

INFORMATION MEMORANDUM DATED 4 MAY 2012



SANTANDER COMMERCIAL PAPER, S.A. UNIPERSONAL

€25,000,000,000

EURO-COMMERCIAL PAPER PROGRAMME

guaranteed by

BANCO SANTANDER, S.A.

Application has been made to the Irish Stock Exchange Limited (the "**Irish Stock Exchange**") for Euro-commercial paper notes (the "**Notes**") issued during the twelve months after the date of this document under the €25,000,000,000 Euro-commercial paper programme (the "**Programme**") of Santander Commercial Paper, S.A. Unipersonal guaranteed by Banco Santander, S.A. described in this document to be admitted to the official list of the Irish Stock Exchange (the "**Official List**") and trading on its regulated market.

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 6-23 of this Information Memorandum).

Potential purchasers should note the statements on pages 21-23 and 112-118 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, as amended, on the Issuer and the Guarantor relating to the Notes. In particular, payments on the Notes may be subject to Spanish withholding tax if certain information is not received by the Issuer and the Guarantor in a timely manner.

Arranger
Morgan Stanley
Dealers

Barclays

Citigroup

Crédit Agricole CIB

Deutsche Bank

ING Commercial Banking

Nomura

Santander Global Banking & Markets

The Royal Bank of Scotland

BofA Merrill Lynch

Commerzbank

Credit Suisse

Goldman Sachs International

Morgan Stanley

Rabobank International

Société Générale

UBS Investment Bank

IMPORTANT NOTICE

This Information Memorandum (together with any supplementary information memorandum and any documents incorporated by reference, the "**Information Memorandum**") contains summary information provided by Santander Commercial Paper, S.A. Unipersonal (the "**Issuer**") and by Banco Santander, S.A. ("**Santander**", "**Banco Santander**", the "**Bank**", the "**Guarantor**" or the "**Parent**") in connection with a euro-commercial paper programme (the "**Programme**") under which the Issuer may issue and have outstanding at any time euro-commercial paper notes (the "**Notes**") up to a maximum aggregate amount of €25,000,000,000 or its equivalent in alternative currencies, in each case with the benefit of a guarantee by the Guarantor. Under the Programme, the Issuer may issue Notes outside the United States pursuant to Regulation S ("**Regulation S**") of the United States Securities Act of 1933, as amended (the "**Securities Act**"). Each of the Issuer and the Guarantor has, pursuant to an amended and restated dealer agreement dated 4 May 2012 (the "**Dealer Agreement**"), appointed Morgan Stanley & Co. International plc as arranger for the Programme (the "**Arranger**"), appointed Banc of America Securities Limited, Banco Santander, S.A., Barclays Bank PLC, Citibank International plc, Commerzbank Aktiengesellschaft, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International), Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, ING Bank N.V., Morgan Stanley & Co. International plc, Nomura International plc, Société Générale, The Royal Bank of Scotland plc and UBS Limited as dealers for the Notes (together with the Arranger, the "**Dealers**"), and authorised and requested the Dealers to circulate the Information Memorandum in connection with the Programme on their behalf to purchasers or potential purchasers of the Notes.

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge of the Issuer and the Guarantor (who have each taken all reasonable care to ensure that such is the case), the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

Notice of the aggregate nominal amount of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each issue of Notes will be set out in final terms (each the "**Final Terms**") which will be attached to the relevant form of Note (see "Forms of Notes"). Each Final Terms will be supplemental to and must be read in conjunction with the full terms and conditions of the Notes, which are set out in the form of Note (as appropriate). The relevant Final Terms are also a summary of the terms and conditions of the Notes for the purposes of listing. Copies of each Final Terms containing details of each particular issue of Notes will be available from the specified office set out below of the Issuing and Paying Agent (as defined below).

Each of the Issuer and the Guarantor has confirmed to the Dealers that the information contained or incorporated by reference in the Information Memorandum is true, accurate and complete in all material respects and is not misleading and there are no other facts in relation thereto the omission of which would in the context of the Programme or the issue of the relevant Notes make any statement in the Information Memorandum misleading in any material respect, and all reasonable enquiries have been made to verify the foregoing and the opinions and intentions expressed therein are honestly held and, in relation to each issue of Notes agreed as contemplated in the Dealer Agreement to be issued and subscribed, the Information Memorandum together with the relevant Final Terms contains all the information which is material in the context of the issue of such Notes.

Neither the Issuer, the Guarantor the Arranger nor the Dealers accept any responsibility, express or implied, for updating the Information Memorandum and neither the delivery of the Information Memorandum nor any offer or sale made on the basis of the information in the Information Memorandum shall under any circumstances create any implication that the Information Memorandum is accurate at any time subsequent to the date thereof with respect to the Issuer or the Guarantor or that there has been no change in the business, financial condition or affairs of the Issuer or the Guarantor since the date thereof.

This Information Memorandum comprises listing particulars made pursuant to the Listing and Admission to Trading Rules for Short Term Paper promulgated by the Irish Stock Exchange. This Information Memorandum should be read and construed with any supplemental Information Memorandum, any Final Terms and with any other document incorporated by reference.

Neither the Issuer nor the Guarantor has authorised the making or provision of any representation or information regarding the Issuer, the Guarantor and the companies whose accounts are consolidated with those of the Guarantor (together, the "**Group**") or the Notes other than as contained or incorporated by reference in this Information Memorandum, in the Dealer Agreement (as defined herein), in any other document prepared in connection with the Programme or in any Final Terms or as approved for such purpose by the Issuer or the Guarantor. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Guarantor, the Arranger, the Dealers or any of them.

Neither the Arranger nor any Dealer has independently verified the information contained in the Information Memorandum. Accordingly, no representation or warranty or undertaking (express or implied) is made, and no responsibility or liability is accepted by the Arranger or the Dealers as to the authenticity, origin, validity, accuracy or completeness of, or any errors in or omissions from, any information or statement contained in the Information Memorandum, any Final Terms or in or from any accompanying or subsequent material or presentation.

The information contained in the Information Memorandum or any Final Terms is not and should not be construed as a recommendation by the Arranger, the Dealers or the Issuer or the Guarantor that any recipient should purchase Notes. Each such recipient must make and shall be deemed to have made its own independent assessment and investigation of the financial condition, affairs and creditworthiness of the Issuer, the Guarantor and of the Programme as it may deem necessary and must base any investment decision upon such independent assessment and investigation and not on the Information Memorandum or any Final Terms.

Neither the Arranger nor any Dealer undertakes to review the business or financial condition or affairs of the Issuer or the Guarantor during the life of the Programme, nor undertakes to advise any recipient of the Information Memorandum or any Final Terms of any information or change in such information coming to the Arranger's or any Dealer's attention.

Neither the Arranger nor any of the Dealers accepts any liability in relation to this Information Memorandum or any Final Terms or its or their distribution by any other person. This Information Memorandum does not, and is not intended to, constitute (nor will any Final Terms constitute, or be intended to constitute) an offer or invitation to any person to purchase Notes. The distribution of this Information Memorandum and any Final Terms and the offering for sale of Notes or any interest in such Notes or any rights in respect of such Notes, in certain jurisdictions, may be restricted by law.

Persons obtaining this Information Memorandum, any Final Terms or any Notes or any interest in such Notes or any rights in respect of such Notes are required by the Issuer, the Guarantor, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. In particular, but without limitation, such persons are required to comply with the restrictions on offers or sales of Notes and on distribution of this Information Memorandum and other information in relation to the Notes, the Issuer and the Guarantor set out under "Subscription and Sale" below.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT AND, SUBJECT TO CERTAIN EXCEPTIONS, MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S).

Each of the Issuer and the Guarantor has undertaken, in connection with the admission to listing of the Notes on the Official List and the admission to trading of the Notes on the regulated market of the Irish Stock Exchange, that if there shall occur any adverse change in the business or financial position of the Issuer or the Guarantor or any change in the terms and conditions of the Notes, that is material in the context of the issuance of Notes under the Programme, each of the Issuer and the Guarantor will prepare or procure the preparation of an amendment or supplement to this Information Memorandum or, as the case may be, publish a new Information Memorandum, for use in connection with any subsequent issue by the Issuer of Notes to be admitted to the Official List and to trading on the regulated market of the Irish Stock Exchange. Any such supplement to this Information Memorandum will be subject to the approval of the Irish Stock Exchange prior to its publication.

This Information Memorandum describes certain Spanish tax implications and tax information procedures in connection with an investment in the Notes (see "*Risk Factors – Risks in Relation to the Notes – Risks in Relation to Spanish Taxation*", "*Taxation – Taxation in Spain*" and Exhibit 1). Holders of Notes must seek their own advice to ensure that they comply with all procedures to ensure correct tax treatment of their Notes.

Interpretation

In the Information Memorandum, references to "**euro**", "**EUR**" and "**€**" refer to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended; references to "**Sterling**" and "**£**" are to pounds sterling; references to "**U.S. Dollars**" and "**U.S.\$**" are to United States dollars; references to "**JPY**" and "**¥**" are to Japanese Yen; references to "**SFr**" are to Swiss Francs; references to "**A\$**" are to Australian dollars; references to "**C\$**" are to Canadian dollars; references to "**NZ\$**" are to New Zealand dollars and references to "**R\$**" are to Brazilian Reals.

Where the Information Memorandum refers to the provisions of any other document, such reference should not be relied upon and the document must be referred to for its full effect.

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RISK FACTORS

*Each of the Issuer and the Guarantor believes that the following factors may affect its ability to fulfil its respective obligations under Notes issued under the Programme and under the deed of guarantee dated 4 May 2012 (the "**Deed of Guarantee**"). Most of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is 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. Each of the Issuer and the Guarantor 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, or of the Guarantor to pay any amounts due on or in connection with the Deed of Guarantee, may occur for other reasons and neither the Issuer nor the Guarantor represents 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 Information Memorandum and reach their own view prior to making any investment decision.

Risk relating to the Issuer and the Guarantor

The risk factors set out below also relate to the Issuer as a member of the Group.

Risks in relation to Group operations

Because the Group's loan portfolio is concentrated in Continental Europe, the United Kingdom and Latin America, adverse changes affecting the economies of Continental Europe, the United Kingdom or certain Latin American countries could adversely affect its financial condition

The Group's loan portfolio is concentrated in Continental Europe (in particular, Spain), the United Kingdom and Latin America. At December 31, 2011, Continental Europe accounted for 42% of the Group's total loan portfolio (Spain accounted for 29% of its total loan portfolio), while the United Kingdom and Latin America accounted for 34% and 19%, respectively. Continued recessionary economic conditions in the economies of Continental Europe (in particular, Spain), or a return to recessionary conditions in the United Kingdom or the Latin American countries in which it operates, would likely have a significant adverse impact on its loan portfolio and, as a result, on its financial condition, cash flows and results of operations.

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

The level of income the Group derives from certain products and services depends on the strength of the economies in the regions where it operates and market trends prevailing in those regions. Customer loans and deposits, which collectively account for most of its earnings, are particularly sensitive to economic conditions. In 2011, Continental Europe, the United Kingdom, Latin America and Sovereign (US) represented 31%, 12%, 51% and 6%, respectively, of the profit attributable to the Group's operating areas for the year. However, many of the economies of Continental Europe, including Spain and Portugal, are forecast to have flat or weakening economies in 2012. If the business environment in any of the Group's geographic segments does not improve or worsens, results of its operations could be materially adversely affected.

The Group's business could be affected if its capital is not managed effectively or if changes limiting its ability to manage its capital position are adopted.

Effective management of the Group's capital position is important to its ability to operate its business, to continue to grow organically and to pursue its business strategy. However, in response to the recent financial crisis, a number of changes to the regulatory capital framework have been adopted or are being considered. For example, on 16 December 2010 and 13 January 2011, the Basel Committee on Banking Supervision issued its final guidance on a number of regulatory reforms to the regulatory capital framework in order to strengthen minimum capital requirements, including the phasing out of Innovative Tier 1 Capital instruments with incentives to redeem and implementing a leverage ratio on institutions in addition to current risk-based regulatory requirements. As these and other changes are implemented or future changes are considered or adopted that limit the Group's ability to manage its balance sheet and capital resources effectively or to access funding on commercially acceptable terms, the Group may experience a material adverse effect on its financial condition and regulatory capital position.

Reduced access to financing or increases in the Group's cost of funding could have an adverse effect on its liquidity and results of operations.

Historically, the Group's principal source of funds has been customer deposits (demand, time and notice deposits). Total time deposits (including repurchase agreements) represented 52.5%, 53.0% and 46.8% of total customer deposits at the end of 2011, 2010 and 2009, respectively. Large-denomination time deposits may be a less stable source of deposits than other type of deposits and, at December 31, 2011, 21.5% of total customer deposits were time deposits in amounts greater than \$100,000. The ongoing availability of deposits as a source of funding is sensitive to a variety of factors outside the Group's control, such as general economic conditions and the confidence of retail depositors in the economy and the financial services industry, in general, and in the Group's creditworthiness, in particular, and the availability and extent of deposit guarantees, as well as competition between banks for deposits. In the event deposit levels decrease, the Group may be forced to raise the rates it pays on deposits, with a view to attracting more customers, and/or to increase its reliance on capital markets financing, which may be more expensive or unavailable.

The Group also funds its operations through the capital markets by issuing long-term debt, by issuing promissory notes and commercial paper or by obtaining bank loans or lines of credit. The cost and availability of capital markets financing generally are dependent on the short-term and long-term credit ratings of the Group and the market's perception of the risks inherent in European banks and Spain. Factors that are important to the determination of the Group's credit ratings include the level and quality of its earnings, capital adequacy, liquidity, risk appetite and management, asset quality, business mix and actual and perceived levels of government support. The Bank's rating, together with that of the other main Spanish banks, was downgraded by all three rating agencies in October 2011 and by Standard & Poor's and Fitch in April and February 2012, respectively. Any further downgrade in the Bank's ratings would likely increase its borrowing costs and could limit its access to capital markets and adversely affect its commercial business. For more information, see "*Credit, market and liquidity risks may have an adverse effect on the Bank's credit ratings and cost of funds. Any reduction in the Bank's credit rating would likely increase its cost of funding, require it to post additional collateral or take other actions under some of its derivative contracts and adversely affect its interest margins and results of operations.*"

The effects of the widespread crisis in investor confidence and resulting liquidity crisis experienced in 2008 and early 2009, and to some extent in 2011, have resulted in increased costs of funding and limited access to some of the Group's traditional sources of liquidity, such as domestic and international capital markets and the interbank market, which has adversely affected the Group's results of operations and financial condition. Further or continued reductions in the Group's access to financing or increases in its cost of funding may make it harder and more expensive to obtain funding for its businesses. If the Group's available funding is limited or it is forced to fund its operations at a higher cost, the Group may experience further adverse effect on its results of operation and financial condition.

The possibility of the moderate economic recovery returning to recessionary conditions or of turmoil or volatility in the financial markets would likely have an adverse effect on the Group's business, financial position and results of operations

In 2011, the global economy began to recover from the severe recessionary conditions of mid-2009, and certain regions (such as Latin America, the US and the UK) experienced a moderate economic recovery. However, the sustainability of this partial recovery has been dependent on a number of factors that are not within the control of the Group, such as a return of job growth and investment in the private sector, strengthening of housing sales and construction and timing of the exit from government credit easing policies. In addition, the modest economic recovery that had been experienced in Continental Europe has been tempered by adverse financial conditions in Europe, triggered by high sovereign budget deficits, austerity measures and rising sovereign debt levels in Greece, Ireland, Italy and Portugal, and is projected to slow or, in some cases, reverse in 2012. The Group continues to face risks resulting from the aftermath of the severe recession and the uneven and fragile recovery. A slowing or failing of the economic recovery or a deterioration in the economy of Continental Europe, especially in Spain, could result in a return of some or all of the adverse effects of the earlier recessionary conditions.

Since the middle of 2007, there has been disruption and turmoil in financial markets around the world. Throughout many of the Group's largest markets, including Spain, there have been dramatic declines in the housing market, with falling house prices and increasing foreclosures, high levels of unemployment and underemployment, and reduced earnings, or, in some cases, losses, for businesses across many industries, with reduced investments in growth.

This overall environment resulted in significant stress for the financial services industry, led to distress in credit markets, reduced liquidity for many types of financial assets, including loans and securities and caused concerns regarding the financial strength and adequacy of the capitalisation of financial institutions. Some financial institutions around the world have failed, some have needed significant additional capital, and others have been forced to seek acquisition partners.

Concerned about the stability of the financial markets generally, the strength of counterparties and about their own capital and liquidity positions, many lenders and institutional investors reduced or ceased providing funding to borrowers. The resulting economic pressure on consumers and businesses and the lack of confidence in the financial markets exacerbated the state of economic distress and hampered, and to some extent continues to hamper, efforts to bring about sustained economic recovery. While certain segments of the global economy are currently experiencing a moderate recovery, the Group expects these conditions to continue to have an ongoing negative impact on its business and results of operations. A slowing or failing of the economic recovery would likely

aggravate the adverse effects of these difficult economic and market conditions on the Group, and on others in the financial services industry.

In an attempt to prevent the failure of the financial system, Spain, the United States and other European governments intervened on an unprecedented scale. 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 Restructuring Fund (FROB) to manage the restructuring processes of credit institutions and reinforce the equity of institutions undergoing integration. In the United States, the federal government took equity stakes in several financial institutions, implemented a program 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. For more information on recent regulatory changes, see "*Changes in the regulatory framework in the jurisdictions where the Group operates could adversely affect its business.*"

Despite the extent of the aforementioned intervention, global investor confidence remains cautious. The economies of the United States, United Kingdom, Brazil and other Latin American countries grew during 2011, although, in most cases, still at a slow pace. Spain, however, continued to suffer from a recession. In addition, recent downgrades of the sovereign debt of Ireland, Greece, Portugal, Italy and Spain have caused volatility in the capital markets. The Group's exposure to the sovereign debt of Greece, Portugal, Italy and Spain as of 31 December 2011 was €0.1, €1.8, €0.7 and €39.3 billion, respectively, and it had no exposure to the sovereign debt of Ireland.

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 in these countries and the financial condition of European financial institutions, including the 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 EU enter a deep recession, the 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 Group's ability 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 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 volume, and may also have an adverse effect on its interest margins.

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

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Group's businesses. Adverse changes in the credit quality of its borrowers and counterparties or a general deterioration in Spanish, United Kingdom, Latin American, United States or global economic conditions, or arising from systemic risks in the financial systems, could reduce the recoverability and value of its assets and require an increase in its level of allowances for credit losses. Deterioration in the economies in which it operates could reduce the profit margins for its banking and financial services businesses.

The financial problems faced by its customers could adversely affect the Group

Market turmoil and economic recession, especially in Spain, the United Kingdom, the United States and certain Latin American countries, could materially and adversely affect the liquidity, businesses and/or financial conditions of the Group's borrowers, which could in turn increase its own non-performing loan ("NPL") ratios, impair its loan and other financial assets and result in decreased demand for borrowings in general. The uneven global recovery from the recent market turmoil and economic recession and the possibility of renewed economic contraction in Continental Europe, combined with continued high unemployment and low consumer spending, could cause the value of assets collateralising its secured loans, including homes and other real estate, to decline significantly, which could result in the impairment of the value of its loan assets. Accordingly, in 2011 the Group experienced an increase in its non-performing ratios and a deterioration in asset quality as compared to 2010. In addition, its customers may further significantly decrease their risk tolerance to non-deposit investments such as stocks, bonds and mutual funds, which would adversely affect its fee and commission income. Any of the conditions described above could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is exposed to risks faced by other financial institutions

The Group routinely transacts with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual funds, 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. Many of the routine transactions the Group enters into, exposes it to significant credit risk in the event of default by one of its significant counterparties. In 2011, the financial health of a number of European governments was shaken by the European sovereign debt crisis, contributing to volatility of the capital and credit markets, and the risk of contagion throughout and beyond the eurozone remains, as a significant number of financial institutions throughout Europe have substantial exposure to sovereign debt issued by nations which are under considerable financial pressure. These liquidity concerns have had, and may continue to have, an adverse effect on interbank financial transactions in general. Should any of those nations default on their debt, or experience a significant widening of credit spreads, major financial institutions and banking systems throughout Europe could be destabilised. A default by a significant financial

counterparty, or liquidity problems in the financial services industry generally, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's exposure to Spanish and UK real estate markets makes it more vulnerable to adverse developments in these markets

Mortgage loans are one of the Group's principal assets, comprising 52% of its loan portfolio as of 31 December 2011. As a result, the Group is highly exposed to developments in real estate markets, especially in Spain and the United Kingdom. In addition, it has exposure to a number of large real estate developers in Spain. From 2002 to 2007, demand for housing and mortgage financing in Spain increased significantly driven by, among other things, economic growth, declining unemployment rates, demographic and social trends, the desirability of Spain as a vacation destination and historically low interest rates in the Eurozone. The United Kingdom experienced a similar increase in housing and mortgage demand driven by, among other things, economic growth, declining unemployment rates, demographic trends and the increasing prominence of London as an international financial centre. During late 2007, the housing market began to adjust in Spain and the United Kingdom as a result of excess supply (particularly in Spain) and higher interest rates. Since 2008, as economic growth stalled in Spain and the United Kingdom, persistent housing oversupply, decreased housing demand, rising unemployment, subdued earnings growth, greater pressure on disposable income, a decline in the availability of mortgage finance and the continued effect of global market volatility have caused home prices to decline, while mortgage delinquencies increased. As a result, the Group's NPL ratio increased from 0.94% at 31 December 2007, to 2.02% at 31 December 2008, to 3.24% at 31 December 2009 and to 3.55% at 31 December 2010. At 31 December 2011, its NPL ratio was 3.89%. These trends, especially higher unemployment rates coupled with declining real estate prices, could have a material adverse impact on the Group's mortgage payment delinquency rates, which in turn could have a material adverse effect on its business, financial condition and results of operations.

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

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

The Group may generate lower revenues from brokerage and other commission- and fee-based businesses

Market downturns have lead, and are likely to continue to lead, to a decline in the volume of transactions that the Group executes for its customers and, therefore, to a decline in its non-interest revenue. In addition, because the fees that the Group charges for managing its clients' portfolios are in many cases based on the value or performance of those portfolios, a market downturn that reduces the value of its clients' portfolios or increases the amount of withdrawals would reduce the revenues received by the Group from its asset management, private banking and custody businesses and adversely affect its results of operations.

Even in the absence of a market downturn, below-market performance by the Group's mutual funds may result in increased withdrawals and reduced inflows, which would reduce the revenue received from its asset management business and adversely affect its results of operations.

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

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

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

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

Changes in market interest rates could affect the interest rates charged on the Group's interest-earning assets differently than the interest rates paid on its interest-bearing liabilities. This difference could result in an increase in interest expense relative to interest income leading to a reduction in its net interest income. Income from treasury operations is particularly vulnerable to interest rate volatility. Because the majority of the Group's loan portfolio reprices in less than one year, rising interest rates may also lead to an increasing non-performing loan portfolio. Interest rates are highly sensitive to many factors beyond the Group's control, including deregulation of the financial sector, monetary policies, domestic and international economic and political conditions and other factors.

As of 31 December 2011, the Group's interest rate risk measured in daily Value at Risk ("**VaRD**") terms amounted to €328.5 million.

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

Fluctuations in the exchange rate between the euro and the US dollar will affect the US dollar equivalent of the price of the Group's securities on the stock exchanges in which its shares and American Depositary Shares ("**ADSs**") are traded. These fluctuations will also affect the conversion to US dollars of cash dividends paid in euro on its ADSs.

In the ordinary course of the Group's business, it 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 its profitability. For example, the appreciation of the euro against some Latin American currencies and the US dollar will depress earnings from its Latin American and US operations, and the appreciation of the euro against the sterling will depress earnings from its UK operations. Additionally, while most of the governments of the countries in which the Group operates have not imposed material 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. Moreover, fluctuations among the currencies in which the Group's shares and ADSs trade could reduce the value of the Group's shareholder investment.

As of 31 December 2011, the Group's largest exposures on temporary positions (with a potential impact on the income statement) were concentrated on, in descending order, the pound sterling, the Mexican peso, the Chilean peso, the Polish zloty and the US dollar. At 31 December 2011, the Group's largest exposures on permanent positions (with a potential impact on equity) were concentrated on, in descending order, the Brazilian real, the pound sterling, the US dollar, the Mexican peso, and the Polish zloty.

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

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

The Group's recent and future acquisitions may not be successful and may be disruptive to its business

The Group has acquired controlling interests in various companies and has engaged in other strategic partnerships. Additionally, the Group may consider other strategic acquisitions and partnerships from time to time. While it is optimistic about the acquisitions it has made, there can be no assurances that it will be successful in its plans regarding the operation of these or other acquisitions and strategic partnerships.

The Group can give no assurance that its recent and any future acquisition and partnership activities will perform in accordance with its expectations. The Group's assessment of potential acquisitions and partnerships is based on limited and potentially inexact information and on assumptions with respect to operations, profitability and other matters that may prove to be incorrect. The Group can give no assurances that its expectations with regards to integration and synergies will materialise.

Increased competition in the countries where the Group operates may adversely affect its growth prospects and operations

Most of the financial systems in which the Group operates are highly competitive. Financial sector reforms in the markets in which it operates have increased competition among both local and foreign financial institutions, and the Group believes that this trend will continue. In particular, price competition in Europe, Latin America and the US has increased recently. The Group's success in the European, Latin American and US markets will depend on its ability to remain competitive with other financial institutions. In addition, there has been a trend towards consolidation in the banking industry, which has created larger and stronger banks with which it must now compete. There can be no assurance that this increased competition will not adversely affect its growth prospects, and therefore its operations. The Group also faces competition from non-bank competitors, such as brokerage companies, department stores (for some credit products), leasing and factoring companies, mutual fund and pension fund management companies and insurance companies.

Changes in the regulatory framework in the jurisdictions where the 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 on 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. This Circular has not had, and it is not expected that it will have, a quantifiable material impact on the business of the Group. The Circular was issued following the passage of two EU Directives on risk management (Directive 2009/27/CE and Directive 2009/83/CE).

