Exhibit I has been translated from the original Spanish and has been presented in this document in English only as the language of this Base Prospectus is English. However, only the Spanish language text of Exhibit I is recognised under Spanish law. In the event of any discrepancy between the English language translation of the information in Exhibit I appearing herein, and the Spanish language information appearing in the corresponding certificate provided by the Issue and Paying Agent to the Issuer, the Spanish language information shall prevail.*

**EXHIBIT I**

**Annex to Royal Decree 1065/2007, of 27 July, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes**

**Declaration form referred to in paragraphs 3, 4 and 5 of Article 44 of the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes**

Mr. (name), with tax identification number (...) <sup>(1)</sup>, in the name and on behalf of (entity), with tax identification number (...) <sup>(1)</sup> and address in (...) as (function - mark as applicable):

- (a) Management Entity of the Public Debt Market in book entry form.
- (b) Entity that manages the clearing and settlement system of securities resident in a foreign country.
- (c) Other entities that hold securities on behalf of third parties within clearing and settlement systems domiciled in the Spanish territory.
- (d) Paying Agent appointed by the issuer.

Makes the following statement, according to its own records:

- 1. In relation to paragraphs 3 and 4 of Article 44:
  - 1.1 Identification of the securities.....
  - 1.2 Income payment date (or refund if the securities are issued at discount or are segregated)
  - 1.3 Total amount of income (or total amount to be refunded, in any case, if the securities are issued at discount or are segregated)
  - 1.4 Amount of income corresponding to Personal Income Tax taxpayers, except segregated coupons and segregated principals for which reimbursement an intermediary entity is involved.....
  - 1.5 Amount of income which according to paragraph 2 of Article 44 must be paid gross (or total amount to be refunded if the securities are issued at discount or are segregated).
- 2. In relation to paragraph 5 of Article 44.
  - 2.1 Identification of the securitites.....
  - 2.2 Income payment date (or refund if the securities are issued at discount or are segregated).....
  - 2.3 Total amount of income (or total amount to be refunded if the securities are issued at discount or are segregated)
  - 2.4 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country A.
  - 2.5 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country B.
  - 2.6 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country C.

I declare the above in ..... on the.... of ..... of ....

<sup>(1)</sup> In case of non-residents (individuals or corporations) without permanent establishment in Spain it shall be included the number or identification code which corresponds according to their country of residence.

## **Ireland**

### **1. Withholding Tax**

In general, tax at the standard rate of income tax (currently 20 per cent.), is required to be withheld from payments of Irish source interest which could include interest paid on the Notes. However, an exemption from withholding on interest payments exists under Section 64 of the Taxes Consolidation Act, 1997 (the "**1997 Act**") for certain interest bearing securities ("**quoted Eurobonds**") issued by a body corporate (such as the Issuer) which are quoted on a recognised stock exchange (which would include the Irish Stock Exchange).

Any interest paid on such quoted Eurobonds can be paid free of withholding tax provided:

- (a) the person by or through whom the payment is made is not in Ireland; or
- (b) the payment is made by or through a person in Ireland, and either:
  - (i) the quoted Eurobond is held in a clearing system recognised by the Irish Revenue Commissioners (Euroclear and Clearstream, Luxembourg are so recognised), or
  - (ii) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to a relevant person (such as an Irish paying agent) in the prescribed form.

So long as the Notes are quoted on a recognised stock exchange and are held in Euroclear and/or Clearstream, Luxembourg, interest on the Notes can be paid by the Issuer and any paying agent acting on behalf of the Issuer without any withholding or deduction for or on account of Irish income tax.

In certain circumstances, Irish tax will be required to be withheld at the standard rate from interest on any quoted Eurobond, where such interest is collected by a bank or other agent in Ireland on behalf of any Noteholder.