The European Union has created a "European Systemic Risk Board" to monitor financial stability and has implemented rules that will increase capital requirements for certain trading instruments or exposures and impose compensation limits on certain employees located in affected countries. In addition, the European Union Commission is considering a wide array of other initiatives, including new legislation that will affect derivatives trading, impose surcharges on "globally" systemically important firms and possibly impose new levies on bank balance sheets.

In the United States, the Dodd-Frank Wall Street Reform and Consumer Protection Act that was adopted in 2010 will result in significant structural reforms affecting the financial services industry. This legislation provides for, among other things: the establishment of a Bureau of Consumer Financial Protection which will have broad authority to regulate the credit, savings, payment and other consumer financial products and services that the Group offers; the creation of a structure to regulate systemically important financial companies; more comprehensive regulation of the over-the-counter derivatives market; prohibitions on the Group engaging in certain proprietary trading activities and restricting its ownership of, investment in or sponsorship of, hedge funds and private equity funds; restrictions on the interchange fees that it earns on debit card transactions; and a requirement that bank regulators phase out the treatment of trust preferred capital debt securities as Tier 1 capital for regulatory capital purposes.

Regulators in the UK have produced a range of proposals for future legislative and regulatory changes, which could force the Group to comply with certain operational restrictions or take steps to raise

further capital, or could increase its expenses or otherwise adversely affect its results of operations and financial condition. These proposals include: (i) the introduction of recovery and resolution planning requirements (popularly known as 'living wills') for banks and other financial institutions as contingency planning for the failure of a financial institution that may affect the stability of the financial system; (ii) the implementation of the Financial Services Act 2010, which enhances the FSA's disciplinary and enforcement powers; (iii) the introduction of more regular and detailed reporting obligations; and (iv) a requirement for large UK retail banks to hold a minimum Core Tier 1 to risk-weighted assets ratio of at least 10%, which is approximately 3% higher than the minimum capital levels required under Basel III.

In December 2010, the Basel Committee on Banking Supervision announced revisions to its Capital Accord, which will require higher capital ratio requirements for banks, narrow the definition of capital, and introduce short term liquidity and term funding standards, among other things. The Basel Committee is also proposing to consider the imposition of a bank surcharge on institutions that are determined to be "globally significant financial institutions," a liquidity coverage ratio and a net stable funding ratio. Compliance with these requirements could increase the Group's funding and operational costs.

During the final months of 2011 the European Banking Authority ("**EBA**") established new requirements to strengthen capital ratios. These requirements form part of a series of measures adopted by the European Council in the second half of 2011, which aim to restore stability and confidence in the European markets. These capital requirements are expected to be exceptional and temporary.

By 30 June 2012, selected banks must have a core capital Tier 1 ratio of at least 9%, in accordance with the EBA's rules. By 20 January 2012, each bank was required to present their capitalisation plan to reach the requirement at 30 June 2012. At the start of December 2011, the EBA disclosed its capital requirements for the main European banks. According to the EBA, the Group's additional capital needs amounted to €15,302 million.

During the final months of 2011 the Group carried out a series of measures regarding capital which have allowed it to achieve a core capital ratio of 9%, ahead of the EBA's 30 June 2012 deadline.

On 3 February 2012 the Ministry of Economy and Competitiveness approved the Royal Decree-Law 2/2012 on the clean-up of the financial sector.

These and any additional legislative or regulatory actions in Spain, the European Union, the United States, the UK or other countries, and any required changes to the Group's business operations resulting from such legislation and regulations, could result in significant loss of revenue, limit its ability to pursue business opportunities in which it might otherwise consider engaging, affect the value of assets held by the Group, require it to increase its prices and therefore reduce demand for its products, impose additional costs on it or otherwise adversely affect its businesses. Accordingly, the 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 Group may also face increased compliance costs and limitations on its ability to pursue certain business opportunities and provide certain products and services. 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, to the extent these

recently adopted regulations are implemented inconsistently in the various jurisdictions in which the Group operates, it may face higher compliance costs. No assurance can be given generally that laws or regulations will be adopted, enforced or interpreted in a manner that will not have material adverse effect on its business and results of operations.

Operational risks are inherent in the Group's business

The Group's businesses depend on the ability to process a large number of transactions efficiently and accurately, and on its ability to rely on its digital technologies, computer and email services, software and networks, as well as on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. Losses can result from inadequate personnel, inadequate or failed internal control processes and systems or from external events that interrupt normal business operations. The Group also faces the risk that the design of its controls and procedures prove to be inadequate or are circumvented. Although the Group works with its clients, vendors, service providers, counterparties and other third parties to develop secure transmission capabilities and prevent against cyber attacks, it routinely exchange personal, confidential and proprietary information by electronic means, and it may be the target of attempted cyber attacks. The Group takes protective measures and continuously monitors and develops its systems to protect its technology infrastructure and data from misappropriation or corruption, but its systems, software and networks nevertheless may be vulnerable to unauthorised access, misuse, computer viruses or other malicious code and other events that could have a security impact. An interception, misuse or mishandling of personal, confidential or proprietary information sent to or received from a client, vendor, service provider, counterparty or third party could result in legal liability, regulatory action and reputational harm. Although the Group has not experienced any material losses to date relating to cyber attacks or other such security breaches, it has suffered losses from operational risk in the past, and there can be no assurance that it will not suffer material losses from operational risk in the future. Further, as cyber attacks continue to evolve, it may incur significant costs in its attempt to modify or enhance its protective measures or investigate or remediate any vulnerabilities.

In addition, there have been a number of highly publicised cases around the world involving actual or alleged fraud or other misconduct by employees in the financial services industry in recent years and the Group runs the risk that employee misconduct could occur. This misconduct has included and may include in the future the theft of proprietary information, including proprietary software. It is not always possible to deter or prevent employee misconduct and the precautions the Group takes to prevent and detect this activity have not been and may not be effective in all cases.

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

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

In addition, the financial industry has and may continue to experience more stringent regulation of employee compensation, which could have an adverse effect on the Group's ability to hire or retain the most qualified employees. If it fails or is unable to attract and appropriately train, motivate and retain qualified professionals, its business may also be adversely affected.

Damage to the Group's reputation could cause harm to its business prospects

Maintaining a positive reputation is critical to the Group's attracting and maintaining customers, investors and employees. Damage to its reputation can 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, failure to deliver minimum standards of service and quality, compliance failures, unethical behaviour, and the activities of customers and counterparties. Further, negative publicity regarding the Group, whether or not true, may harm its business prospects.

Actions by the financial services industry generally or by certain members of, or individuals in, the industry can also affect the Group's reputation. For example, the role played by financial services firms in the financial crisis and the seeming shift toward increasing regulatory supervision and enforcement has caused public perception of it and others in the financial services industry to decline.

The Group could suffer significant reputational harm if it fails to properly identify and manage potential conflicts of interest. Management of potential conflicts of interest has become increasingly complex as it 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 Group, or give rise to litigation or enforcement actions against it. Therefore, there can be no assurance that conflicts of interest will not arise in the future that could cause the Group material harm.

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

The Group faces various issues that may give rise to risk of loss from legal and regulatory proceedings. These issues, including appropriately dealing with potential conflicts of interest, legal and regulatory requirements, ethical issues and conduct by companies in which it holds strategic investments or joint venture partners, could increase the number of litigation claims and the amount of damages asserted against the Group, or subject it to regulatory enforcement actions, fines and penalties. In addition, amidst the changing regulatory landscape described above, many of its consumers, customers and counterparties have become more litigious. The current regulatory environment, which suggests a migration toward increasing supervisory focus on enforcement, including in connection with alleged violations of law and customer harm, combined with enhanced enforcement and uncertainty about the evolution of the regulatory regime, may lead to significant operational and compliance costs.

Currently, the Bank 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 Group's operating results for any particular period, could require changes to its business practices and may even require that it exits certain businesses. For information relating to the legal proceedings involving its businesses, see "*Banco Santander, S.A.—Legal Proceedings*", below.

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

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

Any downgrade in the Group's ratings would likely increase its borrowing costs, and require it to post additional collateral or take other actions under some of its derivative contracts, and could limit its access to capital markets and adversely affect its commercial business. For example, a ratings downgrade could adversely affect the Group's ability to sell or market certain of its products, such as subordinated securities, engage in certain longer-term and derivatives transactions and retain its customers, particularly customers who need a minimum rating threshold in order to invest. This, in turn, could reduce the Group's liquidity and have an adverse effect on its operating results and financial condition. Under the terms of certain of the Group's derivative contracts, it may be required to maintain a minimum credit rating or terminate such contracts.

As at the date of this Information memorandum, Banco Santander S.A.'s long-term debt is currently rated investment grade by the major rating agencies: Aa3 by Moody's Investors Service España, S.A., and A by Fitch Ratings Ltd., and prior to 30 April 2012 it was rated A+ by Standard & Poor's Ratings Services (for Banco Santander, S.A.'s current long-term debt rating by Standard & Poor's Ratings Services please see below), all of which have a negative outlook due to the difficult economic environment in Spain. The Bank's rating together with that of the other main Spanish banks, was downgraded by all three rating agencies in October 2011 (and by Standard & Poor's and Fitch additionally in April and February 2012, respectively), due to the tougher-than-previously-anticipated macroeconomic and financial environment in Spain with dimming growth prospects in the near term, depressed real estate market activity and heightened turbulence in the capital markets. Santander UK's long-term debt is currently rated investment grade by the major rating agencies: A1 with outlook under review by Moody's Investors Service and A+ with stable outlook by Fitch Ratings, and prior to 30 April 2012 it was rated A+ with negative outlook by Standard & Poor's Ratings Services (for Santander UK's current long-term debt rating by Standard & Poor's Ratings Services please see below). Such rating agency downgraded Santander UK's rating in February 2012 from AA- to A+ with negative outlook, following their downgrading of Banco Santander, S.A. because the rating for both entities is equalized under Standard & Poor's rating criteria of 'core subsidiaries'.

The Group conducts substantially all of its material derivative activities through Banco Santander, S.A. and Santander UK. Following the credit rating downgrades described above, Banco Santander, S.A. posted a total of approximately €250 million of additional collateral pursuant to derivative and other financial contracts while the impact on Santander UK was not significant. Under the terms of certain derivative and other financial contracts, in the event of a further downgrade of Banco Santander, S.A.'s or a downgrade of Santander UK's long-term debt rating, counterparties to those agreements may require Banco Santander, S.A. or Santander UK, as appropriate, to provide additional collateral, terminate these contracts or provide other remedies.

If the rating agencies were to downgrade their long-term senior debt ratings for Banco Santander, S.A. by one or two incremental notches, it is expected that the amount of additional collateral the Group

would post would likely be in line with the collateral posted in response to Banco Santander, S.A.'s most recent downgrades. An additional downgrade of Santander UK's long-term senior debt ratings would lower Santander UK's credit ratings below the minimum allowed by certain of its derivative and other financial contracts and could require that such counterparty contracts be renegotiated. The impact of any such downgrade cannot be accurately predicted as the impact would largely depend on the response of Santander UK, the Group and the respective counterparties. For example, as a result of the renegotiations, Santander UK could be required to cancel derivative contracts, post additional collateral, sell its position to another party that holds the required minimum credit ratings and/or provide a guarantee from an entity that holds the required minimum credit ratings, among others. It is not possible to know in advance what actions Santander UK, the Group and the respective counterparties would undertake in the event of a further downgrade of Santander UK's credit ratings. It is expected that any such downgrade would have a material adverse effect on the Group's financial condition and results of operations, significantly larger than the impact of the downgrades of Banco Santander, S.A.'s credit ratings in October 2011 and February 2012 and of Santander UK in February 2012. In addition, if due to future downgrades, Banco Santander, S.A. or Santander UK were required to cancel their derivative contracts with certain counterparties and were unable to replace such contracts, the Group's market risk profile could be altered.

The derivative and financial contracts that would be at risk of renegotiation as a result of a one-notch downgrade of Santander UK's long-term credit rating primarily are basis swaps with a consolidated special purpose entity used in Santander UK's covered bond programme. The aggregate notional amount of these swaps as at 31 December 2011 was approximately £40 billion. The derivative and financial contracts that would be at risk of renegotiation as a result of a two-notch downgrade of Santander UK's long-term credit rating primarily are basis swaps and currency swaps with consolidated special purposes entities used in Santander UK's Residential Mortgage Backed Securities (RMBS) and covered bond programs. The aggregate notional amount of these swaps as at 31 December 2011 was approximately £83 billion (in addition to the £40 billion notional amount of swaps that would be at risk of renegotiation as a result of a one-notch downgrade). Santander UK would also be required to take action in relation to the bank account arrangements with the consolidated special purposes entities under these programs. Such accounts are currently held by Santander UK. The action required could involve obtaining guarantees, transferring the accounts to another bank or re-negotiating the account bank agreement.

On 30 April 2012 Standard & Poor's, following its recent downgrade of the Spanish sovereign debt rating, published the revised ratings for the long term debt of the Bank which was downgraded to A- from A+ (negative outlook) and for Santander UK to A from A+. The Group is currently reviewing the consequences and possible impacts of such downgrading.

While certain potential impacts are contractual and quantifiable, the full consequences of a credit ratings downgrade to a financial institution are inherently uncertain, as they depend upon numerous dynamic, complex and inter-related factors and assumptions, including market conditions at the time of any downgrade, whether any downgrade of a firm's long-term credit ratings precipitates downgrades to its short-term credit ratings, and assumptions about the potential behaviors of various customers, investors and counterparties.

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 Group, there can be no assurances that such agencies will revise such outlooks upward. The Group's failure to maintain favourable ratings and outlooks would likely increase its cost of funding and adversely affect its interest margins and results of operations.

The Group's Latin American subsidiaries' growth, asset quality and profitability may be adversely affected by volatile macroeconomic and political conditions

The economies of the eight Latin American countries where the Group operates have experienced significant volatility in recent decades, characterised, in some cases, by slow or regressive growth, declining investment and hyperinflation. This volatility has resulted in fluctuations in the levels of deposits and in the relative economic strength of various segments of the economies to which it lends. Latin American banking activities (including Retail Banking, Global Wholesale Banking, Asset Management and Private Banking) accounted for €4,664 million of its profit attributable to the Parent bank for the year ending 31 December 2011 (a decrease of 1% from €4,728 million for the year ending 31 December 2010). Negative and fluctuating economic conditions, such as a changing interest rate environment, impact its profitability by causing lending margins to decrease and leading to decreased demand for higher margin products and services. Negative and fluctuating economic conditions in some Latin American countries could also result in government defaults on public debt. This could affect the Group in two ways: directly, through portfolio losses, and indirectly, through instabilities that a default in public debt could cause to the banking system as a whole, particularly since commercial banks' exposure to government debt is high in several of the Latin American countries in which it operates.

In addition, revenues from the Group's Latin American subsidiaries are subject to risk of loss from unfavourable political and diplomatic developments, social instability, and changes in governmental policies, including expropriation, nationalisation, international ownership legislation, interest-rate caps and tax policies.

No assurance can be given that the Group's growth, asset quality and profitability will not be affected by volatile macroeconomic and political conditions in the Latin American countries in which it operates.

Latin American economies can be directly and negatively affected by adverse developments in other countries

Financial and securities markets in the Latin American countries where the Group operates are, to varying degrees, influenced by economic and market conditions in other countries in Latin America and beyond. Negative developments in the economy or securities markets in one country, particularly in an emerging market, may have a negative impact on other emerging market economies. These developments may adversely affect the business, financial condition and operating results of the Group's subsidiaries in Latin America.

Risks in relation to the Notes

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. If the Notes are traded after their initial issuance,

they may trade at a discount to their initial offering price, depending upon the market for similar securities, general economic conditions and the financial condition of the Issuer and the Guarantor. Although applications have been made for Notes issued under the Programme to be admitted to the Official List and to trading on the regulated market of the Irish Stock Exchange, there is no assurance that such applications will be accepted, that any particular issue 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 issue of Notes.

Global Notes held in a clearing system

Because the Global Notes are held by or on behalf of Euroclear and/or Clearstream, Luxembourg and possibly other clearing systems including Euroclear, France, investors will have to rely on their procedures for transfer, payment and communication with the Issuer and/or the Guarantor.

Notes issued under the Programme may be represented by one or more Global Notes. If the relevant Final Terms specify that the New Global Note form is not applicable, such Global Note will be deposited with a common depositary for Euroclear and/or Clearstream, Luxembourg or shall be deposited with such other clearing system, including Euroclear, France or to the order of such other Clearing System's nominee. If the relevant Final Terms specify that the New Global Note form is applicable, such Global Note will be deposited with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and/or Clearstream, Luxembourg and/or any other clearing system, including Euroclear, France, will maintain records of the holdings of their participants. In turn, such participants and their clients will maintain records of the ultimate holders of 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/or Clearstream, Luxembourg and/or any other clearing system on whose behalf such Global Notes are held, including, for example, Euroclear, France.

While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under such Notes by making payments to the common depositary (in the case of Global Notes which are not in the New Global Note form) or, as the case may be, the common service provider (in the case of Global Notes in New Global Note form) for Euroclear and/or Clearstream, Luxembourg and/or any other clearing system, including Euroclear, France, for distribution to their account holders for onward transmission to the Beneficial Owners. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and/or Clearstream, Luxembourg and/or any other clearing system, including Euroclear, France and their relevant participants, to receive payments under their 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 take enforcement action against the Issuer under the relevant Notes but will have to rely upon their rights under the Deed of Covenant dated 4 May 2012 (the "**Deed of Covenant**").

The Issuer may redeem the Notes for tax reasons

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 if it has or will become obliged to pay additional amounts pursuant to the terms and conditions of the Notes as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction) which change or amendment becomes effective on or after the issue date of the relevant Notes and such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

Potential investors should consider the reinvestment risks in light of other investments available at the time any Notes are so redeemed.

Risks in Relation to Spanish Taxation

The Issuer and the Guarantor are required to receive certain information relating to the Notes. If such information is not received by the Issuer or the Guarantor, as the case may, it will be required to apply Spanish withholding tax to any payment of interest in respect of the relevant Notes, or income arising from the payment of Notes issued below par.

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 relevant Issuer or the Guarantor at the relevant time a certificate in the Spanish language substantially in the form set out in Exhibit I, attached hereto.

This information must be provided by the Issue and Paying Agent to the Issuer or the Guarantor, as the case may be, before the close of business on the Business Day (as defined in 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 Issuer, the Guarantor 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 or, as the case may be, the Guarantor on each Payment Date, the Issuer or, as the case may be, the Guarantor will withhold tax at the then-applicable rate (currently 21%) from any payment in respect of the relevant Notes. Neither the Issuer or the Guarantor will pay any additional amounts with respect to any such withholding.

The 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, the Guarantor or 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 and the Guarantor, 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 Issuer and Paying Agent to them, notwithstanding the information obligations of the Issuer under general provisions of Spanish tax legislation, by virtue of which identification of Spanish investors may be provided to the Spanish tax authorities.

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%.

If the Spanish tax authorities maintain a different opinion as to the application by the Issuer or the Guarantor, as the case may be, of withholding to payments made to Spanish residents (individuals and entities subject to Corporate Income Tax), the Issuer or the Guarantor, as the case may be, will be bound by that opinion and, with immediate effect, will make the appropriate withholding and the Issuer and the Guarantor will not, as a result, pay additional amounts.

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.

As such, certain provisions of the Insolvency Law could affect the ranking of the Notes or claims relating to the Notes on an insolvency of Santander Commercial Paper, S.A. or the Guarantor.

There are restrictions on the ability to resell Notes.

The Notes have not been registered under the Securities Act, any state securities laws or the laws of any other jurisdiction. Absent such registration, the Notes may be offered or sold only in transactions that are not subject to, or that are exempt from, the registration requirement of the Securities Act and applicable state securities laws.

DOCUMENTS INCORPORATED BY REFERENCE

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

1. an English language translation of the Guarantor's unaudited consolidated Income Statement and Balance Sheet contained on pages 9-10 and 13, respectively, of the Financial Report of the Guarantor for the 3 months ended 31 March 2012;
2. an English language translation of the Guarantor's audited consolidated and non-consolidated financial statements, together with the notes thereto and auditors' report thereon, included in the section entitled "Auditor's report and Annual Consolidated Accounts" of the Guarantor's Annual Report for the year ended 31 December 2011 and 31 December 2010; and
3. an English language translation of the financial statements of Santander Commercial Paper, S.A. Unipersonal for the years ended 31 December 2011 and 31 December 2010.

Copies of the documents specified above as containing information incorporated by reference in this Information Memorandum may be inspected, free of charge, at the specified offices of the Issuing and Paying Agent, the initial specified offices of which are set out below. Copies of such documents are also available for inspection at the Irish Stock Exchange.

Any information contained in any of the documents specified above which is not incorporated by reference in this Information Memorandum is either not relevant to investors or is covered elsewhere in this Information Memorandum.

RECENT DEVELOPMENTS

Resignation of Francisco Luzón

On 23 January 2012, the Bank announced that its board of directors resolved at their meeting of the same date to record the resignation of Francisco Luzón from his positions as director and member of the executive committee of the Bank, with effect from 23 January 2012. Francisco Luzón has taken voluntary pre-retirement, also ceasing to hold office as an executive vice president of the Bank and head of its America division.

Santander and KBC agree to merge Bank Zachodni WBK and Kredyt Bank in Poland

On 28 February 2012, it was announced that the Bank and KBC Bank NV ("**KBC**") had entered into an investment agreement to combine their Polish banking subsidiaries, Bank Zachodni WBK ("**Bank Zachodni WBK**") and Kredyt Bank S.A. ("**Kredyt Bank**").

The transaction will entail a share capital increase in Bank Zachodni WBK, where the newly issued shares in Bank Zachodni WBK will be offered and rendered to KBC and the other shareholders of Kredyt Bank in exchange for their shares in Kredyt Bank. Under the agreements, and subject to independent evaluation and final agreement by Bank Zachodni WBK and Kredyt Bank, as well as to obtaining regulatory approval from the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*) and relevant competition clearance, Bank Zachodni WBK will merge with Kredyt Bank at the ratio of 6.96 Bank Zachodni WBK shares for every 100 Kredyt Bank shares. At the market price of shares as at the date of the announcement, the transaction values Kredyt Bank at PLN 15.75 a share and Bank Zachodni WBK at PLN 226.4 a share. The combined bank's total pro forma value will be PLN 20.8 billion (€5 billion.) Both Bank Zachodni WBK and Kredyt Bank are listed on the Warsaw Stock Exchange. The merged bank will continue to be listed on the Warsaw Stock Exchange.

Following the proposed merger, the Bank will hold approximately 76.5% of the merged bank and KBC around 16.4%. The rest will be held by other minority shareholders. The Bank has committed to help KBC to lower its stake in the merged bank from 16.4% to below 10% immediately after the merger. For this purpose, Santander will seek to place a stake with investors. In this regard, Santander has also committed to acquire up to 5% of the merged bank to assist KBC. Furthermore, KBC intends to divest its remaining stake, with a view to maximising its value.

As a result of this transaction, the Bank will increase its presence in Poland, one of its ten core markets, underlining its long-term commitment to Poland. The proposed merger will consolidate the merged bank's position as Poland's third largest bank by all measures, with a market share of 9.6% in deposits, 8.0% in loans and 12.9% in branches (899). With more than 3.5 million retail customers, the merged bank will also be Poland's third in terms of revenues and profit, significantly closing the gap to the leaders. Including the Santander Consumer finance business, the Group's total market share in business volumes will amount to around 10% in Poland. The proposed merger will produce business synergies in addition to those announced following the acquisition of Bank Zachodni WBK by the Bank, which estimates the impact of this transaction on the Group's core capital ratio under Basel II criteria to be around 5 basis points.

Under the investment agreement, the Bank has also committed to acquire 100% of Zagieli, the consumer finance arm of KBC in Poland, at an adjusted net asset value, also subject to obtaining the relevant competition clearance. Additionally, the existing cooperation between Kredyt Bank and KBC

TFI (KBC's Polish asset management company) will remain in place for the foreseeable future. The merged bank will distribute KBC TFI's funds under a non-exclusive distribution agreement for a minimum term of two years from the proposed merger transaction.

The transaction is expected to close in the second half of 2012, subject to the registration of the merger between Bank Zachodni WBK and Kredyt Bank and to obtaining regulatory approval from Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*) and relevant competition clearance.

Dividends

The shareholders general meeting of the Bank held on 30 March 2012 approved a remuneration of €0.22 per share under the Santander Dividendo Elección programme (scrip dividend), at the date when the final dividend charged for the 2011 financial year is usually paid (May).

Shareholders could opt to receive the amount equivalent to the fourth dividend in cash or in shares. Each shareholder received a free allotment right of new shares for each share they hold. Shareholders could sell the rights to the Bank at a set price (€0.22 per right), to the stock market between 13 and 27 April 2012 at the market price or receive new shares in the proportion of one new share for every 24 rights. The holders of 75.18% of the free allotment rights have chosen to receive new shares. Thus, the definitive number of ordinary shares of €0.5 of face value issued in the free-of-charge capital increase is 284,326,000, corresponding to 3.13% of the share capital, and the amount of the capital increase is €142,163,000. The value of the remuneration corresponding to the holders of free allotment rights who have requested new shares amounts to €1,501,241,280.

The shareholders holding the remaining 24.82% of the free allotment rights have accepted the irrevocable undertaking to acquire free allotment rights assumed by Banco Santander. Consequently, Banco Santander has acquired 2,253,029,391 rights for a total gross consideration of €495,666,466.02. Banco Santander has waived the free allotment rights so acquired.

It is envisaged that the authorization for the admission to listing of the new shares in the Spanish Stock Exchanges will be granted on 8 May 2012, so that ordinary trading of such shares in Spain will commence on 9 May 2012. The authorisation for the admission to listing of those shares will also be requested on all other stock exchanges on which Banco Santander is listed.

Anticipated conversion of Valores Santander

The shareholders general meeting held on 30 March 2012 resolved to grant the holders of Valores Santander an option to convert their securities on four occasions before 4 October 2012, the mandatory conversion date for the Valores Santander outstanding. Specifically, the holders of Valores Santander who so wish may request their conversion within the fifteen calendar days prior to each of 4 June, 4 July, 4 August and 4 September, 2012.

Those who opt for the voluntary conversion will receive the number of new shares of Banco Santander as per the conversion ratio then prevailing pursuant to the prospectus of the issuance (currently, 365.764447695684 shares for each Valor Santander resulting from dividing the nominal value of each Valor Santander (€5,000) by the reference price (€13.67), as communicated in the relevant fact announcement of 6 February 2012). In addition, they will receive, subject to the same cancellation events provided in the prospectus, the remuneration corresponding to their Valores Santander accrued

until the voluntary conversion date on which they request such conversion (being the 4th of the relevant month).

Without prejudice to such conversion option, the terms and conditions of the issuance remain unchanged. As a result, the holders of Valores Santander who do not opt for the voluntary conversion in any of the conversion windows will maintain the rights of their securities, which will necessarily convert into new shares of Santander on 4 October 2012 pursuant to the terms of the prospectus.

Santander Emisora 150, S.A.U., issuer of the Valores Santander, has also passed the necessary resolution to grant the voluntary conversion options described above.

KEY FEATURES OF THE PROGRAMME

Issuer:	Santander Commercial Paper, S.A. Unipersonal
Guarantor:	Banco Santander, S.A.
Risk Factors:	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer and the Guarantor to fulfil their respective obligations under the Notes are discussed under "Risk Factors", above.
Arranger:	Morgan Stanley & Co. International plc
Dealers:	Banc of America Securities Limited, Banco Santander, S.A., Barclays Bank PLC, Citibank International plc, Commerzbank Aktiengesellschaft, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International), Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, ING Bank N.V., Morgan Stanley & Co. International plc, Nomura International plc, Société Générale, The Royal Bank of Scotland plc, UBS Limited and any other Dealer appointed from time to time by the Issuer and the Guarantor either generally in respect of the Programme or in relation to a particular issue of Notes.
Issuing and Paying Agent:	Citibank, N.A.
Listing Agent:	A&L Listing Limited
Programme Amount:	The aggregate principal amount of Notes outstanding and guaranteed at any time will not exceed €25,000,000,000 or its equivalent in alternative currencies subject to applicable legal and regulatory requirements. The Programme Amount may be increased from time to time in accordance with the Dealer Agreement.
Currencies:	Notes may be issued in Australian Dollars, Canadian Dollars, Euro, Japanese Yen, New Zealand Dollars, Sterling, Swiss Francs and United States Dollars and such other currencies as may be agreed between the Issuer and the relevant Dealer(s) from time to time and subject to the necessary regulatory requirements having been satisfied.
Denominations:	<p>Global Notes shall be issued (and interests therein exchanged for Definitive Notes, if applicable) in the following minimum denominations (or integral multiples thereof):</p> <ul style="list-style-type: none">(a) for U.S.\$ Notes, U.S.\$500,000;(b) for euro Notes, €500,000;(c) for Sterling Notes, £100,000;

- (d) for Yen Notes, Yen 100,000,000;
- (e) for Swiss franc Notes, SFr 500,000;
- (f) for Australian dollar Notes, A\$1,000,000;
- (g) for Canadian dollar Notes, C\$500,000; or
- (h) for New Zealand dollar Notes, NZ\$1,000,000,

or such other conventionally accepted denominations in those currencies (including, in addition to those listed above, Danish kroner, Swedish kroner and Norwegian kroner) as may be agreed between the Issuer and the relevant Dealer from time to time, subject in each case to compliance with all applicable legal and regulatory requirements.

Maturity of the Notes: Not less than 1 nor more than 364 days, subject to legal and regulatory requirements.

Tax Redemption: Early redemption will only be permitted for tax reasons as described in the terms of the Notes.

Redemption on Maturity: The Notes may be redeemed at par.

Issue Price: The Issue Price of each issue of interest bearing Notes (and, in the case of discount Notes, the discount rate) will be as set out in the relevant Final Terms.

Status of the Notes: The payment obligations of the Issuer pursuant to the Notes constitute and at all times shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and upon the insolvency of the Issuer (and unless they qualify as subordinated debts under article 92 of the Insolvency Law (as defined below) or equivalent legal provision which replaces it in the future, and subject to any applicable legal and statutory exceptions), rank *pari passu* and rateably without any preference among themselves and the payment obligations of the Issuer under the Notes rank at least *pari passu* with all other unsecured and unsubordinated indebtedness, present and future of the Issuer.

Status of the Deed of Guarantee: The obligations of the Guarantor in respect of the guarantee of the Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and upon the insolvency of the Guarantor (and unless they qualify as subordinated debts under article 92 of the Insolvency Law (as defined below) or equivalent legal provision which replaces it in the future, and subject to any applicable legal and statutory exceptions), rank *pari passu* and rateably without any preference among such obligations of the Guarantor in respect of the Notes of the same issue and at least *pari passu* with all other

unsubordinated and unsecured indebtedness and monetary obligations involving or otherwise related to borrowed money of the Guarantor, present and future. Its obligations in that respect are contained in the Deed of Guarantee.

Taxation:

All payments under the Notes and the Deed of Guarantee will be made without deduction or withholding for or on account of any present or future Spanish withholding taxes, except as stated in the Notes and the Deed of Guarantee and as stated under the heading "Taxation - Taxation in Spain".

Information requirements under Spanish Tax Law:

Under Spanish Law 13/1985 and Royal Decree 1065/2007, each as amended, the Issuer is required to receive certain information relating to the Notes.

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 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.).

None of the Issuer, the Guarantor, the Arranger, the Dealers or the European clearing systems assumes any responsibility therefor.

Form of the Notes:

The Notes will be in bearer form. Each issue of Notes will initially be represented by one or more global notes (each a "**Global Note**", and together the "**Global Notes**"). Each Global Note which is not intended to be issued in new global note form (a "**Classic Global Note**" or "**CGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or Euroclear France and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a "**New Global Note**" or "**NGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Global Notes will be exchangeable for Definitive Notes in whole, but not in part, in the limited circumstances set out in the Global Notes (see "Certain Information in Respect of the Notes - Forms of Notes").

Listing and Trading:

Each issue of Notes may be admitted to the Official List and admitted to trading on the regulated market of the Irish Stock Exchange and/or listed, traded and/or quoted on any other listing authority, stock exchange and/or quotation system as may be agreed between the Issuer and the relevant Dealer. No Notes may be issued on an unlisted basis.

Delivery:	The Notes will be available in London for delivery to Euroclear or Clearstream, Luxembourg or Euroclear France or to any other recognised clearing system (as its nominee or depository) in which the Notes may from time to time be held.
Selling Restrictions:	The offering and sale of the Notes is subject to all applicable selling restrictions including, without limitation, those of the United States of America, the United Kingdom, Japan, Spain and France (see "Subscription and Sale").
Governing Law:	The status of the Notes and the status of the Deed of Guarantee, the capacity of the Issuer and the Guarantor and the relevant corporate resolutions shall be governed by Spanish law. Any non-contractual obligations arising out of or in connection with the Notes, the Terms and Conditions of the Notes and all related contractual documentation will be governed by, and construed in accordance with, English law.
Use of Proceeds:	The net proceeds of the issue of the Notes will be deposited on a permanent basis with the Guarantor by the Issuer and will be used for the general funding purposes of the Group.

SANTANDER COMMERCIAL PAPER, S.A. UNIPERSONAL

Santander Commercial Paper, S.A. Unipersonal, which is a wholly owned subsidiary of the Guarantor, was incorporated by a public deed executed on 27 February 2004 and registered in the Mercantile Registry of Madrid on 2 March 2004 under volume 19.719, Book 0, folio 85, section 8, sheet M-346,985 as a private company (*sociedad anónima*) with unlimited duration and with limited liability under the laws of Spain. The share capital of Santander Commercial Paper, S.A. Unipersonal is one hundred and fifty thousand, five hundred (150,500) Euro divided into 1,505 ordinary shares of 100 Euro par value each, all of which are issued and fully paid and each of a single class.

Santander Commercial Paper, S.A. Unipersonal is a financing vehicle for the Group and has no subsidiary companies. The Issuer's exclusive activities are the issuance of commercial paper guaranteed by the Guarantor.

The assets of the Issuer are comprised principally of inter-company debt with the Guarantor.

The Issuer did not have any outstanding secured or unsecured indebtedness other than €6,115.4 million of Euro-commercial paper notes and U.S.\$181.9 million of U.S. commercial paper notes outstanding as of 30 April 2012 under the Programme.

The registered office of the Issuer is located at the Guarantor's principal executive offices at Ciudad Grupo Santander, Avenida de Cantabria s/n, 28660 Boadilla del Monte, Madrid, Spain, and its telephone number is +34 91 257 2059.

There has been no material adverse change in the prospects of the Issuer, nor any significant change in its financial or trading position, since 31 December 2011.

The names, positions and other positions in the Group of each of the directors of the Issuer are as follows:

Name	Position	Other Position in the Group
José Antonio Soler	Chairman	Senior Vice-president of the Guarantor
Antonio Torío Martín	Director	Vice-president of the Guarantor
Pablo Roig García Bernalt	Director	Vice-President of the Guarantor
María Visitación Díaz Varona	Director	Vice-president of the Guarantor

The business address of each of the persons listed above is: Ciudad Grupo Santander, Edificio Amazonia, Avenida de Cantabria, s/n, 28660 Boadilla del Monte, Madrid, Spain.

The above members of the Board of Directors have no potential conflicts of interests between any duties to the Issuer and their private interests and/or other duties.

During the 12 months prior to the date of this Information Memorandum, the Issuer has not been involved in any 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 in the recent past, significant effects on the Issuer's financial position or profitability.

The financial statements for the year ended 31 December 2011 and 31 December 2010, of Santander Commercial Paper, S.A. Unipersonal, prepared in accordance with the *Texto Refundido de la Ley de Sociedades de Capital* (Spanish Corporations Law), were audited by the external auditors, Deloitte, S.L. of Plaza Pablo Ruiz Picasso, 1, Madrid, and registered under number S-0692 in the Official Register of Auditors (*Registro Oficial de Auditores de Cuentas*). Deloitte, S.L. are members of the *Instituto de Censores Jurados de Cuentas de España*.

Copies of such financial statements (in each case, as translated into English) are incorporated by reference in this Information Memorandum.

BANCO SANTANDER, S.A.

Information about the Guarantor

Banco Santander, S.A. is registered in the Mercantile Registry of Cantabria in book 83, folio 1, sheet 9, entry 5519, and adapted its Bylaws to conform with current legislation regarding limited liability companies by a document executed in Santander on 8 June 1992 before the Public Notary Mr. José María de Prada Díez, and numbered 1316 in his records, and registered in the Mercantile Registry of Cantabria in volume 448 of the Archive, folio 1, sheet number 1960, Adaptation entry one.

The current Bylaws, with the exception of subsections of Article 5 regarding share capital, were approved by the shareholders at the General Shareholders' Meeting held on 17 June 2011; the respective notarial instrument was recorded with the Mercantile Registry on 3 August 2011.

The current text of subsections of Article 5 of the Bylaws is set forth in the public deed dated 30 April 2012, which records the share capital as an amount of €4,680,589,700. This document was registered with the Mercantile Registry of Cantabria on 3 May 2012.

The shareholders general meeting of the Bank held on 30 March 2012 approved the amendment of certain articles of its Bylaws, which are conditional upon the granting of the relevant administrative authorisation.

The Guarantor is also registered in the Special Register of Banks and Bankers under code number 0049.

The Guarantor was founded in the city of Santander by notarised document executed on 3 March 1856 before court official Mr José Dou Martínez, ratified and partially amended by a further document dated 21 March 1857 before the court official of Santander Mr José María Olarán, and commenced trading on 20 August 1857. The Guarantor was transformed to a Credit Company (*Sociedad Anónima de Crédito*) by a public deed executed on 14 January 1875 which was recorded with the Mercantile Registry of the Government of the Province of Santander.

The Guarantor commenced trading at the time of its formation and according to Article 4.1 of the Articles of Association it will remain in existence for an indefinite period.

The Guarantor is domiciled in Spain and has the legal form of a Joint Stock Company (*Sociedad Anónima*) and its activities are subject to special Spanish legislation governing credit institutions in general and the supervision, control and regulation of the Bank of Spain in particular.

The Guarantor was incorporated in Spain and has its registered office at Paseo de Pereda, numbers 9 to 12, Santander. The principal operating headquarters of the Guarantor is located at Ciudad Grupo Santander, Avda. de Cantabria s/n, 28660 Boadilla del Monte, in the province of Madrid. The telephone number of the principal operating headquarters of the Guarantor is +34 91 259 65 20.

The non-consolidated and consolidated annual financial statements of the Guarantor for the years ended 31 December 2011 and 31 December 2010 were audited by the external auditors, Deloitte, S.L. of Plaza Pablo Ruiz Picasso, 1, Madrid, and registered under number S-0692 in the Official Register of Auditors (*Registro Oficial de Auditores de Cuentas*). Deloitte, S.L. are members of the *Instituto de Censores Jurados de Cuentas de España*.

The Guarantor's auditors have not resigned nor been removed, and were last re-appointed by the Bank on 30 March 2012 the annual financial statements for the financial year ending 31 December 2012.

Business Overview

At 31 December 2011 the Group had a market capitalisation of €50.3 billion, stockholders' equity of €76.4 billion and total assets of €1,251.5 billion. The Group had an additional €131.5 billion in mutual funds, pension funds and other assets under management at that date. As of 31 December 2011, the Group had 63,866 employees and 6,608 branch offices in Continental Europe, 26,295 employees and 1,379 branches in the United Kingdom, 91,887 employees and 6,046 branches in Latin America, 8,968 employees and 723 branches in the United States (Sovereign Bank ("**Sovereign**")) and 2,333 employees in other geographic regions.

The Group is a financial group operating principally in Spain, the United Kingdom, other European countries, Brazil and other Latin American countries and the United States, offering a wide range of financial products.

In Latin America, the Group has majority shareholdings in banks in Argentina, Brazil, Chile, Colombia, Mexico, Peru, Puerto Rico and Uruguay.

In accordance with the criteria established by the IFRS-IASB, the structure of the operating business areas has been segmented into two levels:

First (or geographic) level.

The activity of the Group's operating units is segmented by geographical areas. This coincides with the Group's first level of management and reflects the Group's positioning in the world's main currency areas. The reported segments are:

- **Continental Europe.** This covers all retail banking business (including Banco Banif, S.A. ("**Banif**"), the Group's specialised private bank), wholesale banking and asset management and insurance conducted in Europe, with the exception of the United Kingdom. This segment includes the following units: the Santander Branch Network, Banco Español de Crédito, S.A. ("**Banesto**"), Santander Consumer Finance, S.A. ("**Santander Consumer Finance**") (including Santander Consumer USA Inc. ("**SC US**")), Portugal and Bank Zachodni WBK which was incorporated in April 2011.
- **United Kingdom.** This includes retail and wholesale banking, asset management and insurance conducted by the various units and branches of the Group in the UK.
- **Latin America.** This embraces all the financial activities conducted via the Group's subsidiary banks and other subsidiaries in Latin America. It also includes the specialised units in Santander Private Banking, as an independent globally managed unit. Santander's business in New York is also managed in this area.
- **Sovereign.** This includes all the financial activities of Sovereign, including retail and wholesale banking, asset management and insurance. Sovereign's operations are wholly conducted in the U.S.

Second (or business) level.

This segments the activity of the Group's operating units by type of business. The reported segments are:

- **Retail Banking.** This covers all customer banking businesses (except those of Corporate Banking, which are managed globally).
- **Global Wholesale Banking.** This business reflects the returns from Global Corporate Banking, Investment Banking and Markets worldwide, including all treasury activities under global management, as well as the Group's equities business.
- **Asset Management and Insurance.** This includes the Group's units that design and manage mutual and pension funds and insurance.

In addition to these operating units, which cover everything by geographic area and business, the Group continues to maintain a separate Corporate Activities area. This area incorporates the centralised activities relating to equity stakes in industrial and financial companies, financial management of the structural exchange rate position and of the parent Bank's structural interest rate risk, as well as management of liquidity and of shareholders' equity through issues and securitisations. As the Group's holding entity, it manages all capital and reserves and allocations of capital and liquidity. It also incorporates amortisation of goodwill but not the costs related to the Group's central services except for corporate and institutional expenses related to the Group's functioning.

In 2011, the Group maintained the same primary and secondary operating segments as it had in 2010.

In addition, and in line with the criteria established by IFRS-IASB, the results of businesses discontinued in 2009 (Banco de Venezuela) which were consolidated by global integration, were eliminated from various lines of the income statement and included in "net profit from discontinued operations."

First level (or geographic):

Continental Europe

This area covers the banking activities of the different networks and specialised units in Europe, principally with individual clients and small and medium sized companies ("**SMEs**"), as well as private and public institutions. During 2011, there were five main units within this area: the Santander Branch Network, Banesto, Santander Consumer Finance, Portugal and Bank Zachodni WBK which was incorporated in April 2011, including retail banking, global wholesale banking and asset management and insurance.

Continental Europe is the largest business area of the Group, by assets. At the end of 2011, it accounted for 37.2% of total customer funds under management, 42.2% of total loans and credits and 31.0% of profit attributed to the parent Bank of the Group's main business areas.

The area had 6,608 branches and 63,866 employees (direct and assigned) at the end of 2011.

In 2011, the Continental Europe segment's profit attributable to the Parent decreased 15.1% to €2,849. Profits have been hard hit by the low growth environment and deleveraging and low interest rates, as

well as the negative impact of gains on financial transactions and fee income. Return on equity ("ROE") in 2011 was 9.3%, a 311 basis point decrease from 2010.

The Santander Branch Network

The Group's retail banking activity in Spain is carried out mainly through the branch network of the Group's Parent (the "**Santander Branch Network**"), with support from an increasing number of automated cash dispensers, savings books updaters, telephone banking services, electronic and internet banking.

At the end of 2011, the Santander Branch Network had 2,915 branches and a total of 18,704 employees (direct and assigned), none of which were hired on a temporary basis, dedicated to retail banking in Spain. Compared to 2010, there was a net decrease of 16 branches and 189 employees.

In 2011, profit attributable to the Bank from the Santander Branch Network was €660 million, 22.1% lower than 2010, while the ROE reached 9.6% (as compared to 11.9% in 2010). Although net income increased by 2.4% and administrative and depreciation and amortisation expenses declined 1.2% they did not feed through profits because of greater provisions.

These results were obtained in a still difficult environment, with insufficient signs of an economic recovery, strong competition for liquidity and low demand for loans.

In 2011, the Santander Branch Network lending decreased by approximately 7.8%, customer funds under management were reduced by 4.5%, deposits decreased 7.9%, mutual funds fell 20.6% and pension funds declined 3.5%. The activity reflected the scant demand for loans and a strategy in funding which combines cost reduction and volume retention. The ratio of non-performing loans ("NPL") for Santander Branch Network and for the Bank grew to 8.5% and 6.0% in 2011 from 5.5% and 4.2% in 2010, respectively. The evolution of NPLs was worse than expected for two reasons: on the one hand, the downturn in the economy was more severe than envisaged and, on the other, the fall in lending meant the NPL ratio increased to a greater extent than the volume of non-performing loans. While the ratio of mortgages to buy homes remained stable, the rise in the NPLs ratio was related to loans with real estate purpose. This reflects a further deterioration in this segment and the Group's anticipative policy to sharply reduce balances in this sector.

*Banco Español de Crédito ("**Banesto**")*

At the end of 2011, Banesto had 1,714 branches and 9,548 employees (direct and assigned), of which 13 employees were temporary, a decrease of 48 branches and an increase of 194 employees as compared to the end of 2010.

For the purposes of the Group's financial statements, Banesto's results of operations have been calculated using the Group's criteria for segment reporting. As a result, the data set forth herein may not coincide with the data published independently by Banesto.

In 2011, profit attributable to the Parent from Banesto was €130 million, a 68.9% decrease from 2010, while the ROE reached 2.8% as compared to 9.4% in 2010. In the second part of 2011 the Spanish market still faced a weak economic growth strong tensions and high volatility. The sector's non-performing loans continued to rise and interest rates were unstable. Liquidity tensions in the financial system triggered a rise in wholesale funding costs.

At the end of 2011, the balance of loans was 9.0% lower than in 2010, deposits decreased 15.0%, customer funds under management diminished by 16.2%, mutual funds fell 22.3% and pension funds declined 7.5%. NPL grew to 5.0% in 2011, up 0.9 percentage points from 2010 as a result of the continued difficult environment, in particular in the real estate segment, and a fall in lending which meant the NPL ratio increased to a greater extent than the volume of non-performing loans.

Santander Consumer Finance

The Group's consumer financing activities are conducted through the Group's subsidiary Santander Consumer Finance and its group of companies. Most of the activity of Santander Consumer Finance relates to auto financing, personal loans, credit cards, insurance, and customer deposits. These consumer financing activities are mainly focused on Germany, Spain, Italy, Norway, Poland, Finland, Sweden, the US (SC US began consolidating by the equity method in December 2011 without an impact on profits) and the UK. The Group also conducts business in Portugal, Austria and the Netherlands, among others.

At the end of 2011, this unit had 647 branches (as compared to 519 at the end of 2010) and 15,610 employees (direct and assigned) (as compared to 13,852 employees at the end of 2010), of which 1,105 employees were temporary.

The Santander Consumer Finance business model is based on portfolio diversification, leadership in core markets, efficiency, control of risks and recoveries and a single pan-European platform.

In Europe, the focus was on organic growth and cross-selling, backed by brand agreements (37 with 9 manufacturers), which increased the recurrence of profits and boosted new car business, particularly in Germany and the UK, and increased penetration of the second hand car sector and in new car sales in central European and Nordic countries. The first steps were also taken in Germany by "Santander Retail" (formerly part of Skandinaviska Enskilda Banken AB (publ)) focusing in mortgages and in capturing customer funds.

In the US, high growth in new loans and the capacity to extract value from a greater presence in the market doubled profits which made it possible for new partners to enter SC US, as formalised in the fourth quarter, and inject U.S.\$1,150 million of capital, strengthening business and increasing future growth capacity.

In 2011, this unit generated €1,228 million in profit attributable to the Parent, a 51.5% increase from 2010, while the ROE reached 12.3% (as compared to 10.3% in 2010).

Customer Loans amounted to €60 billion, 5% less than in 2010 because of the consolidation of SC US by the equity accounted method in December 2011. Excluding this impact, gross lending was 16% higher, due to organic growth and the integration of businesses in Germany. Additionally, this area services a portfolio of approximately €6 billion retained by third parties. NPL decreased to 3.8% in 2011 from 4.9% a year earlier supported by recoveries which increased 38% in 2011.

Customer deposits increased 27.9% during 2011 fuelled by Santander Consumer Germany and the entry of Santander Retail.

Portugal

The Group's main Portuguese retail and investment banking operations are conducted by Banco Santander Totta, S.A. ("**Santander Totta**").

At the end of 2011, Santander Totta operated 716 branches (as compared to 759 branches at the end of 2010) and had 6,091 employees (direct and assigned) as compared to 6,214 employees at the end of 2010, of which 83 employees were temporary.

In 2011, profit attributable to the Parent was €174 million, a 61.8% decrease from 2010, due to the 18.3% fall in total income and the 87.7% rise in provisions, which reflects the requirement to adapt to the difficulties of the economic cycle, which have strongly increased NPLs. NPL increased in 2011 to 4.1% from 2.9% a year earlier. At the end of 2011, the ROE was 7.0%, as compared to 20.3% in 2010.

In a very difficult economic and financial environment, which led to a slowdown in economic activity and a lack of liquidity in the markets, Santander Totta has focused on strengthening the balance sheet. Lending reflected the deterioration of economic conditions has dropped 5.6% to €28,403 million. Customer funds under management decreased 8.1% and mutual funds and pension funds decreased 41.8% and 42.2%, respectively.

*Retail Poland ("**Bank Zachodni WBK**")*

On 1 April 2011, the Group completed the acquisition of 96% of Bank Zachodni WBK after the takeover launched in the first quarter 2011 for 100% of the share capital of the Polish entity Bank Zachodni WBK along with the 50% of BZ WBK Asset Management. The Bank Zachodni WBK group is now integrated into the Group, consolidating its results and business as of the second quarter.

Bank Zachodni WBK has the third largest branch network in Poland (622 branches including 96 agencies), 9,383 employees, €2.4 million retail customers and close to €20,000 million of loans and customer funds (mostly deposits).

In the nine months of its consolidation Bank Zachodni WBK, posted a €232 million profit attributable to the Parent. For comparison purposes, the profit for the whole year in local criteria was €288 million (an increase of 21.6%). The ROE stood at 17.9%.

Others

The rest of the Group's businesses in the Continental Europe segment (Banif, Asset Management, Insurance and Global Wholesale Banking) generated profit attributable to the Parent of €424 million in 2011, 48.5% less than in 2010. Global Wholesale Banking, which provided 69% of total income and 90% of profits, posted a 51.7% fall in profit attributable to the Parent (€382 million), as a result of market weakness and tensions in recent months, as well as by the Group's strategy to give priority to reducing risk and releasing capital and liquidity.

United Kingdom

As of 31 December 2011, the United Kingdom accounted for 32.2% of the Group's total customer funds under management, 33.7% of total loans and credits and 12.5% of profit attributed to the Parent of the Group's main business areas.

Santander UK's businesses includes Abbey (since 2004), the deposits and branches of Bradford & Bingley (acquired in September 2008) and Alliance & Leicester (acquired in October 2008). They are referred to as Santander UK.

Santander UK is focused on the United Kingdom (85% of its balance sheet). More than 80% of customer loans are mortgages for homes in the UK with no exposure to self-certified or subprime mortgages and less than 1% of buy-to-let loans.

At the end of 2011, the Group had 1,379 branches and a total of 26,295 employees (direct and assigned) of which 556 employees were temporary, in the United Kingdom. Compared to 2010, there was a net decrease of 37 branches and an increase of 2,646 employees.

For purposes of the Group's financial statements Santander UK's results of operations have been calculated using the Group's criteria for segment reporting. As a result, the data set forth herein may not coincide with the data published independently by Santander UK.

In 2011, Santander UK contributed €1,145 million profit attributable to the Parent (a 41% decrease from 2010). Loans and advances to customers increased by 7.8% and customer funds under management increased 6.4% during the same period. ROE was 9.2% (as compared to 21.3% in 2010). NPL at the end of 2011 increased to 1.9% from 1.8% at the end of 2010.