### **2. Taxation of Noteholders**

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish income tax. Interest paid on the Notes may have an Irish source and therefore be within the charge to Irish income tax, pay related social insurance "**PRSI**" and the universal social charge. Ireland operates a self-assessment system in respect of income tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

However, interest on the Notes will be exempt from Irish income tax if the recipient of the interest is resident in a relevant territory (a member state of the European Union (other than Ireland) or in a country with which Ireland has a comprehensive double taxation agreement) provided either (i) the Notes are quoted Eurobonds and are exempt from withholding tax as set out above (ii) if the Notes are not or cease to be quoted Eurobonds exempt from withholding tax and the recipient of the interest is a company resident in a relevant territory that generally taxes foreign source interest.

Notwithstanding these exemptions from income tax, a corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which the Notes are held or attributed may have a liability to Irish corporation tax on the interest.

Noteholders receiving interest on the Notes which does not fall within the above exemptions may be liable to Irish income tax, PRSI and the universal social charge on such interest.

### 3. **Capital Gains Tax**

A holder of Notes may be subject to Irish tax on capital gains on a disposal of Notes unless such holder is neither resident nor ordinarily resident in Ireland and does not carry on a trade in Ireland through a branch or agency in respect of which the Notes are used or held.

### 4. **Capital Acquisitions Tax**

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax if either (i) the disponer or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponer is domiciled in Ireland irrespective of his residence or that of the donee/successor) or (ii) if the Notes are regarded as property situate in Ireland. Bearer notes are generally regarded as situated where they are physically located at any particular time. Registered Notes are generally regarded as situated where the principal register of Noteholders is maintained or is required to be maintained, but the Notes may be regarded as situated in Ireland regardless of their physical location or the location of the register as they represent a debt owed by an Irish incorporated debtor which may be secured over Irish property. Accordingly, if such Notes are comprised in a gift or inheritance, the gift or inheritance may be within the charge to tax regardless of the residence status of the disponer or the donee/successor.

### 5. **Stamp Duty**

Any document transferring title to the Notes is potentially subject to 1 per cent. Irish stamp duty. However, if the terms of the loan capital exemption are satisfied no stamp duty is payable. There are four conditions that must be satisfied to avail of this exemption:

- (c) the Notes must not carry a right of conversion into shares of an Irish incorporated company;
- (d) the Notes must not carry rights similar to those attaching to shares, including voting rights, entitlement to a share of profits or a share in surplus on liquidation of the Issuer;
- (e) the Notes must be issued for a price which is not less than 90 per cent. of the nominal value of the Notes; and
- (f) the Notes must not carry a right to a sum in respect of repayment or interest which is related to certain movements in an index or indices (based wholly or partly and directly or indirectly on stocks or marketable securities) specified in any document relating to the Notes.

### **EU Savings Directive**

Under the EU Savings Directive on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg will, subject to certain exemptions, apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. (unless during that transitional period they elect to provide information in accordance with the EU Savings Directive). The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Luxembourg has announced that it will no longer apply the withholding tax system from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date.

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

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

### **The proposed financial transactions tax ('FTT')**

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Banco Santander, S.A., Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, Morgan Stanley & Co. International plc, Nomura International plc, Skandinaviska Enskilda Banken AB (publ), Société Générale, The Royal Bank of Scotland plc 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 a dealer agreement dated 26 June 2013 (the "**Dealer Agreement**") and made between the Issuer 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 Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.*

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 Issue and Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Issue and Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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

### **Public Offer Selling Restriction Under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) *Approved prospectus*: if the Final Terms or Drawdown Prospectus in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus which is not a Drawdown Prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) *Limited number of offerees*: at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) *Other exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

### **Selling Restrictions Addressing Additional United Kingdom Securities Laws**

Each Dealer has represented, warranted and agreed that:

- (a) **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;
- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) **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 Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) 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.

### **Kingdom of Spain**

The Notes may not be offered, sold or distributed, nor may any subsequent resale of Notes be carried out 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, or without complying with all legal and regulatory requirements under Spanish securities laws. No publicity or marketing of any kind shall be made in Spain in relation to the Notes.