Latin America

At 31 December 2011, the Group had 6,046 offices and 91,887 employees (direct and assigned) in Latin America (as compared to 5,882 offices and 89,526 employees, respectively, at 31 December 2010), of which 1,550 were temporary employees. At that date, Latin America accounted for 26.0% of the total customer funds under management, 18.7% of total loans and credits and 50.8% of profit attributed to the Parent of the Group's main business areas.

Profit attributable to the Parent from Latin America was €4,664 million in 2011, a 1.4% decrease from 2010, while the ROE reached 21.8% (as compared to 22.3% in 2010).

The Group's Latin American banking business is principally conducted by the following banking subsidiaries:

	Percentage held at 31 December 2011		Percentage held at 31 December 2011
Banco Santander (Brasil) S.A.	81.53	Banco Santander, S.A. (Uruguay)	100.00
Banco Santander Chile	67.01	Banco Santander Colombia, S.A.	97.85
Banco Santander (México), S.A., Institución de Banca Múltiple, Grupo Financiero Santander	99.86	Banco Santander Puerto Rico	100.00
Banco Santander Río, S.A. (Argentina)	99.30	Banco Santander Perú, S.A.	100.00

The Group engages in a full range of retail banking activities in Latin America, although the range of the Group's activities varies from country to country. The Group seeks to take advantage of whatever particular business opportunities local conditions present.

The Group's significant position in Latin America is attributable to the Group's financial strength, high degree of diversification (by countries, businesses, products, etc.), and the breadth and depth of the Group's franchise.

The Group announced an agreement to sell its business units in Colombia to the Chilean group CorpBanca for U.S.\$1,225 million (estimated capital gains of €615 million). This operation is due to be completed during 2012 and it is subject to obtaining the authorisations from the regulatory bodies and a takeover bid delisting Banco Santander Colombia S.A. shares aimed to minority shareholders who hold a 2.15% share in of Santander Colombia. The 2011 results do not yet incorporate these capital gains.

Detailed below are the performance highlights of the main Latin American countries in which the Group operates¹:

Brazil: Banco Santander (Brasil) S.A. ("**Santander Brazil**") is the third largest private sector bank in terms of assets, and the leading foreign bank in terms of loans, with a market share of 10.5%. At the end of 2011 the institution had 3,775 branches, 54,197 employees and 25.3 million customers.

During 2011, lending increased 20% with significant growth across all the major segments, with increases in loans of approximately 23% and 26% to individuals and SMEs and companies, respectively. Deposits excluding repos rose 6%, and a 30% increase in time deposits. In addition, *letras financeiras*, an instrument that provides greater stability, were marketed in 2010 which contributed to a 16% increase in customer deposits in 2011.

Profit attributable to the Parent from operations in Brazil in 2011 was €2,610 million, a 7.2% decrease when compared with 2010 (-7.3% in local currency). Total income rose 11.2% in local currency, spurred by net interest income and fee income, which coupled with a slight improvement in the efficiency ratio, produced a 10.5% increase in net operating income. This increase enabled the larger provisions to be absorbed, maintaining net operating income after provisions in positive growth rates (+2.9%). This, however, did not feed through to profits mainly because of labour disputes, higher tax rate and minority interests. For 2011, ROE was 23.3% and at the end of 2011. The NPL ratio was 5.4% in 2011, an increase of 47 percentage points in comparison to 4.91% in 2010, mainly due to a moderate rise in NPLs of individual borrowers, principally in consumer credits and cards. The NPL coverage ratio was 95%.

Mexico. Banco Santander (Mexico), S.A., *Institución de Banca Múltiple, Grupo Financiero Santander* ("**Santander Mexico**") leads the third largest banking group in Mexico in terms of business volume. As of 31 December 2011, the Group had a network of 1,125 branches, 13,162 employees and 9.3 million customers in Mexico. In the second quarter of 2011, Santander Mexico acquired a portfolio of mortgages from GE Capital Corporation ("**GE**") for U.S.\$1,870 million.

¹ When the Group indicates "variations in local currency", it calculates the variation of the balance sheet data in the currency of the country that is being described, eliminating the effect of exchange rates from the local currency to euro.

In 2011, Lending rose 22%, with mortgage loans growing 31%, both on a like-for-like basis (excluding GE). In addition, bank savings increased 8%, with demand deposits up 14%, time deposits 6% and mutual funds 3%.

Profit attributable to the Parent from Mexico in 2011 increased 40.9% to €936 million (45.6% in local currency). For 2011, ROE was 21.2% and at the end of 2011, the NPL ratio remained at 1.8% and the NPL coverage ratio was 176%.

Chile. Banco Santander Chile is the principal component of the largest financial group in Chile in terms of assets and profits. The Group sold 9.72% of Banco Santander Chile for U.S.\$1,241 million, retaining a 67% holding. As of 31 December 2011, the Group had 499 branches, 12,204 employees and more than 3.5 million customers and market shares of 19.7% in loans and 17.3% in savings.

In 2011, lending accelerated thanks to the higher economic growth and the positive impact of reconstruction following the 2010 earthquake. Loans, cards, mortgages, consumer credit and commercial credit increased by 7%, 15%, 10%, 8% and 4%, respectively, in comparison with 2010. Savings increased by 11% and time deposits by 29%. Mutual funds declined by 10%.

Profit attributable to the Parent from Chile decreased 9.0% in 2011 to €611 million (a 9.3% decrease as compared to 2010, in local currency). For 2011, ROE was 25.4% at the end of 2011, the NPL ratio remained stable at 3.9% compare to 3.7% in 2010 and the NPL coverage ratio was 73.

Argentina. Banco Santander Río, S.A. has market shares of 8.9% in lending and 10.1% in savings. It has 358 branches, 6,773 employees and 2.5 million customers.

The Group focused its strategy in 2011 on maximising the strengths of the franchise, sustained by a transactional banking model resting on low funding costs (demand deposits accounted for 68% of total deposits) and high levels of revenues from services (recurrence ratio of 88%).

During 2011 lending, savings, demand deposits, time deposits and mutual funds increased by 28%, 27%, 20%, 42% and 35%, respectively, in comparison with 2010.

Profit attributable to the Parent was €287 million, 2.7% lower than in 2010 (8.0% higher in local currency). At the end of 2011, the NPL ratio was 1.2% and the NPL coverage ratio was 207%.

Uruguay. Santander is the largest private sector bank in the country in terms of the number of branches (78) and business (market share of 18.6% in lending and 16.0% in deposits). As of 31 December 2011, the Group had 1,166 employees and 247,000 customers.

Profit attributable to the Parent was €20 million in 2011, 70.3% lower than in 2010 (a 69.9% decrease in local currency) and the NPL ratio was 0.64% as of December 31, 2011.

Colombia. As of December 31, 2011, Banco Santander Colombia, S.A. had 80 branches, 1,458 employees and 0.3 million banking customers.

As mentioned above, the Group has announced the agreement to sell its Colombian business to the Chilean group CorpBanca. The operation is expected to be completed in the second quarter of 2012, once the regulatory authorisations have been obtained.

Profit attributable to the Parent from Colombia was €58 million in 2011, 43.0% higher than in 2010 (a 46.5% increase in local currency). At the end of 2011, the NPL ratio was 1.0% and the NPL coverage ratio was 299%.

Puerto Rico. As of 31 December 2011, Banco Santander Puerto Rico had 121 branches, 1,753 employees and 0.5 million customers.

Profit attributable to the Parent from Puerto Rico in 2011 was €34 million, a 10.1% decrease as compared to 2010 (a 5.6% decrease in dollars). At 31 December 2011, the NPL ratio stood at 8.6% and the NPL coverage ratio was 51%.

Peru. As of 31 December 2011, Banco Santander Perú, S.A. had 1 branch, 60 employees and 100,000 banking customers. The unit's activity is focused on companies and on attending to the Group's global customers.

Profit attributable to the Parent from Peru was €11 million in 2011, 56.4% higher than in 2010 (a 60.3% increase in local currency).

Sovereign

At 31 December 2011, Sovereign had 723 branches, 2,303 ATMs and more than 1.7 million customers. At that date, Sovereign had 8,968 employees (direct and assigned), of which none were temporary and accounted for 4.6% of the total customer funds under management, 5.4% of total loans and credits and 5.7% of profit attributed to the Parent of the Group's main business areas.

For purposes of the Group's financial statements, Sovereign's results of operations have been calculated using the Group's criteria for segment reporting. As a result, the data set forth herein may not coincide with the data published independently by Sovereign.

In 2011, Sovereign contributed €526 million profit attributable to the Parent as compared to a €424 million in 2010. For 2011, ROE was 13.0%. Loans and advances to customers at 31 December 2011 amounted to €40,194 million, and customer funds under management, €40,812 million. NPL decreased 176 basis points to 2.9% in comparison to 2010, and NPL coverage ratio stood at 96% up from 75% in 2010.

Second or business level:

Retail Banking

Profit attributable to the Parent from the retail banking sector was 5.7% lower in 2011 than in 2010 at €6,893 million. Retail banking generated 87.4% of the operating areas' total income and 75.1% of profit attributable to the Parent. Total income increased in 2011 in comparison to 2010 by 7.0% to €39,892 million due to the 7.6% rise in net interest income and backed by fee income which increased by 10.8%. However, profits attributable to the Parent were lower due to the provision of €620 million in the second quarter for customer remediation in the UK. This segment had 187,022 employees as of 31 December 2011, of which 4,164 were temporary.

The performance by geographic areas reflects the varying economic environments with lower growth in developed economies and a better macroeconomic environment in emerging countries.

- Retail banking in continental Europe, despite the recovery in revenues and the positive impact of incorporations to the Group, was conditioned by the higher amount assigned to provisions and writedowns. Profit attributable to the Parent declined by 3.0% in comparison to 2010.
- Retail banking in the UK was 42.5% lower in sterling as it was hit by the PPI (*payment protection insurance*) charge. Excluding this impact, profit attributable to the Parent remained largely consistent with 2010. Total income declined, affected by regulatory changes, but this was offset by flat costs and reduced needs for provisions.
- Retail banking revenues and costs in Latin America continued to grow, compatible with business development.

Global Private Banking includes institutions that specialise in financial advisory and asset management for high-income clients (mainly Banif in Spain and Santander Private Banking in the UK, Italy and Latin America), as well as the units of domestic private banking in Portugal and Latin America, jointly managed with local retail banks.

Profit before tax was 2.0% higher in 2011 in comparison to 2010 (up 4.7% excluding exchange rate impact) at €370 million, due to the rise in net interest income (an increase of 9.2%) and reduced needs for provisions and writedowns, which offset the lower gains on financial transactions and the 9.1% increase in operating expenses.

The higher tax charge absorbed almost four points of growth in profit attributable to the Parent which, at €279 million, was 1.5% lower than in 2010 (an increase of 1.4% excluding the exchange rate impact).

Global Wholesale Banking

This area covers our corporate banking, treasury and investment banking activities throughout the world.

This segment, managed by Santander Global Banking & Markets, contributed 10.2% of the operating areas' total income and 20.4% of profit attributable to the Parent in 2011, which amounted to €1,872 million, a 30.6% decrease in comparison with 2010. This reduction was due to the fall in total income from the sharp reduction in gains on financial transactions and in fee income, coupled with higher costs and provisions. This segment had 2,722 employees as of 31 December 2011, of which 2 were temporary.

Markets were very unstable, beginning in spring 2011 and intensified in the second half of the year due to the euro zone's sovereign debt crisis. This environment had a significant impact on revenues, particularly those derived from equities and those not related to customers, whose falls explain the larger reduction in profits.

At the strategic level, and in a very complex year, the division focused on maintaining the results of its franchise and on reducing exposure to risk (for example, cutting the risk of trading activity), which helped to improve the Group's capital and liquidity positions, particularly in those countries with the greatest tensions.

The division also continued to invest in resources to strengthen its operational capacities and distribution of basic treasury products, with a special focus on forex and fixed-income businesses. The

generation of recurring revenues and strict management of the cost base is enabling Santander Global Banking to absorb these investments and improve its efficiency ratio to 35.1%.

Santander is present in global transaction banking (which includes cash management, trade finance and basic financing), in corporate finance (comprising mergers and acquisitions and asset and capital structuring), in credit markets (which include origination activities, risk management, distribution of structured products and debt), in rates (comprised of structuring and trading activities in financial markets of interest rate and exchange rate instruments) and in global equities (activities relating to the equity markets).

Asset Management and Insurance

This segment comprises all of the Group's companies whose activity is the management of mutual and pension funds and insurance. At 31 December 2011, this segment accounted for 2.4% of total income and 4.6% of profit attributable to the Parent at €419 million, a decrease of 9.5% in comparison to 2010. This segment had 1,272 employees at 31 December 2011, of which 42 were temporary.

Total income growth in 2011 was flat in comparison to 2010 at 0.6%, while net operating income rose 2.2% after the 2.8% fall in operating expenses. The other negative results and a higher tax charge caused profit attributable to the Parent to be 9.5% lower. These results include a negative impact of €64 million in total income and €53 million in net operating income from the global agreement with Zurich in the fourth quarter. Excluding this impact, in 2011, total income increased 6.6% and net operating income 9.2% in comparison to 2010.

In 2011, the Group formed a strategic alliance with the insurer Zurich to strengthen their bank insurance business in five key markets in Latin America: Brazil, Mexico, Chile, Argentina and Uruguay. Santander created a holding company for its insurers in Latin America, which is 49% owned by the Bank, and 51% owned by Zurich. This agreement combines the Bank's commercial and distribution capacity with the experience of Zurich in developing and managing products. In each of the five countries, the Bank distributed bank insurance products for 25 years.

Asset Management

Santander Asset Management obtained profit attributable to the Parent of €53 million, a 34.6% decrease as compared to 2010 resulting from a fall in managed volumes, accelerated in the second half of 2011, partly offset by a the mix of products and, in consequence, average revenues.

In 2011, total mutual and pension funds under management amounted to €112 billion, 10% less than in December 2010. The preference for liquidity and on-balance sheet funds, together with more unstable markets in the second half of the year and the impact on prices, explain the fall in volumes.

Insurance

The global area of Santander Insurance posted an profit attributable to the Parent of €366 million, 3.8% more than in 2010. This result was affected by the sale of 51% of the insurance companies in Latin America completed in the fourth quarter (without this sale, growth would have been 4.0%).

Insurance business generated for the Group total revenues (including fee income paid to the commercial networks) of €3,083 million (an increase of 14.7% in comparison to 31 December 2010). The total contribution to profits (income before taxes of insurers and brokers plus fee income received

by the networks) increased 15.7% to €2,882 million, and 17.9% higher excluding the impact of the sale of the insurance companies.

The total volume of premium income increased 9% due to the good evolution of protection insurance premiums (which increased by 13%) as well as the recovery in the distribution of savings insurance whose premium income rose 7% after falling in 2010.

Corporate Activities

At 31 December 2011, this area had 2,333 employees (direct and assigned) of which 901 were temporary. At year end of 2010 this area had 2,529 employees, of which 623 were temporary.

This area is responsible for, on the one hand, a series of centralised activities to manage the structural risks of the Group and of the Parent. It executes the necessary activities for managing interest rates, exposure to exchange-rate movements and the required levels of liquidity in the Group. On the other hand, it acts as the Group's holding entity, managing the Group's global capital as well as that of each of the business units.

The Corporate Activities area had a loss of €3,833 million in 2011, an increase of 67.3% in comparison to 2010, mainly as a result of the decision by the Group to realise extraordinary provisions net of taxes of €3,183 million, of which €1,513 million were drawn from capital gains and €1,670 million from the fourth quarter profits.

The Bank charged €1,812 million pre-tax provisions against the fourth quarter earnings to cover real estate exposure in Spain and €601 million in pre-tax provisions to amortise goodwill related to Santander Totta and higher funding costs.

These results were partially offset by higher gains on financial transactions, mainly hedging on exchange rates, and net capital gains of €1,513 million generated in 2011 (€872 million arising from the entry of new partners in the capital of SC US and €641 million from the sale of the insurance holding in Latin America).

Second, and after eliminating the effects already commented on, the losses from the area's ordinary activity were €128 million less than in 2010.

With respect to the area's activities:

Interest rate management, is conducted on a coordinated basis by all the units, but this business only registers the part relative to the balance sheet of the Parent, via the ALCO portfolios (at the volume levels and duration considered optimum at each moment).

Management of the exposure to exchange-rate movements, both from investments in the shareholders' equity of units in currencies other than the euro as well as from the results generated for the Group by each of the units, also in various currencies, is also conducted on a centralised basis. This management (dynamic) is carried out by exchange-rate derivative instruments, minimising at each moment the financial cost of hedging.

Management of structural liquidity aims to finance the Group's recurrent activity in optimum conditions of maturity and cost. The decisions whether to go to the wholesale markets to capture funds and cover stable and permanent liquidity needs, the type of instrument used, the maturity date

structure and management of the associated risks of interest rates and exchange rates of the various financing sources, are also conducted on a centralised basis.

The **financial management** unit uses financial derivatives to cover the interest rate and exchange rate risks from new issuances. The net impact of this hedging is recorded in the gains/loss on financial transactions in corporate activities. The financial management area also analyses the strategies for structural management of credit risk, aiming to reduce concentrations by sectors, which naturally occur as a result of commercial activity. Derivative transactions achieve an effect similar to selling some assets and acquiring other assets which enables us to diversify the credit portfolio as a whole.

In addition, the area of Corporate Activities acts as the **Group's holding entity**. It manages all capital and reserves and allocations of capital to each of the business units as well as provides liquidity that some of the business units might need (mainly the Santander Branch Network and corporate in Spain). The price at which these operations are carried out is the market rate (EURIBOR or swap without liquidity premium for their duration) for each of the maturities of repricing operations.

Lastly the **equity stakes** that the Group takes within its policy of optimising investments is reflected in corporate activities.

The condensed balance sheets and income statements of the various **geographical segments** as at and for the years ended 31 December 2011 and 2010 are as follows:

(Condensed) balance sheet	Millions of euro						
	2011						
	Continental Europe	United Kingdom	Latin America	Sovereign	Corporate activities	Intra-Group eliminations	Total
Loans and advances to customers	315,082	252,154	139,867	40,194	2,803	-	750,100
Financial assets held for trading (excluding loans and advances)	78,802	41,441	31,705	271	7,727	-	159,946
Available-for-sale financial assets	24,640	55	26,186	12,435	23,297	-	86,613
Loans and advances to credit institutions	51,638	19,672	19,181	677	59,583	(99,025)	51,726
Non-current assets	5,045	2,288	4,312	480	4,715	-	16,840
Other asset accounts	28,586	39,833	53,594	3,643	138,783	(78,138)	186,301
Total assets / liabilities	503,793	355,443	274,845	57,700	236,908	(177,163)	1,251,526
Customer deposits	247,582	194,318	134,078	36,884	19,671	-	632,533
Marketable debt securities	39,709	70,505	23,253	1,653	62,252	-	197,372
Subordinated liabilities	965	8,260	6,015	2,275	5,477	-	22,992
Liabilities under insurance contracts	517	-	-	-	-	-	517
Deposits from central banks and credit institutions	88,143	31,178	46,813	9,934	66,094	(99,025)	143,137
Other liability accounts	96,088	38,330	45,170	2,412	6,299	(10,439)	177,860
Equity (share capital + reserves)	30,789	12,852	19,516	4,542	77,115	(67,699)	77,115
Other customer funds under management	45,809	15,744	69,902	1	-	-	131,456
Investment funds	31,038	15,744	55,829	-	-	-	102,611
Pension funds	9,645	-	-	-	-	-	9,645
Assets under management	5,126	-	14,073	1	-	-	19,200
Customer funds under management	334,064	288,826	233,248	40,812	87,403	-	984,353

(Condensed) balance sheet	Millions of euro						
	2010*						
	Continental Europe	United Kingdom	Latin America	Sovereign	Corporate activities	Intra-Group eliminations	Total
Loans and advances to customers	323,660	233,856	127,268	36,724	2,645	-	724,153
Financial assets held for trading (excluding loans and advances)	57,690	45,187	31,580	211	5,123	-	139,791
Available-for-sale financial assets	23,843	204	30,697	10,203	21,288	-	86,235
Loans and advances to credit institutions	66,925	29,136	21,632	722	36,869	(75,429)	79,855
Non-current assets	4,965	2,323	4,880	507	1,909	-	14,584
Other asset accounts	22,160	42,063	57,186	3,430	139,496	(91,452)	172,883
Total assets / liabilities	499,243	352,769	273,243	51,797	207,330	(166,881)	1,217,501
Customer deposits	247,715	184,548	137,848	32,007	14,258	-	616,376
Marketable debt securities	48,413	64,326	15,377	1,945	62,812	-	192,873
Subordinated liabilities	1,740	8,143	5,683	2,781	12,128	-	30,475
Liabilities under insurance contracts	933	1	9,515	-	-	-	10,449
Deposits from central banks and credit institutions	77,059	54,179	38,102	9,567	36,634	(75,429)	140,112
Other liability accounts	95,963	29,811	45,913	2,297	11,075	(28,265)	156,794
Equity (share capital + reserves)	27,420	11,761	20,805	3,200	70,423	(63,187)	70,422
Other customer funds under management	53,968	14,369	77,180	30	-	-	145,547
Investment funds	37,519	14,369	61,622	-	-	-	113,510
Pension funds	10,965	-	-	-	-	-	10,965
Assets under management	5,484	-	14,800	30	-	-	20,314
Savings insurance	-	-	758	-	-	-	758
Customer funds under management	351,836	271,386	236,087	36,763	89,197	-	985,269

(*) The figures for 2010 have been recalculated in order to facilitate their comparison with the figures for 2011.

(Condensed) income statement	Millions of euro					
	2011					
	Continental Europe	United Kingdom	Latin America	Sovereign	Corporate activities	Total
NET INTEREST INCOME	10,666	4,176	16,473	1,678	(2,172)	30,821
Income from equity instruments	264	1	72	1	56	394
Share of results of entities accounted for using the equity method	14	1	37	-	5	57
Net fee and commission income (expense)	4,051	1,070	4,991	375	(15)	10,472
Gains/losses on financial assets and liabilities (net) and exchange differences (net)	233	405	1,067	190	421	2,316
Other operating income/(expenses)	119	25	(198)	(56)	128	18
GROSS INCOME	15,347	5,678	22,442	2,188	(1,577)	44,078
Staff costs	(3,725)	(1,391)	(4,456)	(469)	(285)	(10,326)
Other administrative expenses	(2,273)	(812)	(3,528)	(394)	(448)	(7,455)
Depreciation and amortisation of tangible and intangible assets	(614)	(351)	(925)	(113)	(106)	(2,109)
Net impairment losses on financial assets	(4,206)	(585)	(5,447)	(375)	(1,255)	(11,868)
Provisions (net)	(138)	(969)	(1,232)	(42)	(220)	(2,601)
Net impairment losses on non-financial assets	(48)	-	(38)	(18)	(1,413)	(1,517)
Other non-financial gains/(losses)	(304)	(3)	241	(1)	(196)	(263)
PROFIT (LOSS) BEFORE TAX	4,039	1,567	7,057	776	(5,500)	7,939
Income tax	(1,049)	(422)	(1,655)	(250)	1,600	(1,776)
PROFIT (LOSS) FROM ORDINARY ACTIVITIES	2,990	1,145	5,402	526	(3,900)	6,163
Profit (loss) from discontinued operations	(24)	-	-	-	-	(24)
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	2,966	1,145	5,402	526	(3,900)	6,139
Attributable to non-controlling interests	117	-	738	-	(67)	788
PROFIT (LOSS) ATTRIBUTABLE TO THE PARENT	2,849	1,145	4,664	526	(3,833)	5,351

(Condensed) income statement	Millions of euro ²					
	2010					
	Continental Europe	United Kingdom	Latin America	Sovereign	Corporate activities	Total
NET INTEREST INCOME	9,872	4,766	14,678	1,736	(1,828)	29,224
Income from equity instruments	217	-	80	1	64	362
Share of results of entities accounted for using the equity method	9	-	10	-	(2)	17
Net fee and commission income (expense)	3,679	1,027	4,661	408	(40)	9,735
Gains/losses on financial assets and liabilities (net) and exchange differences (net)	846	462	1,410	29	(142)	2,605
Other operating income/(expenses)	170	29	(163)	(67)	137	106
GROSS INCOME	14,793	6,284	20,676	2,107	(1,811)	42,049
Staff costs	(3,343)	(1,295)	(3,955)	(468)	(268)	(9,329)
Other administrative expenses	(1,958)	(946)	(3,238)	(364)	(420)	(6,926)
Depreciation and amortisation of tangible and intangible assets	(616)	(309)	(778)	(105)	(132)	(1,940)
Net impairment losses on financial assets	(4,048)	(930)	(4,687)	(510)	(268)	(10,443)
Provisions (net)	(40)	(151)	(990)	(66)	114	(1,133)
Net impairment losses on non-financial assets	(48)	-	(12)	(19)	(207)	(286)
Other non-financial gains/(losses)	(56)	47	255	(8)	(178)	60
PROFIT (LOSS) BEFORE TAX	4,684	2,700	7,271	567	(3,170)	12,052
Income tax	(1,219)	(735)	(1,693)	(143)	867	(2,923)
PROFIT (LOSS) FROM ORDINARY ACTIVITIES	3,465	1,965	5,578	424	(2,303)	9,129
Profit (loss) from discontinued operations	(14)	-	-	-	(13)	(27)
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	3,451	1,965	5,578	424	(2,316)	9,102
Attributable to non-controlling interests	96	-	850	-	(25)	921
PROFIT (LOSS) ATTRIBUTABLE TO THE PARENT	3,355	1,965	4,728	424	(2,291)	8,181

(*) Presented for comparison purposes only

The following table details the revenue by the geographical segments used by the Group:

Segment	Revenue (millions of euro)					
	Revenue from external customers		Inter-segment revenue		Total revenue	
	2011	2010	2011	2010	2011	2010
Continental Europe	30,585	27,538	565	130	31,150	27,668
United Kingdom	10,674	10,201	176	92	10,850	10,293
Latin America	40,046	35,197	(176)	(414)	39,870	34,783
Sovereign	2,865	2,850	(40)	(42)	2,825	2,808
Corporate activities	717	(477)	(2,400)	2,980	(1,683)	2,503
Inter-segment revenue adjustments and eliminations	-	-	1,875	(2,746)	1,875	(2,746)
	84,887	75,309	-	-	84,887	75,309

The condensed income statements and other significant data by **Business segments** are as follows:

(Condensed) income statement	Millions of euro									
	2011					2010*				
	Commercial banking	Global wholesale banking	Asset management and insurance	Corporate activities	Total	Commercial banking	Global wholesale banking	Asset management and insurance	Corporate activities	Total
NET INTEREST INCOME	30,273	2,457	263	(2,172)	30,821	28,144	2,676	232	(1,828)	29,224
Income from equity instruments	95	242	1	56	394	101	197	-	64	362
Share of results of entities accounted for using the equity method	22	-	30	5	57	19	-	-	(2)	17
Net fee and commission income (expenses)	8,933	1,174	380	(15)	10,472	8,059	1,292	424	(40)	9,735
Gains/losses on financial assets and liabilities (net) and exchange differences (net)	1,106	785	4	421	2,316	1,333	1,364	50	(142)	2,605
Other operating income/(expenses)	(537)	17	410	128	18	(384)	(22)	375	137	106
GROSS INCOME	39,892	4,675	1,088	(1,577)	44,078	37,272	5,507	1,081	(1,811)	42,049
Staff costs	(8,874)	(998)	(169)	(285)	(10,326)	(8,002)	(898)	(161)	(268)	(9,329)
Other administrative expenses	(6,369)	(509)	(129)	(448)	(7,455)	(5,928)	(445)	(133)	(420)	(6,926)
Depreciation and amortisation of tangible and intangible assets	(1,832)	(136)	(35)	(106)	(2,109)	(1,623)	(137)	(48)	(132)	(1,940)
Net impairment losses on financial assets	(10,471)	(141)	(1)	(1,255)	(11,868)	(10,168)	(5)	(2)	(268)	(10,443)
Provisions (net)	(2,325)	(10)	(46)	(220)	(2,601)	(1,221)	(11)	(15)	114	(1,133)
Net impairment losses on non-financial assets	(82)	(22)	-	(1,413)	(1,517)	(69)	(10)	-	(207)	(286)
Other non-financial gains/(losses)	(57)	-	(10)	(196)	(263)	232	5	1	(178)	60
PROFIT (LOSS) BEFORE TAX	9,882	2,859	698	(5,500)	7,939	10,493	4,006	723	(3,170)	12,052
Income tax	(2,383)	(766)	(227)	1,600	(1,776)	(2,519)	(1,071)	(200)	867	(2,923)
PROFIT (LOSS) FROM ORDINARY ACTIVITIES	7,499	2,093	471	(3,900)	6,163	7,974	2,935	523	(2,303)	9,129
Profit (loss) from discontinued operations	(24)	-	-	-	(24)	(14)	-	-	(13)	(27)
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	7,475	2,093	471	(3,900)	6,139	7,960	2,935	523	(2,316)	9,102
Attributable to non-controlling interests	582	221	52	(67)	788	648	238	60	(25)	921
PROFIT (LOSS) ATTRIBUTABLE TO THE PARENT	6,893	1,872	419	(3,833)	5,351	7,312	2,697	463	(2,291)	8,181

(*) Presented for comparison purposes only

Significant New Products and/or Activities

New Products and/or Activities

Corporate marketing committee

The corporate marketing committee ("CCC") is the Group's decision-making body regarding the approval and monitoring of products and services. Chaired by the Group's general secretary, it is composed of representatives of the following divisions: risk, financial management, technology and operations, general secretary's division, the controller's unit, internal audit, commercial banking, Santander Global Banking & Markets, private banking, asset management and insurance.

The CCC pays particular attention to the suitability of the product or service for the environment in which it is to be marketed, placing particular emphasis on ensuring that:

- each product or service is sold by competent sales personnel;
- customers are furnished with the required appropriate information;
- the product or service fits the customer's risk profile;
- each product or service is assigned to the appropriate market, not only from a legal or tax standpoint, but also with regard to the financial culture of that market; and
- the product or service meets the requirements of the corporate marketing policies and, in general, the applicable internal or external regulations.

Also, local marketing committees are created at local level to channel proposals for the approval of new products to the CCC -after issuing a favourable opinion, since initially they do not have any delegated powers- and to approve products that are not new and the related marketing campaigns.

In their respective approval processes the marketing committees' actions are guided by a risk-based approach, from the view point of both the Bank and the customer.

Global consultative committee

The global consultative committee ("GCC") is the advisory body of the corporate marketing committee and consists of area representatives who provide an insight into risks, regulation and markets. The GCC, which meets on an estimated quarterly basis, may recommend the review of products affected by market changes, impaired solvency (country, sectors or companies) or changes in the Group's market perception at medium and long term.

Corporate monitoring committee

Since 2009 the corporate monitoring committee ("GCS") has met on a weekly basis to monitor products. Chaired by the general secretary, it involves the participation of internal audit, legal advisory, compliance, customer care and the business areas concerned (with the ongoing representation of the commercial network). GCS meetings raise and resolve specific issues relating to the marketing of products and services.

Corporate reputational risk management office

The purpose of the reputational risk management office, which forms part of the corporate compliance and reputational risk area, is to provide the relevant governing bodies with the information required to enable them: (i) to conduct an appropriate analysis of risk in the approval phase, with a twofold focus: impact on the Bank and impact on customers; and (ii) to monitor products over their life cycle.

At a local level, the Group creates the corresponding reputational risk management offices, which are responsible for promoting corporate culture and for ensuring that products are approved and monitored in the respective local spheres in keeping with corporate guidelines.

In 2011 the various reputational risk management offices conducted a follow-up of the products approved.

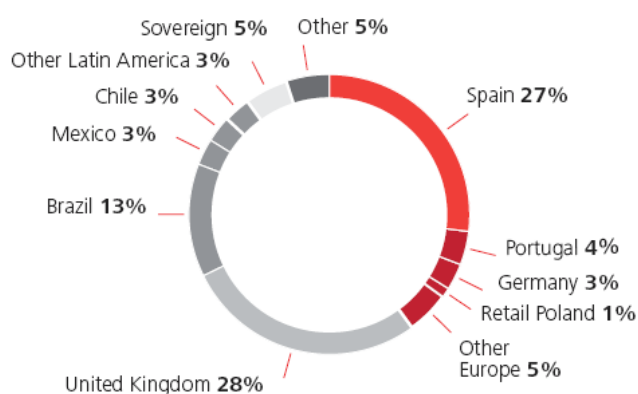
Principal Markets in which the Guarantor competes

The Group has a geographic diversification balanced between mature and emerging markets (46% and 54% of profits, respectively, in 2011). The Bank concentrates on 10 core markets: Spain, Germany, Poland, Portugal, the UK, Brazil, Mexico, Chile, Argentina and the US. The global areas also develop products that are distributed in the Group's commercial networks and tend to global sphere clients.

The following chart illustrates the Group's attributable profit broken down by operative geographical areas for the 2011 financial year.

Distribution of total assets by geographic segment

December 2011



ORGANISATIONAL STRUCTURE

Banco Santander, S.A. is the parent company of the Group which at 31 December 2011 was made up of 739 companies that consolidate by the global integration method. In addition, there are 156 companies that are accounted for by the equity method.

The Guarantor is not dependent upon any other entity within the Group.

TREND INFORMATION

There has been no material adverse change in the prospects of the Guarantor and its subsidiaries taken as a whole since 31 December 2011.

The following is a description of certain factors which, if produced could have a material adverse effect on the Guarantor or that would cause the disclosed financial information not to be indicative of the Group's future operating results or of its financial condition:

- The global financial services sector is likely to remain competitive with a large number of financial service providers and alternative distribution channels. Additionally, consolidation in the sector (through mergers, acquisitions or alliances) is likely to occur as the other major banks look to increase their market share, combine with complementary businesses or strengthen their balance sheets. In addition, regulatory changes will take place in the future that the Guarantor expects will increase the overall level of regulation in the markets;

- a continued downturn in the Spanish and United Kingdom real estate markets, and a corresponding increase in mortgage defaults, which could impact the Group's non performing loans and decrease consumer confidence and disposable income;
- uncertainties relating to economic growth expectations and interest rates cycles, especially in the United States, Spain, the United Kingdom, other European countries and Latin America, and the impact they may have on the yield curve and exchange rates;
- the resulting effect of the global economic slowdown on Europe and the United States and fluctuations in local interest and exchange rates;
- continued instability and volatility in the financial markets;
- continued changes in the macroeconomic environment, such as sustained unemployment above historical levels, could cause further deterioration in the quality of the Group's customers' credit;
- increases in the Group's cost of funding, partially as a result of the fragility of the Spanish, Portuguese, Irish and Greek economies, could adversely affect the Group's net interest margin as a consequence of timing differences in the repricing of the Group's assets and liabilities;
- the effects of withdrawal of significant monetary and fiscal stimulus programmes and uncertainty over government responses to growing public deficits;
- a drop in the value of the Euro relative to U.S. dollars, Sterling or Latin American currencies;
- inflationary pressures, particularly in Latin America, because of the effect they may have in relation to increases in interest rates and decreases in growth;
- increased consolidation of the global financial services sector, which could further reduce the Group's spread;
- although it is foreseeable that entry barriers to domestic markets in Europe will eventually be lowered, the Group's possible plans of expansion into other markets could be affected by regulatory requirements of the national authorities of these countries;
- acquisitions or restructurings of businesses that do not perform in accordance with the Group's expectations or that subject the Group to previously unknown risks;
- increased regulations, government intervention and new loans prompted by the recent turmoil in global financial markets which could change the Group's industry and require it to modify its businesses or operations; and
- the risk of further reductions in liquidity and increases of credit spreads as a consequence of the recent crisis in the financial markets, which could affect not only the Group's cost of funding but also the value of its proprietary portfolios and its assets under management.

ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES

The Bylaws of the Guarantor (Article 41) provide that the maximum number of directors is 22 and the minimum number 14.

The board of directors of the Guarantor is presently made up of 16 directors. Following the death of Mr. Luis Ángel Rojo in May 2011, the resulting vacancy was covered by the appointment of Mr. Vittorio Corbo. Subsequently, Mr. Antoine Bernheim (who represented Assicurazioni Generali) and Mr. Francisco Luzón resigned from their seats on the board. On the occasion of the next general shareholders' meeting, and if the board's proposal is accepted, Mr. Antonio Basagoiti, Mr. Antonio Escámez and Mr. Luis Alberto Salazar-Simpson will cease to hold office as directors and Ms. Esther Giménez-Salinas will be appointed to the board.

The following table displays the composition, position and structure of the board of directors and its committees.

For this sole purpose, the business address of each of the persons listed below is: Ciudad Grupo Santander, Avenida de Cantabria s/n, 28660 Boadilla del Monte, Madrid.

Board of directors	Executive committee	Risk committee	Audit and compliance committee	Appointments and remuneration committee	International committee	Technology, productivity and quality committee	Executive	External
Chairman Mr. Emilio Botín-Sanz de Sautuola y García de los Ríos	C				C	C		
First Deputy Chairman Mr. Fernando de Asúa Álvarez (2)		V		C				I
Second Deputy Chairman and Chief Executive Officer Mr. Alfredo Sáenz Abad								
Third Deputy Chairman Mr. Matías Rodríguez Inciarte		C						
Fourth Deputy Chairman Mr. Manuel Soto Serrano (2)			C					I
Members								
Ms. Ana Patricia Botín-Sanz de Sautuola y O'Shea								
Mr. Javier Botín-Sanz de Sautuola y O'Shea (1)								P
Mr. Vittorio Corbo Lioi								E
Ms. Esther Giménez-Salinas i Colomer								I
Lord Burns (Terence)								E
Mr. Guillermo de la Dehesa Romero								I
Mr. Rodrigo Echenique Gordillo								I
Mr. Ángel Jado Becerro de Bengoa								I
Mr. Abel Matutes Juan (2)								I
Mr. Juan Rodríguez Inciarte								
Ms. Isabel Tocino Biscarolasaga								I
General Secretary and of the Board Mr. Ignacio Benjumea Cabeza de Vaca (2) (3)								

C: Chairman, V: Vice Chairman, P: Proprietary, I: Independent; E: External, neither proprietary nor independent.

- (1) External proprietary director who represents in the board of directors the capital stock corresponding to the Marcelino Botín Foundation, Mr. Emilio Botín-Sanz de Sautuola y García de los Ríos, Ms. Ana Patricia Botín-Sanz de Sautuola y O'Shea, Mr. Emilio Botín-Sanz de Sautuola y O'Shea, Mr. Jaime Botín-Sanz de Sautuola y García de los Ríos, Ms. Paloma O'Shea Artiñano and his own.
- (2) The members of the audit and compliance committee are Mr. Rodrigo Echenique Gordillo, Mr. Fernando de Asúa Álvarez, Mr. Abel Matutes Juan, and its chairman is Mr. Manuel Soto Serrano. The secretary (non member) is Mr. Ignacio Benjumea Cabeza de Vaca.
- (3) Not director.

Principal activities outside the Guarantor

The current directors of the Guarantor at the date hereof carry out among others the following functions in other companies:

Directors	Company name	Functions
Mr. Emilio Botín Sanz de Sautuola y García de los Ríos	Santander Investment, S.A.	Chairman
	Universia Holding, S.L.	Chairman
	Portal Universia, S.A.	Chairman
Mr. Fernando de Asúa Álvarez	Técnicas Reunidas, S.A.	Vice chairman
	Constructora Inmobiliaria Urbanizadora Vasco-Aragonesa, S.A	Director
Mr. Alfredo Sáenz Abad	Banco Banif, S.A.	Chairman
	Santander Private Banking, S.A.	Chairman
	Santander Investment, S.A.	Vice chairman
Mr. Matías Rodríguez Inciarte	UCI, S.A.	Chairman
	Banco Santander Totta, S.A.	Chairman
	Santander Totta, SGPS, S.A.	Chairman
	Banco Español de Crédito, S.A.	Director
	Financiera Ponferrada, S.A., SICAV	Director
	Operador del Mercado Ibérico de Energía Polo Español, S.A.	Director
	Sanitas, Sociedad Anónima de Seguros	Director
	Santander Seguros y Reaseguros, Compañía Aseguradora	Director
Mr. Manuel Soto Serrano	Mercapital, S.L.	Chairman of the advisory committee
	Grupo Lar Inversiones Inmobiliarias, S.A.	Director
	Cartera Industrial Rea, SA	Director
Ms. Ana Patricia Botín-Sanz de Sautuola y O'Shea	Santander UK plc	Chief executive officer
	Ingeniería de Software Bancario, S.L.	Chairwoman
	Santander Investment, S.A.	Director
	Georgetown University	Director
	New York Stock Exchange	Member of the advisory committee
Mr. Javier Botín-Sanz de Sautuola y O'Shea	JB Capital Markets, S.V., S.A.	Chairman and chief executive officer
Lord Burns (Terence)	Santander UK PLC	Chairman
	Alliance & Leicester Plc	Chairman
	Santander UK Foundation Limited	Chairman
	Channel Four Television Corporation	Chairman

Directors	Company name	Functions
Mr. Vittorio Corbo Lioi	Vittorio Corbo y Asociados LTDA.	Chairman
	ING Seguros de Vida, S.A.	Chairman of the board
	Banco Santander Chile, S.A.	Director
	Empresa Nacional de Electricidad, S.A.	Director
Mr. Rodrigo Echenique Gordillo	Santander Private Real Estate Advisory, S.A.	Chairman
	Banco Banif, S.A.	Vice chairman
	Allfunds Bank, S.A	Vice chairman
	Santander Investment, S.A.	Director
	Banco Santander International	Director
	Universia Holding, S.L.	Director
Mr. Guillermo de la Dehesa Romero	Aviva Vida y Pensiones, S.A. de Seguros y Reaseguros	Chairman
	Aviva Grupo Corporativo, S.L.	Chairman
	Amadeus IT Holding, S.A.	Vice chairman
	Campofrío Food Group, S.A.	Director
Mr. Ángel Jado Becerro de Bengoa	Banco Banif, S.A.	Director
Mr. Abel Matutes Juan	Fiesta Hotels Group & Resorts, S.L.	Chairman
	FST Hotels, S.L.	Chairman
	FCC Construcción, S.A.	Director
	Balearia Eurolíneas Marítimas, S.A.	Director
	TUI, AG	Member of the advisory committee
Mr. Juan Rodríguez Inciarte	Santander UK PLC	Vice chairman
	Santander Consumer Finance, S.A.	Director
	Banco Banif, S.A.	Director
	Saarema Inversiones, S.A.	Director
	Vista Capital de Expansión, S.A.	Director
	Alliance & Leicester Plc	Director
	JCF Services, Co LLC	Member of the external Advisory committee
Ms. Isabel Tocino Biscarolasaga	Accenture España	Member of the supervisory board
	Televisión Autonómica de Madrid, S.A.	Director

There are no potential conflicts of interests between any duties owed to the Guarantor by the directors and their private interests and/or other duties.

During the 2011 fiscal year, there have been 75 cases where directors, including those in senior management, have abstained from participating in meetings or voting on resolutions of the board of directors or its committees, in compliance with article 229 of the Spanish Corporate Enterprises Act and thus avoiding potential conflicts of interest.

The breakdown of the 75 cases is as follows: in 49 instances, the matter was the approval of compensation and other terms of the directors' contracts; on 11 occasions the matter related to deliberations regarding proposals to finance companies or entities related to various directors or the directors themselves or the proposed provision to such companies of other financial services or the disposal of investments in these companies; seven times the abstentions related to director appointment or re-election proposals; on five occasions the question was the annual verification of the category of the directors which, as stipulated in Article 6.3 of the Rules and Regulations of the Board, was undertaken by the appointments and remuneration committee at its meeting of 16 March 2011; in two instances related to the non-occurrence of the circumstances provided for in Article 23.2 of these same rules and on one occasion in order to approve an action of corporate social responsibility benefitting a charity chaired by one of the Bank's directors.

MAJOR SHAREHOLDERS

At 31 December 2011, 2.22% of the Bank's share capital was held by members of the board of directors, 52.62% was held by institutional investors and 45.16% was held by retail investors.

The Bank is not aware of any person which exerts or may exert control over the Bank within the terms of Article 4 of *Ley 24/1988, de 28 de julio, del Mercado de Valores* (Law 24/1988 of 28 July of the Securities Market).

The Bank is not aware of any arrangements, the operation of which may, at a date subsequent to that of the date hereof, result in a change in control of the Guarantor.

FINANCIAL INFORMATION CONCERNING THE GUARANTOR'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

See paragraphs 1 to 4 of "*Documents Incorporated by Reference*".

The Guarantor prepares audited consolidated and non-consolidated annual financial statements, the English translations of which are incorporated by reference under paragraphs 2 and 3 of "*Documents Incorporated by Reference*".

The consolidated and non-consolidated annual financial statements of the Guarantor for the 2011 and 2010 financial years were audited by the external audit firm Deloitte, S.L. There are no reservations or qualifications of the auditors in relation to the individual and consolidated annual financial statements of the Guarantor for the 2011 and 2010 financial years.

The Guarantor also prepares consolidated interim financial statements. The unaudited consolidated Income Statement and Balance Sheet of the Guarantor as at and for the three months ended 31 March 2012 have been incorporated by reference under paragraph 1 of "*Documents Incorporated by Reference*". Such financial statements were extracted from the internal accounting records of the Guarantor.

The information contained in "Business Overview" above is not audited and was obtained from the internal accounting records of the Guarantor, save for the summarised balance sheets and income statements of the various geographical segments (principal level) and the summarised income statements and other significant data of the business segments (secondary level), which, with respect to the year 2011, have been audited and were obtained from the Guarantor's 2011 Annual Report.

The information relating to the Group contained in the table of "Business Overview—Principal Markets in which the Guarantor competes" above is not audited and was obtained from the Guarantor's 2011 Annual Report.

No other information relating to the Guarantor in this Information Memorandum has been audited by Deloitte S.L.

The date of the most recent audited annual consolidated financial information of the Guarantor is 31 December 2011.

The audited consolidated and non-consolidated financial statements of the Guarantor for each of the years ended 31 December 2011 and 31 December 2010 have been filed with the Spanish securities market regulator.

Litigation and General Information

LEGAL PROCEEDINGS

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Guarantor is aware) which may have, or have had in the previous twelve months, significant effects on the Guarantor and/or the Group's financial position or profitability.

The following is a summary of certain legal proceedings affecting the Group: The Guarantor believes that it has made adequate reserves related to the costs anticipated to be incurred in connection with these and other legal proceedings and believes that liabilities related to such proceedings should not have a significant effect on the Guarantor and/or the Group's financial position or profitability.

Wherever possible, the proceedings listed below are quantified. However, in view of the inherent difficulty of predicting the outcome of contentious matters, the Guarantor is sometimes unable to quantify the potential loss or practical consequences if a judgement were ordered against it and accordingly no specific amount is attributed to such claims.

Tax-related proceedings

At present, and during the past twelve months, the main tax-related proceedings concerning the Group are as follows:

- "Mandados de Segurança" filed by Banco Santander (Brasil) S.A. and certain Group companies in Brazil challenging the increase in the rate of Brazilian social contribution tax on net income from 9% to 15% stipulated by Interim Measure 413/2008, ratified by Law 11,727/2008.
- "Mandados de Segurança" filed by certain Group companies in Brazil claiming their right to pay the Brazilian social contribution tax on net income at a rate of 8% and 10% from 1994 to 1998.

- "Mandados de Segurança" filed by Banco Santander (Brasil) S.A. and other Group entities claiming their right to pay the Brazilian PIS and COFINS social contributions only on the income from the provision of services. In the case of Banco Santander Brasil, S.A., the "Mandado de Segurança" was declared unwarranted and an appeal was filed at the Federal Regional Court. In September 2007 the Federal Regional Court found in favour of Banco Santander Brasil, S.A., but the Brazilian authorities appealed against the judgment at the Federal Supreme Court. In the case of Banco ABN AMRO Real, S.A. (currently Banco Santander (Brasil) S.A.), in March 2007 the court found in its favour, but the Brazilian authorities appealed against the judgment at the Federal Regional Court, which handed down a decision partly upholding the appeal in September 2009. Banco Santander (Brasil) S.A. filed an appeal at the Federal Supreme Court.
- Real Leasing, S.A. Arrendamiento Mercantil and Banco Santander (Brasil) S.A. have filed various administrative and legal claims in connection with the deductibility of the provision for doubtful debts for 1995. The former shareholders of the entity from which the tax authorities have demanded payment agreed to assume the liability in connection with this claim.
- Banco Santander (Brasil) S.A. and other Group companies in Brazil are involved in several administrative and legal proceedings against various municipalities that demand payment of the Service Tax on certain items of income from transactions not classified as provisions of services.
- In addition, Banco Santander (Brasil), S.A. and other Group companies in Brazil are involved in several administrative and legal proceedings against the tax authorities in connection with the taxation for social security purposes of certain items which are not considered to be employee remuneration.
- In December 2008 the Brazilian tax authorities issued an infringement notice against Banco Santander (Brasil) S.A. in relation to income tax (IRPJ and CSL) for 2002 to 2004. The tax authorities took the view that Banco Santander (Brasil) S.A. did not meet the necessary legal requirements to be able to deduct the amortisation of the goodwill arising on the acquisition of Banespa (currently Banco Santander (Brasil) S.A.). Banco Santander (Brasil) S.A. filed an appeal against the infringement notice at Conselho Administrativo de Recursos Fiscais ("**CARF**") , which on 21 October 2011 unanimously decided to render the infringement notice null and void. The tax authorities may appeal against this decision at a higher administrative instance. In June 2010 the Brazilian tax authorities issued infringement notices in relation to this same matter for 2005 to 2007. Banco Santander (Brasil) S.A. filed an appeal against these procedures at CARF. Based on the advice of its external legal counsel and in view of the recent decision by CARF, the Group considers that the stance taken by the Brazilian tax authorities is incorrect and that there are sound defence arguments to appeal against the infringement notice. Accordingly, the risk of incurring a loss is remote. Consequently, no provisions have been recognised in connection with these proceedings because this matter should not affect the consolidated financial statements.
- In December 2010 the Brazilian tax authorities issued an infringement notice against Santander Seguros S.A. (Brasil), as the successor by merger to ABN AMRO Brasil Dois Participações, S.A., in relation to income tax (IRPJ and CSL) for 2005. The tax authorities questioned the tax treatment applied to a sale of shares of Real Seguros, S.A. made in that year. The aforementioned entity filed an appeal against the infringement notice. Banco Santander (Brasil), S.A. is responsible for any adverse outcome in this process as a former controller of Santander Seguros, S.A. (Brasil). Also, the Brazilian tax authorities issued infringement notices against Banco

Santander (Brasil) S.A. in connection with income tax (IRPJ and CSL), questioning the tax treatment applied to the economic compensation received under the contractual guarantees provided by the sellers of the former Banco Meridional. The aforementioned entity filed an appeal against the infringement notice. On 23 November 2011, CARF unanimously decided to render null and void an infringement notice relating to 2002 with regard to the same matter. In February 2012 this decision was declared non appealable for year 2002. Proceedings relating to tax years 2003 to 2006 are ongoing.

- A claim was filed against Abbey National Treasury Services plc by tax authorities abroad in relation to the refund of certain tax credits and other associated amounts. A favourable judgment at first instance was handed down in September 2006, although the judgment was appealed against by the tax authorities in January 2007 and the court found in favour of the latter in June 2010. Abbey National Treasury Services plc appealed against this decision at a higher court and in December 2011 the tax authorities confirmed their intention to file the related pleadings. The higher court hearing took place in April 2012 the judgement found in favor of the tax authorities upholding their appeal. Abbey National Treasury Services plc are evaluating the impact of this judgement.
- Legal action brought by Sovereign Bancorp, Inc. (currently Santander Holdings USA, Inc.) claiming its right to take a foreign tax credit in connection with taxes paid outside the United States in fiscal years 2003 to 2005 in relation to financing transactions carried out with an international bank. In addition, if the outcome of this legal action is favourable to the interests of Santander Holdings USA, Inc., the amounts paid over by the entity in relation to this matter with respect to 2006 and 2007 would also have to be refunded.