Neither the Notes nor the Base Prospectus have been registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) and therefore the Base Prospectus is not intended for any public offer of the Notes in Spain.

### **General**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has complied and will comply with all applicable securities laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) after the date hereof in 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 a supplement to this Base Prospectus.

## GENERAL INFORMATION

### Authorisation

1. The establishment of the Programme was authorised by resolutions of the sole shareholder of the Issuer passed on 16 October 2008 and of the Board of Directors of the Issuer passed on 16 October 2008. The update of the Programme was authorised by resolutions of the sole shareholder of the Issuer passed on 11 April 2013 and of the Board of Directors of the Issuer passed on 25 April 2013. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

### Legal and Arbitration Proceedings

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

### Significant/Material Change

3. Save as set out in this Base Prospectus, since 31 December 2012 there has been no significant change in the prospects of the Issuer nor any material adverse change in the financial or trading position of the Issuer.

### Auditors

4. The consolidated and unconsolidated financial statements of the Issuer have been audited without qualification for the years ended 31 December 2012 and 31 December 2011 by the external audit firm Deloitte, S.L. (formerly Deloitte & Touche España, S.L.) of Plaza Pablo Ruiz Picasso, 1, Madrid, registered under number S-0692 in the Official Register of Auditors (*Registro Oficial de Auditores de Cuentas*), and member of the *Instituto de Censores Jurados de Cuentas de España*.

No other information relating to the Issuer in this Base Prospectus has been audited by Deloitte S.L.

The audited consolidated and non-consolidated financial statements of the Issuer for each of the years ended 31 December 2012 and 2011 have been filed with the Spanish securities market regulator (*Comisión Nacional del Mercado de Valores*).

## Documents on Display

5. Electronic or physical copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the office of the Issue and Paying Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and at the registered office of the Issuer for the life of this Base Prospectus:
- (a) the *estatutos* (constitutive documents) of the Issuer;
  - (b) English translations of the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2012 and 2011;
  - (c) the Issue and Paying Agency Agreement;
  - (d) the Deed of Covenant;
  - (e) the Dealer Agreement;
  - (f) the Programme Manual;
  - (g) the Issuer-ICSDs Agreement (which is entered into between the Issuer and Euroclear and/or Clearstream, Luxembourg with respect to the settlement in Euroclear and/or Clearstream, Luxembourg of Notes in New Global Note form);
  - (h) the terms and conditions set out on pages 42 to 125 of the base prospectus dated 22 June 2012 relating to the Programme under the heading "Terms and Conditions of the Notes";
  - (i) the terms and conditions set out on pages 41 to 120 of the base prospectus dated 18 November 2011 relating to the Programme under the heading "Terms and Conditions of the Notes";
  - (j) the terms and conditions set out on pages 38 to 117 of the base prospectus dated 26 November 2010 relating to the Programme under the heading "Terms and Conditions of the Notes";
  - (k) the terms and conditions set out on pages 35 to 113 of the base prospectus dated 25 November 2009 relating to the Programme under the heading "Terms and Conditions of the Notes"; and
  - (l) the terms and conditions set out on pages 33 to 111 of the base prospectus dated 27 November 2008 relating to the Programme under the heading "Terms and Conditions of the Notes".

### **Material Contracts**

6. Save as set out under "Santander Consumer Finance, S.A. - Recent Developments" in this Base Prospectus, during the past two years the Issuer has not been a party to any contracts that were not entered into in the ordinary course of business of the Issuer and which was material to the Consumer Group as a whole.

### **Clearing of the Notes**

7. The Notes have been accepted for clearance through Euroclear (1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium) and Clearstream, Luxembourg (42 Avenue J.F. Kennedy, L-1855 Luxembourg). The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

### **Passporting**

8. The Issuer may, on or after the date of this Base Prospectus, make applications for one or more certificates of approval under Article 18 of the Prospectus Directive as implemented in the Kingdom of Spain to be issued by the Central Bank of Ireland to the competent authority in any Member State.

## **REGISTERED OFFICE OF THE ISSUER**

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