As of the date of this Information Memorandum, other less significant tax litigation was in progress.

Non-tax-related proceedings

At present, and during the last twelve months, the main non-tax-related proceedings concerning the Group are as follows:

- Customer remediation: claims associated with the sale by Santander UK of certain financial products (principally payment protection insurance or PPI) to its customers.

The provisions recorded by Santander UK in respect of customer remediation comprise the estimated cost of making redress payments with respect to the past sales of products. In calculating the customer remediation provision, management's best estimate of the provision was calculated based on assumptions regarding the number of claims that will be received, of those, the number that will be upheld, and the estimated average settlement per case.

Payment protection insurance is a UK insurance product offering payment protection on unsecured personal loans (and credit cards). The product was sold by all UK banks. The mis-selling issues are predominantly related to business written before 2009. The nature and profitability of the product has changed materially since 2008, in part due to customer and regulatory pressure.

On 1 July 2008, the UK Financial Ombudsman Service ("FOS") referred concerns regarding the handling of PPI complaints to the UK Financial Services Authority ("FSA"), as an issue of wider

implication. On 29 September 2009 and 9 March 2010, the FSA issued consultation papers on PPI complaints handling. The FSA published its Policy Statement on 10 August 2010, setting out the evidence and guidance on the fair assessment of a complaint and the calculation of redress, as well as a requirement for firms to reassess historically rejected complaints which had to be implemented by 1 December 2010.

On 8 October 2010, the British Bankers' Association ("**BBA**"), the principal trade association for the UK banking and financial services sector, filed on behalf of certain financial institutions (which did not include Santander UK plc) an application for permission to seek judicial review against the FSA and the FOS. The BBA sought an order quashing the FSA Policy Statement and an order quashing the decision of the FOS to treat PPI sales in accordance with the guidance published on its website in November 2008. The Judicial Review hearing took place in January 2011 and on 20 April 2011 judgment was handed down by the High Court dismissing the BBA's application.

Santander UK did not participate in the legal action undertaken by other UK banks and has been consistently making a provision and settling claims with regards to PPI complaints liabilities since they began to increase in recent years.

However, a detailed review of the provision was performed by Santander UK in the first half of the year in light of the new situation, including the High Court judgment of April 2011, the BBA's subsequent decision not to appeal that judgment and the consequent increase in actual claims levels. As a result, the provision has been revised to reflect the new situation.

A number of uncertainties continue to exist on the eventual costs of that compensation as a result of the inherent difficulties of assessing the impact of detailed implementation of the Policy Statement for all PPI complaints. These uncertainties also relate to the recent rise in complaints, the availability of evidence to support the claims and the conduct of claims management companies, all of which may significantly affect complaints volumes, the percentage of estimated claims and the redress costs.

In this context, in the first half of 2011 the Group recognised a provision, with a post tax effect on results of €620 million (GBP 538 million), which was calculated on the basis of the estimate of the number of claims that will be received, of the number of claims that will be upheld and of the estimated average amount of compensation in each case, in line with what other UK banks had done.

- Lanetro, S.A. (currently Zed Worldwide, S.A. ("**Zed Worldwide**")): claim (ordinary lawsuit no. 558/2002) filed by Lanetro, S.A. against Banco Santander, S.A. at Madrid Court of First Instance no. 34, requesting that the Bank comply with the obligation to subscribe to €30.05 million of a capital increase at the plaintiff.

On 16 December 2003, a judgment was handed down dismissing the plaintiff's request. The subsequent appeal filed by Lanetro, S.A. was upheld by a decision of the Madrid Provincial Appellate Court on 27 October 2006.

In a decision handed down on 30 March 2010, the Supreme Court dismissed an extraordinary appeal against procedural infringements and partly upheld a cassation appeal filed in both cases by the Bank against the decision of the Madrid Provincial Appellate Court.

Zed Worldwide requested the court-ordered enforcement of the decision. On 25 January 2011, the court issued an order to enforce the decision handed down by the Madrid Provincial Appellate Court, whereby the Bank has to subscribe to 75.1 million shares at their par value of €0.4 per share, totalling €30.05 million. Zed Worldwide filed an appeal for reconsideration of the order enforcing the decision, which the Bank opposed. On 23 May 2011, the Bank was served notice of the decision of 6 May 2011, dismissing the appeal for reconsideration and upholding the order of 25 January 2011. On 14 July 2011, Zed Worldwide filed an appeal against the decision dismissing the previous appeal for reconsideration; in this regard, the Bank has duly appeared and filed a notice of opposition.

- Proceeding under Civil Procedure Law filed by Galesa de Promociones, S.A. against the Bank at Elche Court of First Instance no. 5, Alicante (case no. 1946/2008). The claim sought damages amounting to €51,396,971.43 as a result of a judgment handed down by the Supreme Court on 24 November 2004 setting aside a summary mortgage proceeding filed by the Bank against the plaintiff company, which concluded in the foreclosure by the Bank of the mortgaged properties and their subsequent sale by the Bank to third-party buyers. The judgment of the Supreme Court ordered the reversal of the court foreclosure proceeding to prior to the date on which the auctions were held, a circumstance impossible to comply with due to the sale of the properties by the Bank to the aforementioned third parties, which prevented the reincorporation of the properties to the debtor company's assets and their re-auction.

The damages claimed are broken down as follows: (i) €18,428,076.43 relating to the value of the property auctioned; (ii) €32,608,895 relating to the loss of profit on the properties lost by the plaintiff, which was prevented from continuing its business activity as a property developer; and (iii) €360,000 relating to loss of rental income.

On 2 March 2010, the court of first instance handed down a decision partly upholding both the claim filed against the Bank and the counterclaim, ordering the Bank to pay the plaintiff €4,458,960.61, and Galesa Promociones, S.A. to pay the Bank €1,428,075.70, which resulted in a net loss of €3,030,874.91 for the Bank. Two appeals against this decision were filed on 31 May 2010, one by Galesa and the other by the Bank. On 11 November 2010, the Alicante Provincial Appellate Court handed down a decision upholding the appeal filed by the Bank and dismissing the appeal brought by Galesa de Promociones S.A., as a result of which and by way of offsetting the indemnity obligations payable by each party, the Bank became a creditor of Galesa in the amount €400,000.

Galesa de Promociones S.A. filed a cassation appeal with the Supreme Court against this decision, which was given leave to proceed in an order dated 11 October 2011, and the Bank submitted a notice of opposition.

- Declaratory large claims action brought at Madrid Court of First Instance no. 19 (case no. 87/2001) in connection with a claim filed by Inversión Hogar, S.A. against the Bank. This claim sought the termination of a settlement agreement entered into between the Bank and the plaintiff on 11 December 1992.

On 19 May 2006, a judgment was handed down at first instance, whereby the agreement was declared to be terminated and the Bank was ordered to pay €1.8 million, plus the related legal interest since February 1997, to return a property that was given in payment under the

aforementioned agreement, to pay an additional €72.9 million relating to the replacement value of the assets foreclosed and subsequently sold by the Bank, and to pay all the related court costs. The Bank and Inversión Hogar, S.A. filed appeals against the judgment.

On 30 July 2007, the Madrid Provincial Appellate Court handed down a decision upholding in full the appeal filed by the Bank, reversing the judgment issued at first instance and dismissing the appeal filed by Inversión Hogar, S.A. On completion of the clarification procedure, Inversión Hogar, S.A. and its subsidiaries filed a cassation appeal against the aforementioned decision and an extraordinary appeal for procedural infringements at the Civil Division of the Supreme Court, which issued an order on 1 December 2009, admitting for consideration the appeals filed by Inversión Hogar S.A. and subsidiaries. On 18 October 2011, a judgment was handed down declaring that the appeals filed were not admissible, and the appellants filed various applications for clarification of the judgment, challenges and a motion for annulment, which were dismissed. The appellants have subsequently filed new requests and reconsideration appeals.

- Claim in an ordinary proceeding filed by Inés Arias Domínguez and a further 17 persons against Santander Investment, S.A. at Madrid Court of First Instance no. 13 (case no. 928/2007), seeking damages of approximately €43 million, plus interest and costs. The plaintiffs, who were former shareholders of Yesocentro, S.A. (Yesos y Prefabricados del Centro, S.A.), alleged that Santander Investment, S.A. breached the advisory services agreement entered into on 19 October 1989 between the former Banco Santander de Negocios, S.A. and the plaintiffs, in relation to the sale of shares owned by the plaintiffs to another company called Invercámara, S.A. This claim was contested by Santander Investment, S.A. on 5 November 2007.

After the declaration of the stay of the proceeding based on civil prejudgement decreed by the ordinary court resolution dated 11 September 2008 which was confirmed by the County Court of Madrid resolution dated 24 May 2010, pre-trial hearing has taken place on the 16 April 2012.

- After the Madrid Provincial Appellate Court had rendered null and void the award handed down in the previous arbitration proceeding, on 8 September 2011 Banco Santander S.A. filed a new request for arbitration with the Secretary of the Spanish Arbitration Court against the business entity DELFORCA 2008, Sociedad de Valores, S.A. (formerly Gaesco Bolsa Sociedad de Valores S.A.), claiming €66,418,077.27 that the latter owes Banco Santander, S.A. as a result of the early termination of the financial transaction framework agreement entered into by the aforementioned company and Banco Santander, S.A. and of the financial transactions performed under the agreement. This arbitration proceeding is currently in progress.

Additionally, Mobilaria Monesa, S.L. (parent of the former Gaesco) filed a claim against Banco Santander, S.A. at Santander Court of First Instance no. 5, reproducing the claims discussed and resolved in the aforementioned arbitration proceeding, a circumstance which was brought to the Court's attention in the notice of opposition thereto filed by the Bank.

This proceeding was stayed by the Santander Provincial Appellate Court in an order dated 20 December 2010 due to the Court admitting the preliminary civil ruling grounds claimed by the Bank.

The above stay subsists due to an order dated 11 October 2011 by Santander Court of First Instance no. 5, based on the new arbitration proceeding brought by Banco Santander S.A. An

appeal was filed against this order by DELFORCA 2008, Sociedad de Valores S.A. at the Santander Provincial Appellate Court.

Finally, by resolution stated by court order of first instance number 1 of Madrid, an application has been admitted – legal proceeding 398/2012, action-a-law suit DELFORCA 2008 against Banco Santander S.A. – in claim of an indeterminate sum, for the purpose of compensation of damages, derived from the performance of Banco Santander with regards to the declaration of the early termination of the Financial Transaction Framework Agreement (CMOF) entered into between the above mentioned company and the Bank, as well as the financial transactions covered by the agreement. The Bank is in the process of pleading against said lawsuit.

The Group considers that the risk of loss arising as a result of these matters is remote and, accordingly, it has not recognised any provisions in connection with these proceedings.

- Former employees of Banco do Estado de São Paulo S.A., Santander Banespa, Cia. de Arrendamiento Mercantil: a claim was filed in 1998 by the association of retired Banespa employees (AFABESP) on behalf of its members, requesting the payment of a half-yearly bonus initially envisaged in the entity's Bylaws in the event that the entity obtained a profit and that the distribution of this profit, in the form of this bonus, were approved by the board of directors. The bonus was not paid in 1994 and 1995 since the bank did not make a profit and partial payments were made from 1996 to 2000 in variable percentages as agreed by the board of directors, and the relevant clause was eliminated from the Bylaws in 2001. In September 2005 the Regional Labour Court ordered Banco Santander Banespa, Cia. de Arrendamiento Mercantil (currently Banco Santander (Brasil) S.A.) to pay the half-yearly bonus and the bank subsequently lodged an appeal at the High Labour Court. A decision was handed down on 25 June 2008 which ordered the bank to pay the half-yearly bonus from 1996 onwards for a maximum amount equivalent to the share in the profits. Appeals against this decision were filed at the High Labour Court and the Supreme Federal Court. The High Labour Court ordered the aforementioned half-yearly bonus to be paid. The Supreme Federal Court rejected the extraordinary appeal of the Bank by a monocratic decision maintaining the earlier condemnation. Santander brought Regimental Appeal which awaits decision by the Supreme Court. The Regimental Appeal is an internal appeal filed in the Supreme Court itself, in order to refer the monocratic decision to a group of five ministers.
- "*Planos economicos*": Like the rest of the banking system, Santander Brasil has been the subject of claims from customers, mostly depositors, and of class actions brought for a common reason by consumer protection associations and the public prosecutor's office, among others, in connection with the possible effects of certain legislative changes relating to differences in the monetary adjustments to interest on bank deposits and other inflation-linked contracts (*planos económicos*). The plaintiffs considered that their vested rights in relation to the inflationary adjustments had been impaired due to the immediate application of these adjustments. In April 2010, the High Court of Justice set the statute of limitations period for these class actions at five years, as claimed by the banks, rather than twenty years, as sought by the plaintiffs, which will significantly reduce the number of actions of this kind brought and the amounts claimed in this connection. As regards the substance of the matter, the decisions issued to date have been adverse for the banks, although two proceedings have been brought at the High Court of Justice and the Supreme Federal Court with which the matter is expected to be definitively settled. In August 2010, the High Court of Justice handed down a decision finding for the plaintiffs in terms of substance, but excluding one

of the planos from the claim, thereby reducing the claimed amount, and confirming the five-year statute of limitations period for these class actions. Shortly thereafter, the Supreme Federal Court issued an injunctive relief order whereby all the proceedings in progress in this connection were stayed until this court issues a final decision on the matter. Consequently, enforcement of the aforementioned decision handed down by the High Court of Justice was also stayed.

- Proceeding under Civil Procedure Law (case no. 1043/2009) conducted at Madrid Court of First Instance no. 26, following a claim brought by Banco Occidental de Descuento, Banco Universal, C.A. against the Bank for U.S.\$150,000,000 in principal plus U.S.\$4,656,164 in interest, upon alleged termination of an escrow contract. On 7 October 2010, the Bank was served notice of a decision dated 1 October 2010 which upheld the claim filed by Banco Occidental de Descuento, Banco Universal, C.A. without a ruling being issued in relation to court costs. Both the plaintiff and the defendant filed appeals to a superior court: the plaintiff in connection with the decision not to award costs and the Bank in connection with the other decisions. Both parties also filed notices of opposition against the appeal filed by the other party, and appeared at the Provincial Appellate Court.

In addition, on 29 March 2011 the Bank filed a notice of opposition against the specific measures provisionally enforcing the judgment. The Bank's opposition to the aforementioned measures was upheld in a decision dated 5 September 2011.

- On 26 January 2011, notice was served on the Bank of an ancillary insolvency claim to annul acts detrimental to the assets available to creditors as part of the voluntary insolvency proceedings of Mediterráneo Hispa Group S.A. at Murcia Commercial Court no. 2. The aim of the principal action is to request annulment of the application of the proceeds obtained by the company undergoing insolvency from an asset sale and purchase transaction involving €31,704,000 in principal and €2,711,567 in interest. On 24 November 2011, the hearing was held with the examination of the proposed evidence. On 29 February 2012, final evidence was produced.
- The bankruptcy of various Lehman Group companies was made public on 15 September 2008. Various customers of Santander Group were affected by this situation since they had invested in securities issued by Lehman or in other products which had such assets underlying the securities.

On 12 November 2008, the Group announced the implementation of a solution (which was of a strictly commercial, exceptional nature and did not imply any admission of mis-selling) for holders of one of the products sold -Seguro Banif Estructurado- issued by the insurance company Axa Aurora Vida, which had as its underlying security a bond issued and guaranteed by Lehman.

The solution involved replacing the Lehman issuer risk with the issuer risk of Santander Group subsidiaries. The exchange period ended on 23 December 2008. As a result of the exchange, at 2008 year-end a loss of €46 million was recognised in the consolidated income statement (€33 million after tax).

In February 2009 the Group offered a similar solution to other customers affected by the Lehman bankruptcy. The cost of this transaction, before tax, was €143 million (€100 million after tax), which were recognised in the consolidated income statement for 2008.

At the date of this Information Memorandum, certain claims had been filed in relation to this matter. The Bank's directors and its legal advisers consider that the various Lehman products were

sold in accordance with the applicable legal regulations in force at the time of each sale or subscription and that the fact that the Group acted as intermediary would not give rise to any liability for it in relation to the insolvency of Lehman. Accordingly, the risk of loss is considered to be remote.

- The intervention, on the grounds of alleged fraud, of Bernard L. Madoff Investment Securities LLC ("**Madoff Securities**") by the US Securities and Exchange Commission ("**SEC**") took place in December 2008. The exposure of customers of the Group through the subfund Optimal Strategic US Equity ("**Optimal Strategic**") was €2,330 million, of which €2,010 million related to institutional investors and international private banking customers, and the remaining €320 million were in the investment portfolios of the Group's private banking customers in Spain, who were qualifying investors.

On 27 January 2009, the Group announced its decision to offer a solution to those of its private banking customers who had invested in Optimal Strategic and had been affected by the alleged fraud. This solution, which was applied to the principal amount invested, net of redemptions, totalled €1,380 million. It consisted of a replacement of assets whereby the private banking customers could exchange their investments in Optimal Strategic US for preference shares to be issued by the Group for the aforementioned amount, with an annual coupon of 2% and a call option that could be exercised by the issuer in year ten. At 31 December 2008, the Group determined that these events had to be considered to be adjusting events after the reporting period, as defined in IAS 10.3, because they provided evidence of conditions that existed at the end of the reporting period and, therefore, taking into account IAS 37.14, it recognised the pre-tax cost of this transaction for the Group (€500 million -€350 million after tax-) under Gains/Losses on financial assets and liabilities in the consolidated income statement for 2008.

The Group has at all times exercised due diligence in the management of its customers' investments in the Optimal Strategic fund. These products have always been sold in a transparent way pursuant to applicable legislation and established procedures and, accordingly, the decision to offer a solution was taken in view of the exceptional circumstances attaching to this case and based on solely commercial reasons, due to the interest the Group has in maintaining its business relationship with these customers.

At the time of the intervention, Madoff Securities was a broker-dealer authorised, registered and supervised by the SEC and was also authorised as an investment advisor by the US Financial Industry Regulatory Authority (FINRA). As the SEC itself has stated, Madoff Securities had been regularly inspected by the aforementioned supervisory body in recent years, and at no time was its reputation and solvency questioned by the market or by the US supervisory authorities.

On 18 March 2009, the Group issued the preference shares earmarked for the replacement of assets offered to the private banking customers affected by the intervention of Madoff Securities and those affected by the Lehman bankruptcy who were not able to participate in the exchange made on 23 December 2008 (referred to above). The preference shares have been listed on the London Stock Exchange since 23 March 2009. The level of acceptance of the exchange proposal was close to 97%.

On 26 May 2009, two funds managed by Optimal Investment Services, S.A. ("**OIS**"), an indirect subsidiary of Banco Santander, S.A., announced that they had entered into an agreement with

Irving H. Picard, the court-appointed trustee for the liquidation of Madoff Securities. Under the agreement, the trustee allowed the funds' claims in the liquidation proceeding and reduced his clawback demands on the funds by the amounts withdrawn by the latter from Madoff Securities, in the 90 days prior to bankruptcy, which US legislation allows him to claim, in exchange for the partial payment of those demands by the funds. The funds are Optimal Strategic U.S. Equity Limited and Optimal Arbitrage Limited. These are the only Optimal funds that had accounts at Madoff Securities.

Pursuant to the agreement, the funds' claims against Madoff Securities' estate were allowed in their full amounts, calculated on a cash-in, cash-out basis, of U.S.\$1,540,141,277.60 and U.S.\$9,807,768.40, respectively, and the funds were entitled to Securities Investor Protection Corporation advances of U.S.\$500,000 each. The funds paid 85% of the clawback claims asserted by the trustee. The payments totalled U.S.\$129,057,094.60 for Strategic U.S. Equity and U.S.\$106,323,953.40 for Arbitrage.

The funds agreed not to file any other claims against Madoff Securities' estate (in liquidation). The agreement also contains an "equal treatment" provision, so that if the trustee settled similar clawback claims for less than 85%, the funds would receive a rebate of a portion of their payments to make the percentages applied to the funds equal to those applied to other investors in comparable situations.

The agreement followed the trustee's investigation of Optimal's conduct in dealing with Madoff Securities, including a review of Optimal's documents relating to its due diligence, in which the trustee concluded that its conduct did not provide grounds to assert any claim against the Optimal companies or any other entity of Santander Group (other than the clawback claims described above, which did not arise from any inappropriate conduct by the funds).

The agreement contains releases of all clawback and other claims the trustee may have against the funds for any matters arising out of the funds' investments with Madoff Securities. The trustee's release applies to all potential claims against other Optimal companies, Santander Group companies and their investors, directors, agents and employees who agree to release the trustee and the Madoff Securities estate (in liquidation), to the extent the claims arise out of the funds' dealings with Madoff Securities. It also releases the funds from potential clawback liability for any other withdrawals made by them from Madoff Securities.

The agreement between the trustee and the aforementioned Optimal funds was approved by the United States Bankruptcy Court in New York on 16 June 2009.

Madoff Securities is currently in liquidation in accordance with the Securities Investor Protection Act of 1970 at the United States Bankruptcy Court in New York. Bernard L. Madoff, the chief executive of Madoff Securities, pleaded guilty to perpetrating what was probably the greatest pyramid fraud in history and was sentenced to 150 years' imprisonment.

In April 2011, by means of a corporate operation, the funds Optimal Multiadvisors Ltd / Optimal Strategic US Equity Series, Optimal Multiadvisors Ireland plc / Optimal Strategic US Equity Ireland Euro Fund and Optimal Multiadvisors Ireland plc / Optimal Strategic US Equity Ireland US Dollar Fund offered unitholders the possibility of voluntarily liquidating their units and shares in these funds in exchange for shares in a special purpose vehicle in the Bahamas (SPV Optimal

SUS Ltd.) to which Optimal Strategic US Equity Ltd., the company through which the aforementioned funds held their assets, assigned in full the claim recognised by the trustee of the Madoff Securities liquidation, mentioned previously, the nominal amount of which totalled U.S.\$1,540,141,277.60 and became part of the assets of the SPV.

This arrangement enabled the investors who so wished to take direct control of their proportional part of the claim against the insolvency estate of Madoff Securities and also afforded them the chance of being able to sell it directly or by means of a sales procedure through a private auction organised by OIS.

The corporate operation meant that 1,021 million shares of the 1,539 million issued by the SPV are now directly owned by the unitholders of the three aforementioned Optimal Strategic US Equity funds that accepted the exchange of their units in the fund for shares of the SPV. Furthermore, 991 million shares of those 1,021 million were sold in the subsequent private auction organised by OIS, while 30 million opted not to participate in the auction. The remaining fund unitholders decided to maintain their units in the funds and not participate in the corporate operation.

The price reached in the auction of the SPV shares was equal to 72.14% of the amount of the claim against Madoff Securities, which meant that those unitholders were able to recover approximately 35% of the value of their investment in the Optimal Strategic US Equity funds at 30 October 2008.

The Group, as unitholder of the Optimal Strategic US Equity funds, opted to accept the exchange and subsequent partial sale of a portion of its units in the funds, and it recognised in profit or loss statement for 2011, as a result of the cash proceeds from that sale, a recovery of approximately €249 million of the initial loss.

At 31 December 2011, the Group held an interest of approximately 20% in the SPV through the Optimal Strategic US Equity fund.

At the date hereof, certain claims had been filed in relation to this matter. The Group is currently assessing the appropriate legal action to be taken. As indicated above, the Group considers that it has at all times exercised due diligence and that these products have always been sold in a transparent way pursuant to applicable legislation and established procedures. Therefore, except for the three cases in which the decisions handed down at first instance partially upheld the claim based on the particular circumstances of these cases (which have been appealed against by the Bank), no provisions were recognised for the other claims since the risk of loss is considered remote.

- On 17 December 2010, the Bank of New York Mellon Trust Company, National Association ("the **Trustee**") filed a claim against Santander Holdings USA, Inc. (formerly Sovereign Bancorp, Inc.) ("**Sovereign**") at the US District Court for the Southern District of New York (the "**Court**") as the trustee of the Trust PIERS (Preferred Income Equity Redeemable Securities) under an indenture dated 1 September 1999, as amended.

The claim alleged that the acquisition of Sovereign by the Bank on 31 January 2009 constituted a "change of control" of the Trust PIERS.

If the acquisition is deemed to constitute a "change of control" in accordance with the definitions applicable to the Trust PIERS, Sovereign would be obliged to pay a considerably higher interest rate on the Sovereign subordinated debentures deposited in trust on behalf of the Trust PIERS holders, and the principal amount of the debentures would increase to U.S.\$50 per debenture at the date on which the "change of control" took place.

The increased rate in the event of a "change of control" is defined in the indenture as the greater of (i) 7.41% per annum; and (ii) the rate determined by a reference agent in accordance with a process established in the indenture.

There is no "change of control" under the Trust PIERS indenture, among other reasons, if the consideration for the acquisition consisted of shares of common stock listed on a national securities market. Banco Santander issued American Depositary Shares (ADSs) in relation to the acquisition that were traded and continue to be traded on the New York Stock Exchange.

Under the claim, the New York Court was asked to declare that the acquisition of Sovereign constituted a "change of control" under the indenture and to order payment of damages equal to the interest which, according to the claim, should have been paid by Sovereign to the Trust PIERS holders.

On 13 December 2011, the New York Court handed down a decision, granting the Trustee's motion for summary judgment and denying the cross-motion filed by Sovereign. The New York Court ruled that the term "common stock" used in the "change of control" provision of the indenture did not include the ADSs and, accordingly, a "change of control" had occurred. The New York Court referred the matter of the payment of damages to a magistrate judge for an inquest. This inquest on damages is expected to be concluded by June 2012 at the earliest. A final judgment that may be appealed will not be handed down until the payment of damages has been determined.

At 31 December 2011, the Group had recognised provisions for the estimated amount of the contingency with third parties (U.S.\$139 million), which includes the cumulative interest at 7.410% from 31 January 2009 to 31 December 2011 and the amount of increasing the debentures to par (U.S.\$50). In its Application for Damages submitted on 16 March 2012, the Trustee claimed that the reset rate under the Indenture should be 13.61%, which if accepted by the NY Court would increase the impact of the unfavorable outcome described above. The Trustee requests damages in excess of USD 277,707,040 for unpaid back interest through 12 March 2012 plus approximately USD 2,000,000 in legal fees. The Group's liability would be 40.53% of the total claim, percentage which represents the contingency with third parties. On 16 April, Sovereign submitted a response to the Trustee's Damages Application, arguing that the reset rate should be in no event higher than 8.31%. The magistrate has yet to schedule a hearing as to damages.

The Group continues to assert that the acquisition of Sovereign by the Bank did not constitute a "change of control" under the Trust PIERS indenture and that the Trustee's damages are exaggerated. Accordingly, Sovereign intends to appeal against the New York Court's decision which states that the acquisition did constitute a "change of control" and against the assessment of the damages once the inquest has been concluded and, as the case may be, a final judgment handed down against Sovereign.

As of the date of this Information Memorandum, other less significant non-tax related proceedings were in progress.

Other Litigation

In addition to the matters described above, the Guarantor and its subsidiaries are from time to time subject to certain claims and parties to certain legal proceedings incidental to the normal course of the Group's business, including in connection with the Group's lending activities, relationships with the Group's employees and other commercial or tax matters. In view of the inherent difficulty of predicting the outcome of legal matters, particularly where the claimants seek very large or indeterminate damages, or where the cases present novel legal theories, involve a large number of parties or are in early stages of discovery, the Guarantor cannot state with confidence what the eventual outcome of these pending matters will be, what the timing of the ultimate resolution of these matters will be or what the eventual loss, fines or penalties related to each pending matter may be. The Guarantor believes that it has made adequate reserves related to the costs anticipated to be incurred in connection with these various claims and legal proceedings and believes that liabilities related to such claims and proceedings should not have, in the aggregate, a material adverse effect on the Group's business, financial condition, or results of operations. However, in light of the uncertainties involved in such claims and proceedings, there is no assurance that the ultimate resolution of these matters will not significantly exceed the reserves currently accrued by the Guarantor; as a result, the outcome of a particular matter may be material to the Guarantor's operating results for a particular period, depending upon, amongst other factors, the size of the loss or liability imposed and the level of the Guarantor's income for that period.

As of the date of this Information Memorandum, the Group has recorded provisions that it believes that reasonably cover any contingencies that might arise from these tax-related and non-tax-related proceedings.

SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the Group since 31 March 2012, being the date of the most recently published consolidated financial statements of the Guarantor.

INTEREST OF NATURAL AND LEGAL PERSONS

So far as the Issuer and the Guarantor are aware, no person involved in the issue of the Notes has an interest material to the issue.

MATERIAL CONTRACTS

During the past two years, the Guarantor has not been a party to any contracts that were not entered into in the ordinary course of business of the Guarantor, and which were material to the Group as a whole.

CERTAIN INFORMATION IN RESPECT OF THE NOTES

Key Information

The persons involved in the Programme and the capacities in which they act are specified at the end of this Information Memorandum.

The net proceeds of the issue of each issue of Notes will be deposited on a permanent basis with the Guarantor by the Issuer and will be used for the general funding purposes of the Group.

Information Concerning the Securities to be admitted to Trading

Total amount of Notes Admitted to Trading

The aggregate amount of each issue of Notes on the date of issue of such Notes will be set out in the applicable Final Terms.

The maximum aggregate principal amount of Notes which may be outstanding and guaranteed at any one time is €25,000,000,000 (or its equivalent in other currencies). Such amount may be increased from time to time in accordance with the Dealer Agreement.

Type and Class of Notes

Notes will be issued in tranches. Global Notes shall be issued (and interests therein exchanged for Definitive Notes, if applicable) in the following minimum denominations (or integral multiples thereof):

- (a) for U.S.\$ Notes, U.S.\$500,000;
- (b) for euro Notes, €500,000;
- (c) for Sterling Notes, £100,000;
- (d) for Yen Notes, Yen 100,000,000;
- (e) for Swiss franc Notes, SFr 500,000;
- (f) for Australian dollar Notes, A\$1,000,000;
- (g) for Canadian dollar Notes, C\$500,000; or
- (h) for New Zealand dollar Notes, NZ\$1,000,000,

or such other conventionally accepted denominations in those currencies (including, in addition to those listed above, Danish kroner, Swedish kroner and Norwegian kroner) as may be agreed between the Issuer and the relevant Dealer from time to time, subject in each case to compliance with all applicable legal and regulatory requirements.

The international security identification number of each issue of Notes will be specified in the relevant Final Terms.

Legislation under which the Notes, the Deed of Covenant and the Deed of Guarantee have been created

The status of the Notes and the status of the Deed of Guarantee, the capacity of the Issuer and the Guarantor and the relevant corporate resolutions shall be governed by Spanish law. Any non-contractual obligations arising out of or in connection with the Notes, the Terms and Conditions of the Notes and all related contractual documentation will be governed by, and construed in accordance with, English law.

Form of the Notes

The Notes will be in bearer form. Each issue of Notes will initially be represented by a Global Note and, in the case of 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 Notes with a depositary or common depositary for Euroclear and/or Clearstream, Luxembourg and/or Euroclear France and/or any other relevant clearing system. 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 Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Global Note may, if so specified in the relevant Final Terms, be exchangeable for Notes in definitive bearer form in the limited circumstances specified in the relevant Global Note.

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.

Currency of the Notes

Notes may be issued in Australian Dollars, Canadian Dollars, Euro, Japanese Yen, New Zealand Dollars, Sterling, Swiss Francs and United States Dollars and such other currencies as may be agreed between the Issuer and the relevant Dealer(s) from time to time and subject to the necessary regulatory requirements having been satisfied.

Status of the Notes

The payment obligations of the Issuer pursuant to the Notes constitute and at all times shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and upon the insolvency of the Issuer (and unless they qualify as subordinated debts under article 92 of the Insolvency Law (as defined below) or equivalent legal provision which replaces it in the future, and subject to any applicable legal and statutory exceptions), rank *pari passu* and rateably without any preference among themselves and the payment obligations of the Issuer under the Notes rank at least *pari passu* with all other unsecured and unsubordinated indebtedness, present and future of the Issuer.

*In the event of insolvency (concurso) of the Issuer, under Law 22/2003 (Ley Concursal) dated 9 July 2003 (the "**Insolvency Law**"), claims relating to the Notes (unless they qualify as subordinated credits under the limited events regulated by Article 92 of the Insolvency Law) will be ordinary credits*

(créditos ordinarios) as defined in the Insolvency Law. The claims that qualify as subordinated credits under the limited events regulated by Article 92 of the Insolvency Law include, but are not limited to, any accrued and unpaid interests due in respect of any Notes at the commencement of an insolvency proceeding (concurso) of the Issuer (including, for Notes sold at a discount, the amortisation of the original issue discount from (and including) the date of issue to (but excluding) the date upon which the insolvency proceeding (concurso) of the Issuer commenced). Ordinary credits rank below credits against the insolvency state (créditos contra la masa) and credits with a privilege (créditos privilegiados). Ordinary credits rank above subordinated credits and the rights of shareholders. Under Spanish law, accrual of interests shall be suspended from the date of any declaration of insolvency (other than any interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security).

Status of the Deed of Guarantee

The Guarantor has by way of a deed of guarantee dated 4 May 2012 (the "**Deed of Guarantee**") unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer on an unsubordinated basis. The obligations of the Guarantor in respect of the guarantee of the Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and upon the insolvency of the Guarantor (and unless they qualify as subordinated debts under article 92 of the Insolvency Law or equivalent legal provision which replaces it in the future, and subject to any applicable legal and statutory exceptions), rank *pari passu* and rateably without any preference among such obligations of the Guarantor in respect of the Notes of the same issue and at least *pari passu* with all other unsubordinated and unsecured indebtedness and monetary obligations involving or otherwise related to borrowed money of the Guarantor, present and future. Its obligations in that respect are contained in the Deed of Guarantee.

Rights attaching to the Notes

Each issue of Notes will be the subject of Final Terms which, for the purposes of that issue only, supplements the terms and conditions set out in the relevant Global Note or, as the case may be, definitive Notes and must be read in conjunction with the relevant Notes. See "Forms of Notes" and "Form of Final Terms".

Maturity of the Notes

The Maturity Date applicable to each issue of Notes will be specified in the relevant Final Terms. The Maturity Date of an issue of Notes may not be less than one day nor more than 364 days, subject to applicable legal and regulatory requirements.

Optional Redemption for Tax Reasons

The Issuer may redeem Notes (in whole but not in part) if it has or will become obliged to pay additional amounts pursuant to the terms and conditions of the Notes as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction) which change or amendment becomes effective on or after the issue date of the relevant Notes and such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

Prescription

Claims for payment of principal and interest in respect of the Notes shall become prescribed and void unless made, in the case of principal, within ten years after the Maturity Date (or, as the case may be, the Relevant Date) or, in the case of interest, five years after the relevant Interest Payment Date in each case as specified in the relevant Final Terms.

Yield Basis

Notes may be issued on the basis that they will be interest bearing or they may be issued at a discount (in which case they will not bear interest). The yield basis in respect of Notes bearing interest at a fixed rate will be set out in the relevant Final Terms.

Authorisations and approvals

The establishment of the Programme and the issuance of Notes pursuant thereto was authorised by resolutions of the sole shareholder of the Issuer passed on 21 January 2008 and of the Board of Directors of the Issuer passed on 21 January 2008, and the giving of the guarantee of the Notes was authorised by a resolution of the Executive Committee of the Guarantor passed on 21 January 2008 (as amended by the resolution of the Executive Committee of the Guarantor passed on 26 May 2008). The update of the Programme and the issuance of Notes pursuant thereto was authorised by resolutions of the sole shareholder and of the Board of Directors of the Issuer passed on 19 April 2012, and the giving of the guarantee of the Notes was authorised by a resolution of the Executive Committee of the Guarantor passed on 17 April 2012.

Each of the Issuer and the Guarantor has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the giving of the guarantee relating to them.

Admission to Trading and Dealing Arrangements

Application has been made to the Irish Stock Exchange for Notes issued under the Programme during the period of twelve months after the date of this Information Memorandum to be admitted to the Official List and to trading on the regulated market of the Irish Stock Exchange. Notes may be listed, traded and/or quoted on any other listing authority, stock exchange and/or quotations system, as may be agreed between the Issuer and the relevant Dealer. No Notes may be issued on an unlisted basis.

Citibank, N.A. at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, is the Issuing and Paying Agent in respect of the Notes.

Expense of the Admission to Trading

An estimate of the expenses in relation to the admission to trading of each issue of Notes will be specified in the relevant Final Terms.

Additional Information

The legal advisers and capacity in which they act are specified at the end of this Information Memorandum.

The credit ratings assigned to the Notes to be issued under the Programme will be set out in the relevant Final Terms.

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

FORMS OF NOTES

Part A – Form of Multicurrency Global Note

THE SECURITIES COVERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (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. TERMS USED ABOVE HAVE THE MEANINGS GIVEN TO THEM BY REGULATIONS UNDER THE SECURITIES ACT.

SANTANDER COMMERCIAL PAPER, S.A. UNIPERSONAL

(Incorporated with limited liability in the Kingdom of Spain)

€25,000,000,000

EURO-COMMERCIAL PAPER PROGRAMME

guaranteed by

BANCO SANTANDER, S.A.

(Incorporated with limited liability in the Kingdom of Spain)

1. For value received, Santander Commercial Paper, S.A. Unipersonal (the "**Issuer**") promises to pay to the bearer of this Global Note on the Maturity Date set out in the Final Terms or on such earlier date as the same may become payable in accordance with paragraph 4 below (the "**Relevant Date**"), the aggregate Nominal Amount or, as the case may be, the Redemption Amount set out in the Final Terms, together with interest thereon, if this is an interest bearing Global Note, at the rate and at the times (if any) specified herein and in the Final Terms. Terms defined in the Final Terms attached hereto but not otherwise defined in this Global Note shall have the same meaning in this Global Note.

All such payments shall be made in accordance with an issuing and paying agency agreement (the "**Agency Agreement**") dated 4 May 2012 (as amended and restated or supplemented from time to time) between the Issuer, Banco Santander, S.A. (the "**Guarantor**") and Citibank, N.A. as issue agent and as principal paying agent (the "**Issuing and Paying Agent**"), a copy of which is available for inspection at the offices of the Issuing and Paying Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, England, and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this Global Note at the office of the Issuing and Paying Agent referred to above by transfer to an account denominated in the Specified Currency set out in the Final Terms maintained by the bearer in the principal financial centre in the country of that currency or, in the case of a Global Note denominated in Euro, by Euro cheque drawn on, or by transfer to a Euro account (or any other account to which Euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any member state of the European Union. The Issuer undertakes that, so long as the Notes are listed, traded and/or quoted on any listing authority, stock exchange and/or quotation system, there will at all times be a paying agent with a specified office in such place as may be required by the rules and regulations of the relevant listing authority, stock exchange and/or quotation system. The Issuer further undertakes that it will ensure that it maintains a paying agent in a member state of the European Union that is not obliged to withhold or deduct tax pursuant to

European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, this Directive.

Notwithstanding the foregoing, presentation and surrender of this Global Note shall be made outside the United States and no amount shall be paid by transfer to an account in the United States, or mailed to an address in the United States. In the case of a Global Note denominated in U.S. dollars, payments shall be made by transfer to an account denominated in U.S. Dollars in the principal financial centre of any country outside of the United States that the Issuer or Issuing and Paying Agent so chooses.

2. If the Final Terms specify that the New Global Note form is applicable, this Global Note shall be a "**New Global Note**" or "**NGN**" and the aggregate Nominal Amount of Notes represented by this Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs (as defined below). The records of the ICSDs (which expression in this Global Note means the records that each ICSD holds for its customers which reflect the amount of such customers' interests in the Notes (but excluding any interest in any Notes of one ICSD shown in the records of another ICSD)) shall be conclusive evidence of the aggregate Nominal Amount of Notes represented by this Global Note and, for these purposes, a statement issued by an ICSD (which statement shall be made available to the bearer upon request) stating the aggregate Nominal Amount of Notes represented by this Global Note at any time shall be conclusive evidence of the records of the ICSD at that time.

If the Final Terms specify that the New Global Note form is not applicable, this Global Note shall be a "**Classic Global Note**" or "**CGN**" and the aggregate Nominal Amount of Notes represented by this Global Note shall be the aggregate Nominal Amount stated in the Final Terms or, if lower, the aggregate Nominal Amount most recently entered by or on behalf of the Issuer in the relevant column in the Schedule hereto.

3. All payments in respect of this Global Note by or on behalf of the Issuer shall be made without set-off, counterclaim, fees, liabilities or similar deductions and free and clear of, and without deduction or withholding for or on account of, taxes, levies, duties, assessments or charges of any nature now or hereafter imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain or any political subdivision thereof or any taxing authority or agency thereof or therein ("**Taxes**"). If the Issuer or any agent thereof is required by law or regulation to make any deduction or withholding for or on account of Taxes, the Issuer shall, to the extent permitted by applicable law or regulation, pay such additional amounts as shall be necessary in order that the net amounts received by the bearer of this Global Note or the holder or beneficial owner of any interest herein or rights in respect hereof (each, a "**Beneficial Owner**") after such deduction or withholding shall equal the amount which would have been receivable hereunder in the absence of such deduction or withholding, except that the Issuer shall not be required to pay any additional amounts in relation to any payment:
 - (i) to, or to a third party on behalf of, a Beneficial Owner of a Note who is liable for such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with Spain other than the mere holding of such Note;
or

- (ii) to, or to a third party on behalf of, a holder in respect of whose Notes the Issuer or the Guarantor does not receive such information as may be required in order to comply with the applicable Spanish tax reporting obligations; or
 - (iii) in respect of any Note presented for payment more than fifteen days after the Maturity Date (or, as the case may be, the Relevant Date) or, if applicable, the relevant Interest Payment Date or (in either case) the date on which the payment hereof is duly provided for, whichever occurs later, 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 fifteen days; or
 - (iv) where the withholding or deduction referred to in this paragraph 3 is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, this Directive; or
 - (v) in respect of any Note presented for payment by or on behalf of a holder of a Note who would have been able to avoid such withholding or deduction by presenting the relevant Note 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 the Spanish Corporate Income 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 27 July 2004 and require a withholding to be made.
4. The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 14 days notice to the holders (which notice shall be irrevocable), at the Redemption Amount specified in the Final Terms, together with (if this Note is an interest bearing Note) interest accrued to the date fixed for redemption, if:
- (a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in paragraph 3 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision thereof or any authority or agency thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date specified in the Final Terms; and
 - (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;
- provided, however, that* no such notice of redemption shall be given earlier than 14 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent:

- (a) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (b) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this paragraph, the Issuer shall be bound to redeem the Notes in accordance with this paragraph.

- 5. The Issuer, the Guarantor or any subsidiary of the Guarantor may at any time purchase Notes in the open market or otherwise and at any price provided that all unmatured interest coupons (if this Global Note is an interest bearing Global Note) are purchased therewith.
- 6. All Notes so purchased by the Issuer or the Guarantor otherwise than in the ordinary course of business of dealings in securities or as a nominee shall be cancelled and shall not be reissued or resold. All Notes so purchased by any subsidiary of the Guarantor may be cancelled, held by such subsidiary or resold.
- 7. On each occasion on which:
 - (i) *Definitive Notes:* Notes in definitive form are delivered; or
 - (ii) *Cancellation:* Notes represented by this Global Note are to be cancelled in accordance with paragraph 6,

the Issuer shall procure that:

- (a) if the Final Terms specify that the New Global Note form is not applicable, (i) the aggregate principal amount of such Notes; and (ii) the remaining aggregate Nominal Amount of Notes represented by this Global Note (which shall be the previous aggregate Nominal Amount hereof less the aggregate of the amount referred to in (i) above) are entered in the Schedule hereto, whereupon the aggregate Nominal Amount of Notes represented by this Global Note shall for all purposes be as most recently so entered; and
 - (b) if the Final Terms specify that the New Global Note form is applicable, details of the exchange or cancellation shall be entered pro rata in the records of the ICSDs and the aggregate Nominal Amount of the Notes entered in the records of the ICSDs and represented by this Global Note shall be reduced by the principal amount so exchanged or cancelled.
- 8. The payment obligations of the Issuer represented by this Global Note constitute and at all times shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and upon insolvency of the Issuer (and unless they qualify by law as subordinated debts under article 92 of the Law 22/2003 (*Ley Concursal*) dated 9 July 2003 or equivalent legal

provision which replaces it in the future, and subject to any applicable legal and statutory exceptions), rank *pari passu* and rateably without any preference among themselves and the payment obligations of the Issuer under the Notes rank at least *pari passu* with all other unsecured and unsubordinated indebtedness, present and future of the Issuer.

9. If the Maturity Date (or, as the case may be, the Relevant Date) or, if applicable, the relevant Interest Payment Date, is not a Payment Business Day (as defined herein) payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day unless that date falls more than 364 days after the Issue Date, in which case payment shall be made on the immediately preceding Payment Business Day, and the bearer of this Global Note shall not be entitled to any interest or other sums in respect of such postponed payment.

As used in this Global Note:

"Payment Business Day" means any day other than a Saturday or Sunday which is either (i) if the Specified Currency set out in the Final Terms is any currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the Specified Currency set out in the Final Terms (which, if the Specified Currency is Australian dollars, shall be Sydney) or (ii) if the Specified Currency set out in the Final Terms is Euro, a day which is a TARGET Business Day; and

"TARGET2" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007; and

"TARGET Business Day" means any day on which TARGET2 is open for the settlement of payments in Euro.

10. This Global Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof (notwithstanding any notation of ownership or other writing thereon or notice of any previous loss or theft thereof).
11. This Global Note is issued in respect of an issue of Notes of the Issuer and is exchangeable in whole (but not in part only) for duly executed and authenticated bearer Notes in definitive form (whether before, on or, subject as provided below, after the Maturity Date):
 - (a) if Euroclear Bank S.A./N.V. ("**Euroclear**") or Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**", together with Euroclear, the international central securities depositories or "**ICSDs**") or (if applicable and if the relevant Final Terms specify that the New Global Note form is not applicable) Euroclear France S.A. ("**Euroclear France**") 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 to do business or does so in fact; or
 - (b) if default is made in the payment of any amount payable in respect of this Global Note; or

- (c) the Notes are required to be removed from Euroclear, Clearstream, Luxembourg, Euroclear France or any other clearing system and no suitable (in the determination of the Issuer or the Guarantor) alternative clearing system is available.

Upon presentation and surrender of this Global Note during normal business hours to the Issuer at the offices of the Issuing and Paying Agent (or to any other person or at any other office outside the United States as may be designated in writing by the Issuer to the bearer), the Issuing and Paying Agent shall authenticate and deliver, in exchange for this Global Note, bearer definitive notes denominated in the Specified Currency set out in the Final Terms in an aggregate nominal amount equal to the aggregate Nominal Amount of this Global Note.

- 12. If, upon any such default and following such surrender, definitive Notes are not issued in full exchange for this Global Note before 5.00 p.m. (London time) on the thirtieth day after surrender, this Global Note (including the obligation hereunder to issue definitive notes) will become void and the bearer will have no further rights under this Global Note (but without prejudice to the rights which the bearer or any other person may have under a Deed of Covenant dated 4 May 2012, entered into by the Issuer).
- 13. This Global Note has the benefit of a deed of guarantee issued by the Guarantor on 4 May 2012, copies of which are available for inspection during normal business hours at the office of the Issuing and Paying Agent referred to above.
- 14. If this is an interest bearing Global Note, then:
 - (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Global Note falling due for payment prior to the Maturity Date remains unpaid on the fifteenth day after falling so due, the amount referred to in paragraph 1 shall be payable on such fifteenth day;
 - (b) upon each payment of interest (if any) prior to the Maturity Date in respect of this Global Note, the Issuer shall procure that:
 - (i) if the Final Terms specify that the New Global Note form is not applicable, the Schedule hereto shall be duly completed by the Issuing and Paying Agent to reflect such payment; and
 - (ii) if the Final Terms specify that the New Global Note form is applicable, details of such payment shall be entered pro rata in the records of the ICSDs.
- 15. If this is a fixed rate interest bearing Global Note, interest shall be calculated on the aggregate Nominal Amount as follows:
 - (a) interest shall be payable on the aggregate Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, to the Relevant Date), in arrears on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Final Terms or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days or, if this Global Note is denominated in Sterling, Australian Dollars or Canadian Dollars, 365 days at

the Rate of Interest specified in the Final Terms with the resulting figure being rounded to the nearest amount of the Specified Currency which is available as legal tender in the country or countries (in the case of the Euro) of the Specified Currency (with halves being rounded upwards); and

- (b) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is an "Interest Period" for the purposes of this paragraph.

16. If this is a floating rate interest bearing Global Note, interest shall be calculated on the aggregate Nominal Amount as follows:

- (a) in the case of a Global Note which specifies LIBOR as the Reference Rate in the Final Terms, the Rate of Interest will be the aggregate of LIBOR and the Margin specified in the Final Terms (if any) above or below LIBOR. Interest shall be payable on the aggregate Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, to the Relevant Date), in arrears on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Final Terms or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days or, if this Global Note is denominated in Sterling, 365 days.

As used in this Global Note (and unless otherwise specified in the Final Terms):

"**LIBOR**" shall be equal to the rate defined as "LIBOR-BBA" in respect of the above-mentioned Specified Currency (as defined in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced as at the date of this Global Note, (the "**ISDA Definitions**")) as at 11.00 a.m. (London time) or as near thereto as practicable on the second London Banking Day before the first day of the relevant Interest Period or, if this Global Note is denominated in Sterling, on the first day thereof (a "**LIBOR Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) were the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) were the number of months specified in the Final Terms in relation to the Reference Rate; and

"**London Banking Day**" shall mean a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

- (b) in the case of a Global Note which specifies EURIBOR as the Reference Rate in the Final Terms, the Rate of Interest will be the aggregate of EURIBOR and the Margin specified in the Final Terms (if any) above or below EURIBOR. Interest shall be payable on the aggregate Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, to the Relevant Date), in arrears on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the

Final Terms or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days.

As used in this Global Note (and unless otherwise specified in the Final Terms), "**EURIBOR**" shall be equal to EUR-EURIBOR-Reuters (as defined in the ISDA Definitions) as at 11.00 a.m. (Brussels time) or as near thereto as practicable on the second TARGET Business Day before the first day of the relevant Interest Period (a "**EURIBOR Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) were the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) were the number of months specified in the Final Terms in relation to the Reference Rate;

- (c) in the case of a Global Note which specifies ISDA Determination in the Final Terms, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
 - i. the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant 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 as specified in the relevant Final Terms.
- (d) the Calculation Agent specified in the Final Terms will, as soon as practicable after 11.00 a.m. (London time) on each LIBOR Interest Determination Date; 11.00 a.m. (Brussels time) on each EURIBOR Interest Determination Date; or, in the case of ISDA Determination, at the time and on the Reset Date specified in the relevant Final Terms, determine the Rate of Interest and calculate the amount of interest payable (the "**Amount of Interest**") for the relevant Interest Period. "**Rate of Interest**" means (A) if the Reference Rate is LIBOR, the rate which is determined in accordance with the provisions of paragraph 16(a); (B) if the Reference Rate is EURIBOR, the rate which is determined in accordance with the provisions of paragraph 16(b); and (C) in the case of a Global Note which specifies ISDA Determination in the Final Terms, the rate which is determined in accordance with the provisions of paragraph 16(c). The Amount of Interest shall be calculated by applying the Rate of Interest to the Nominal Amount of one Note of each Denomination, multiplying such product by the Day Count Convention specified in the Final Terms or, if none is specified, by the actual number of days in the Interest Period concerned divided by 360 or, if this Global Note is denominated in Sterling, by 365 and rounding the resulting figure to the nearest amount of the above-mentioned Specified Currency which is available as legal tender in the country or countries (in the case of the Euro) of the Specified Currency (with

halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties;

- (e) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the bearer hereof;
 - (f) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an "**Interest Period**" for the purposes of this paragraph; and
 - (g) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the clearing system(s) and/or depositaries in which this Global Note is held at the relevant time or, if this Global Note has been exchanged for bearer definitive Notes pursuant to paragraph 11, will be published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*).
17. Instructions by the Issuer expressing its intention to pay the relevant interest amounts, less any necessary withholding must be received at the office of the Issuing and Paying Agent referred to above together with this Global Note as follows:
- (a) if this Global Note is denominated in Australian dollars, New Zealand dollars, Hong Kong dollars or Japanese Yen, at least two Business Days prior to the relevant payment date;
 - (b) if this Global Note is denominated in United States dollars, Canadian dollars, Sterling or Euro on or prior to the relevant payment date; and
 - (c) in all other cases, at least one Business Day prior to the relevant payment date.

As used in this paragraph, "**Business Day**" means:

- (i) a day other than a Saturday or Sunday on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;
- (ii) in the case of payments in Euro, a TARGET Business Day; and
- (iii) in all other cases, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre in the country of the Specified Currency set out in the Final Terms.

18. Upon any payment being made in respect of the Notes represented by this Global Note, the Issuer shall procure that:
- (a) *CGN*: if the Final Terms specify that the New Global Note form is not applicable, details of such payment shall be entered in the Schedule hereto and, in the case of any payment of principal, the aggregate Nominal Amount of the Notes represented by this Global Note shall be reduced by the principal amount so paid; and
 - (b) *NGN*: if the Final Terms specify that the New Global Note form is applicable, details of such payment shall be entered pro rata in the records of the ICSDs and, in the case of any payment of principal, the aggregate Nominal Amount of the Notes entered in the records of the ICSDs and represented by this Global Note shall be reduced by the principal amount so paid.
19. This Global Note shall not be validly issued unless manually authenticated by Citibank, N.A. as Issuing and Paying Agent.
20. If the Final Terms specify that the New Global Note form is applicable, this Global Note shall not be valid for any purpose until it has been effectuated for and on behalf of the entity appointed as common safekeeper by the ICSDs.
21. The status of this Global Note, the capacity of the Issuer and the relevant corporate resolutions shall be governed by Spanish law. This Global Note and any non-contractual obligations arising out of or connected with it are governed by, and construed in accordance with, English law.
- (a) *English courts*: The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or connected with this Global Note (including a dispute relating to any non-contractual obligations arising out of or in connection with this Global Note or a dispute regarding the existence, validity or termination of this Global Note or the consequences of its nullity).
 - (b) *Appropriate forum*: The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
 - (c) *Rights of the bearer to take proceedings outside England*: Paragraph 21(a) (*English courts*) is for the benefit of the bearer only. As a result, nothing in this paragraph 21 prevents the bearer from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the bearer may take concurrent Proceedings in any number of jurisdictions.
 - (d) *Service of process*: The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Banco Santander, S.A., London Branch at 2 Triton Square, Regent's Place, London NW1 3AN or at any address of the Issuer in Great Britain at which service of process may be served on it. Nothing in this sub-paragraph shall affect the right of the bearer to serve process in any other manner permitted by law.

22. The Notes represented by this Global Note have been admitted to listing on the official list of the Irish Stock Exchange Limited (the "**Irish Stock Exchange**") and to trading on the regulated market of the Irish Stock Exchange (and/or have been admitted to listing, trading and/or quotation on any other listing authority, stock exchange and/or quotation system), all notices required to be published concerning this Global Note shall be published in accordance with the requirements of the Irish Stock Exchange (and/or of the relevant listing authority, stock exchange and/or quotation system). So long as the Notes are represented by this Global Note, and this Global Note has been deposited with a depositary or common depositary for the ICSDs, Euroclear France or any other relevant clearing system or a Common Safekeeper (which expression has the meaning given in the Agency Agreement), the Issuer may, in lieu of such publication and if so permitted by the rules of the Irish Stock Exchange (and/or of the relevant listing authority, stock exchange and/or quotation system), deliver the relevant notice to the clearing system(s) in which this Global Note is held but only upon a receipt of an undertaking by such intermediaries to ensure the timely delivery of such notifications to such Beneficial Owners.
23. Claims for payment of principal and interest in respect of this Global Note shall become prescribed and void unless made, in the case of principal, within ten years after the Maturity Date (or, as the case may be, the Relevant Date) or, in the case of interest, five years after the relevant Interest Payment Date.
24. No person shall have any right to enforce any provision of this Global Note under the Contracts (Rights of Third Parties) Act 1999.

AUTHENTICATED by

Signed on behalf of:

CITIBANK, N.A.

**SANTANDER COMMERCIAL PAPER, S.A.
UNIPERSONAL**

without recourse, warranty or liability and for
authentication purposes only

By:
(Authorised Signatory)

By:
(Authorised Signatory)

By:
(Authorised Signatory)

EFFECTUATED for and on behalf of

.....

as common safekeeper without
recourse, warranty or liability

By:
[*manual signature*]
(*duly authorised*)

SCHEDULE²

PAYMENTS OF INTEREST, DELIVERY OF DEFINITIVE NOTES AND CANCELLATION OF NOTES

[illegible]

² This Schedule should only be completed where the Final Terms specify that the New Global Note form is not applicable.

FINAL TERMS

[Completed Final Terms to be attached]

Part B – Form of Multicurrency Definitive Note

THE SECURITIES COVERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (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. TERMS USED ABOVE HAVE THE MEANINGS GIVEN TO THEM BY REGULATIONS UNDER THE SECURITIES ACT.

SANTANDER COMMERCIAL PAPER, S.A. UNIPERSONAL

(Incorporated with limited liability in the Kingdom of Spain)

€25,000,000,000

EURO-COMMERCIAL PAPER PROGRAMME

guaranteed by

BANCO SANTANDER, S.A.

(Incorporated with limited liability in the Kingdom of Spain)

Nominal Amount of this Note:

1. For value received, Santander Commercial Paper, S.A. Unipersonal (the "**Issuer**") promises to pay to the bearer of this Note on the Maturity Date set out in the Final Terms, or on such earlier date as the same may become payable in accordance with paragraph 3 below (the "**Relevant Date**"), the above-mentioned Nominal Amount or, as the case may be, the Redemption Amount set out in the Final Terms, at the rate and at the times (if any) specified herein and in the Final Terms. Terms defined in the Final Terms attached hereto but not otherwise defined in this Note shall have the same meaning in this Note.

All such payments shall be made in accordance with an issuing and paying agency agreement (the "**Agency Agreement**") dated 4 May 2012 (as amended and restated or supplemented from time to time) between the Issuer, Banco Santander, S.A. (the "**Guarantor**") and Citibank, N.A. as issue agent and as principal paying agent (the "**Issuing and Paying Agent**"), a copy of which is available for inspection at the offices of the Issuing and Paying Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, England, and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this Note at the office of the Issuing and Paying Agent referred to above by transfer to an account denominated in the Specified Currency set out in the Final Terms maintained by the bearer in the principal financial centre in the country of that currency or, if this Note is denominated in Euro, by Euro cheque drawn on, or by transfer to a Euro account (or any other account to which Euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any member state of the European Union. The Issuer undertakes that, so long as the Notes are listed, traded and/or quoted on any listing authority, stock exchange and/or quotation system, there will at all times be a paying agent with a specified office in such place as may be required by the rules and regulations of the relevant listing authority, stock exchange and/or quotation system. The Issuer further undertakes that it will ensure that it maintains a paying agent in a member state of the European

Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, this Directive.

2. All payments in respect of this Note by or on behalf of the Issuer shall be made without set-off, counterclaim, fees, liabilities or similar deductions, and free and clear of, and without deduction or withholding for or on account of, taxes, levies, duties, assessments or charges of any nature now or hereafter imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain or any political subdivision thereof or any taxing authority or agency thereof or therein ("**Taxes**"). If the Issuer or any agent thereof is required by law or regulation to make any deduction or withholding for or on account of Taxes, the Issuer shall, to the extent permitted by applicable law or regulation, pay such additional amounts as shall be necessary in order that the net amounts received by the bearer of this Note (the "**holder**") after such deduction or withholding shall equal the amount which would have been receivable hereunder in the absence of such deduction or withholding, except that the Issuer shall not be required to pay any additional amounts in relation to any payment:
- (i) to, or to a third party on behalf of, a holder of a Note who is liable for such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with Spain other than the mere holding of such Note; or
 - (ii) to, or to a third party on behalf of, a holder in respect of whose Notes the Issuer or the Guarantor does not receive such information as may be required in order to comply with the applicable Spanish tax reporting obligations; or
 - (iii) in respect of any Note presented for payment more than fifteen days after the Maturity Date (or, as the case may be, the Relevant Date) or, if applicable, the relevant Interest Payment Date or (in either case) the date on which the payment hereof is duly provided for, whichever occurs later, 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 fifteen days; or
 - (iv) where the withholding or deduction referred to in this paragraph 2 is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, this Directive; or
 - (v) in respect of any Note presented for payment by or on behalf of a holder of a Note who would have been able to avoid such withholding or deduction by presenting the relevant Note 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 the Spanish Corporate Income 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 27 July 2004 and require a withholding to be made.

3. This Note may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 14 days' notice to the holders (which notice shall be irrevocable), at the Redemption Amount specified in the Final Terms, together with (if this Note is an interest bearing Note) interest accrued to the date fixed for redemption, if:

- (a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in paragraph 2 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision thereof or any authority or agency thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date specified in the Final Terms; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

provided, however, that no such notice of redemption shall be given earlier than 14 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent:

- (a) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (b) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this paragraph, the Issuer shall be bound to redeem the Notes in accordance with this paragraph.

4. The Issuer, the Guarantor or any subsidiary of the Guarantor may at any time purchase Notes in the open market or otherwise and at any price, provided that all unmatured interest coupons (if this Note is an interest bearing Note) are purchased therewith.
5. All Notes so purchased by the Issuer or the Guarantor otherwise than in the ordinary course of business of dealings in securities or as a nominee shall be cancelled and shall not be reissued or resold. All Notes so purchased by any subsidiary of the Guarantor may be cancelled, held by such subsidiary or resold.
6. The payment obligations of the Issuer represented by this Note constitute and at all times shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and upon insolvency of the Issuer (and unless they qualify by law as subordinated debts under article 92 of the Law 22/2003 (*Ley Concursal*) dated 9 July 2003 or equivalent legal provision which replaces it in the future, and subject to any applicable legal and statutory exceptions), rank *pari passu* and rateably without any preference among other Notes of the same Series (as

specified in the Final Terms) and the payment obligations of the Issuer under the Notes rank at least *pari passu* with all other unsecured and unsubordinated indebtedness, present and future of the Issuer.

7. If the Maturity Date (or, as the case may be, the Relevant Date) or, if applicable, the relevant Interest Payment Date, is not a Payment Business Day (as defined herein) payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day unless that date falls more than 364 days after the Issue Date, in which case payment shall be made on the immediately preceding Payment Business Day, and the bearer of this Note shall not be entitled to any interest or other sums in respect of such postponed payment.

As used herein, "**Payment Business Day**", shall mean any day, other than a Saturday or a Sunday, which is either (i) if the Specified Currency set out in the Final Terms is any currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the Specified Currency set out in the Final Terms (which, if the Specified Currency is Australian dollars, shall be Sydney) or (ii) if the Specified Currency set out in the Final Terms is Euro, a day which is a TARGET Business Day; and

"**TARGET2**" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007; and

"**TARGET Business Day**" means any day on which TARGET2 is open for the settlement of payments in Euro.

8. This Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof (notwithstanding any notation of ownership or other writing thereon or notice of any previous loss or theft thereof).
9. This Note has the benefit of a guarantee issued by the Guarantor on 4 May 2012, copies of which are available for inspection during normal business hours at the office of the Issuing and Paying Agent referred to above.
10. ³[If this is an interest bearing Note, then:
 - (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Note falling due for payment prior to the Maturity Date remains unpaid on the fifteenth day after falling so due, the amount referred to in paragraph 1 shall be payable on such fifteenth day; and

³ If this Note is denominated in Sterling, delete paragraphs 10 through 13 inclusive and replace with interest provisions to be included on the reverse of the Note as indicated below.

- (b) upon each payment of interest (if any) prior to the Maturity Date in respect of this Note, the Schedule hereto shall be duly completed by the Issuing and Paying Agent to reflect such payment.
11. If this is a fixed rate interest bearing Note, interest shall be calculated on the above-mentioned Nominal Amount as follows:
- (a) interest shall be payable on the above-mentioned Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, to the Relevant Date), in arrears on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Final Terms or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days or, if this Note is denominated in Australian Dollars or Canadian Dollars, 365 days at the Rate of Interest specified in the Final Terms with the resulting figure being rounded to the nearest amount of the Specified Currency which is available as legal tender in the country or countries (in the case of the Euro) of the Specified Currency (with halves being rounded upwards); and
 - (b) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is an "**Interest Period**" for the purposes of this paragraph.
12. If this is a floating rate interest bearing Note, interest shall be calculated on the above-mentioned Nominal Amount as follows:
- (a) in the case of a Note which specifies LIBOR as the Reference Rate in the Final Terms, the Rate of Interest will be the aggregate of LIBOR and the Margin specified in the Final Terms (if any) above or below LIBOR. Interest shall be payable on the above-mentioned Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, to the Relevant Date), in arrears on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Final Terms or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days.
As used in this Note (and unless otherwise specified in the Final Terms):

"**LIBOR**" shall be equal to the rate defined as "LIBOR-BBA" in respect of the above-mentioned Specified Currency (as defined in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced as at the date of this Note, (the "**ISDA Definitions**")) as at 11.00 a.m. (London time) or as near thereto as practicable on the second London Banking Day before the first day of the relevant Interest Period (a "**LIBOR Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) were the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions)

were the number of months specified in the Final Terms in relation to the Reference Rate; and

"London Banking Day" shall mean a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

- (b) in the case of a Note which specifies EURIBOR as the Reference Rate in the Final Terms, the Rate of Interest will be the aggregate of EURIBOR and the Margin specified in the Final Terms (if any) above or below EURIBOR. Interest shall be payable on the above-mentioned Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, to the Relevant Date), in arrears on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Final Terms or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days.

As used in this Note (and unless otherwise specified in the Final Terms), **"EURIBOR"** shall be equal to EUR-EURIBOR-Reuters (as defined in the ISDA Definitions) as at 11.00 a.m. (Brussels time) or as near thereto as practicable on the second TARGET Business Day before the first day of the relevant Interest Period (a **"EURIBOR Interest Determination Date"**), as if the Reset Date (as defined in the ISDA Definitions) were the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) were the number of months specified in the Final Terms in relation to the Reference Rate;

- (c) in the case of a Global Note which specifies ISDA Determination in the Final Terms, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
 - i. the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant 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 as specified in the relevant Final Terms.
- (d) the Calculation Agent specified in the Final Terms will, as soon as practicable after 11.00 a.m. (London time) on each LIBOR Interest Determination Date; 11.00 a.m. (Brussels time) on each EURIBOR Interest Determination Date; or, in the case of ISDA Determination, at the time and on the Reset Date specified in the relevant Final Terms, determine the Rate of Interest and calculate the amount of interest payable (the

"**Amount of Interest**") for the relevant Interest Period. "**Rate of Interest**" means (A) if the Reference Rate is LIBOR, the rate which is determined in accordance with the provisions of paragraph 12(a); (B) if the Reference Rate is EURIBOR, the rate which is determined in accordance with the provisions of paragraph 12(b); and (C) in the case of a Global Note which specifies ISDA Determination in the Final Terms, the rate which is determined in accordance with the provisions of paragraph 12(c). The Amount of Interest shall be calculated by applying the Rate of Interest to the above mentioned Nominal Amount, multiplying such product by the Day Count Convention specified in the Final Terms or, if none is specified, by the actual number of days in the Interest Period concerned divided by 360 and rounding the resulting figure to the nearest amount of the above-mentioned Specified Currency which is available as legal tender in the country or countries (in the case of the Euro) of the Specified Currency (with halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties;

- (e) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the bearer hereof;
 - (f) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an "**Interest Period**" for the purposes of this paragraph; and
 - (g) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the bearer of this Note or, if that is not practicable, will be published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*).
13. Instructions for payment must be received at the office of the Issuing and Paying Agent referred to above together with this Note as follows:
- (a) if this Note is denominated in Australian dollars, New Zealand dollars, Hong Kong dollars or Japanese Yen, at least two Business Days prior to the relevant payment date;
 - (b) if this Note is denominated in United States dollars, Canadian dollars or Euro, on or prior to the relevant payment date; and
 - (c) in all other cases, at least one Business Day prior to the relevant payment date.

As used in this paragraph, "**Business Day**" means:

- (i) a day other than a Saturday or Sunday on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

- (ii) in the case of payments in Euro, a TARGET Business Day; and
 - (iii) in all other cases, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre in the country of the Specified Currency set out in the Final Terms.
14. This Note shall not be validly issued unless manually authenticated by Citibank, N.A. as Issuing and Paying Agent.
15. The status of this Definitive Note, the capacity of the Issuer and the relevant corporate resolutions shall be governed by Spanish law. This Definitive Note and any non-contractual obligations arising out of or connected with it are governed by, and construed in accordance with, English law.
- (a) *English courts:* The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or connected with this Definitive Note (including a dispute relating to any non-contractual obligations arising out of or in connection with this Definitive Note or a dispute regarding the existence, validity or termination of this Definitive Note or the consequences of its nullity).
 - (b) *Appropriate forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
 - (c) *Rights of the bearer to take proceedings outside England:* Paragraph 15(a) (*English courts*) is for the benefit of the bearer only. As a result, nothing in this paragraph 15 prevents the bearer from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the bearer may take concurrent Proceedings in any number of jurisdictions.
 - (d) *Service of process:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Banco Santander, S.A., London Branch at 2 Triton Square, Regent's Place, London NW1 3AN or at any address of the Issuer in Great Britain at which service of process may be served on it. Nothing in this sub paragraph shall affect the right of the bearer to serve process in any other manner permitted by law.
16. If this Note has been admitted to listing on the official list of the Irish Stock Exchange Limited (the "**Irish Stock Exchange**") and to trading on the regulated market of the Irish Stock Exchange (and/or has been admitted to listing, trading and/or quotation on any other listing authority, stock exchange and/or quotation system), all notices required to be published concerning this Note shall be published in accordance with the requirements of the Irish Stock Exchange (and/or of the relevant listing authority, stock exchange and/or quotation system).
17. Claims for payment of principal and interest in respect of this Note shall become prescribed and void unless made, in the case of principal, within ten years after the Maturity Date (or, as the case may be, the Relevant Date) or, in the case of interest, five years after the relevant Interest Payment Date.

18. No person shall have any right to enforce any provision of this Note under the Contracts (Rights of Third Parties) Act 1999.

AUTHENTICATED by

CITIBANK, N.A.

without recourse, warranty or liability and for
authentication purposes only

By:

(Authorised Signatory)

[By:

(Authorised Signatory)]⁴

Signed on behalf of:

**SANTANDER COMMERCIAL PAPER, S.A.
UNIPERSONAL**

By:

(Authorised Signatory)

By:

(Authorised Signatory)

⁴ Include second authentication block if the currency of this Note is Sterling.

[On the Reverse]

[(A) If this is an interest bearing Note, then:

- (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Note falling due for payment prior to the Maturity Date remains unpaid on the fifteenth day after falling so due, the amount referred to in paragraph 1 shall be payable on such fifteenth day; and
- (b) upon each payment of interest (if any) prior to the Maturity Date in respect of this Note, the Schedule hereto shall be duly completed by the Issuing and Paying Agent to reflect such payment.

(B) If this is a fixed rate interest bearing Note, interest shall be calculated on the above-mentioned Nominal Amount as follows:

- (a) interest shall be payable on the above-mentioned Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, to the Relevant Date), in arrears on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 365 days at the Rate of Interest specified in the Final Terms with the resulting figure being rounded to the nearest penny (with halves being rounded upwards); and
- (b) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is an "**Interest Period**" for the purposes of this paragraph (B).

(C) If this is a floating rate interest bearing Note, interest shall be calculated on the above-mentioned Nominal Amount as follows:

- (a) the Rate of Interest will be the aggregate of LIBOR and the Margin specified in the Final Terms (if any) above or below LIBOR. Interest shall be payable on the above-mentioned Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, to the Relevant Date), in arrears on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 365 days.

As used in this Note (and unless otherwise specified in the Final Terms), "**LIBOR**" shall be equal to the rate defined as "**LIBOR-BBA**" in respect of Sterling (as defined in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced as at the date of this Note (the "**ISDA Definitions**")) as at 11.00 a.m. (London time) or as near thereto as practicable on the first day of the relevant Interest Period (the "**LIBOR Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) were the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions)

were the number of months specified in the Final Terms in relation to the Reference Rate;

- (b) the Calculation Agent specified in the Final Terms will, as soon as practicable after 11.00 a.m. (London time) on the LIBOR Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable (the "**Amount of Interest**") for the relevant Interest Period. "**Rate of Interest**" means the rate which is determined in accordance with the provisions of sub-paragraph (a) above. The Amount of Interest shall be calculated by applying the Rate of Interest to the above-mentioned Nominal Amount, multiplying such product by the Day Count Fraction specified in the Final Terms or, if none is specified, the actual number of days in the Interest Period concerned divided by 365 and rounding the resulting figure to the nearest penny. The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent named above shall (in the absence of manifest error) be final and binding upon all parties;
- (c) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the bearer hereof;
- (d) the period beginning on (and including) the above-mentioned Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an "**Interest Period**" for the purposes of this paragraph (C);
- (e) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the bearer of this Note or, if that is not practicable, will be published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*).]

SCHEDULE
PAYMENTS OF INTEREST

The following payments of interest in respect of this Note have been made:

Date Made	Payment From	Payment To	Gross Amount Payable	Withholding at 21%	Net Amount Paid	Notation on behalf of Issuing and Paying Agent
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

FINAL TERMS

[Completed Final Terms to be attached]

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed in respect of each issue of Notes issued under the Programme and will be attached to the relevant Global or Definitive Notes on issue.

Santander Commercial Paper, S.A. Unipersonal

€25,000,000,000 Euro-Commercial Paper Programme (the "Programme")

guaranteed by

Banco Santander, S.A.

Issue of [Aggregate nominal amount of Notes] [Title of Notes]

PART A – CONTRACTUAL TERMS

This document constitutes the Final Terms (as referred to in the Information Memorandum dated 4 May 2012 (as amended, updated or supplemented from time to time, the "**Information Memorandum**") in relation to the Programme) in relation to the issue of Notes referred to above (the "**Notes**"). Terms defined in the Information Memorandum, unless indicated to the contrary, have the same meanings where used in these Final Terms. Reference is made to the Information Memorandum for a description of the Issuer, the Guarantor, the Programme and certain other matters. These Final Terms are supplemented to and must be read in conjunction with the full terms and conditions of the Notes. These Final Terms are also a summary of the terms and conditions of the Notes for the purpose of listing.

Full information on the Issuer, the Guarantor and the offer of the Notes described herein is only available on the basis of the combination of these Final Terms and the Information Memorandum [as so supplemented]. The Information Memorandum [and the supplemental Information Memorandum] [is][are] available for viewing during normal business hours at the registered office of the Issuer at Ciudad Grupo Santander, Avenida Cantabria s/n, 28660 Boadilla del Monte, Madrid, Spain, at the head office of the Guarantor at Ciudad Grupo Santander, Avenida Cantabria s/n, 28660 Boadilla del Monte, Madrid, Spain, at the offices of the Issuing and Paying Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

The particulars to be specified in relation to the issue of the Notes are as follows:

[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) Issuer: | Santander Commercial Paper, S.A. Unipersonal |
| | (ii) Guarantor: | Banco Santander, S.A. |
| 2. | Type of Note: | Euro commercial paper |
| 3. | Series No: | [] |
| 4. | Dealer(s) | [] |

5. Specified Currency: []
6. Aggregate Nominal Amount: []
7. Issue Date: []
8. Maturity Date: [] [May not be less than 1 day nor more than 364 days]
9. Issue Price (for interest bearing Notes) or discount rate (for discount Notes): []
10. Denomination: []
11. Redemption Amount: [Redemption at par][] per Note of [] Denomination][*other*]
12. Delivery: [Free of/against] payment

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. **Fixed Rate Note Provisions** [Applicable/Not applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [] [per cent. per annum]
- (ii) Interest Payment Date(s): []
- (iii) Day Count Convention (if different from that specified in the terms and conditions of the Notes): [Not applicable/*other*]
 [The above-mentioned Day Count Convention shall have the meaning given to it in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced at the Issue Date.]⁵
- (iv) Other terms relating to the method of calculating interest for Fixed Rate Notes (if different from those specified in the terms and conditions of the Notes): [Not applicable/*give details*]
14. **Floating Rate Note Provisions** [Applicable/Not applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

⁵ Delete text in square brackets unless a Day Count Convention which is different from that specified in the terms and conditions of the Notes is used.

- (i) Interest Payment Dates: []
- (ii) Calculation Agent (party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s): [[the Issuing and Paying Agent]/[Name] shall be the Calculation Agent]
- (iii) Reference Rate: [] months [LIBOR/EURIBOR] [Not applicable]
- (iv) ISDA Determination: [Not applicable]
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date and time: [] [Not applicable] [*in the case of self-compounding overnight interest rate commercial paper, the Reset Date will be the date prior to each Interest Payment Date*]⁶
- (v) Margin(s): [+/-][] per cent. per annum
- (vi) Day Count Convention if different from that specified in the terms and conditions of the Notes: [Not applicable/*other*]
[The above-mentioned Day Count Convention shall have the meaning given to it in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced at the Issue Date.]⁶
- (vii) Any other terms relating to the method of calculating interest on floating rate Notes, if different from those set out in the terms and conditions of the Notes: []

GENERAL PROVISIONS APPLICABLE TO THE NOTES

15. Listing and admission to trading: [Dublin (the Irish Stock Exchange Limited). Application [has been made/is expected to be 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 Limited with effect from [].][*other*]
16. Ratings: The Notes to be issued under the Programme have been rated:

⁶ Delete text in square brackets unless a Day Count Convention which is different from that specified in the terms and conditions of the Notes is used.

[Standard & Poor's: []]

[Fitch Ratings: []]

[Moody's Investors Service España, S.A.: []]

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

17. Clearing System(s): Euroclear[,/and] Clearstream, Luxembourg [and Euroclear France]
18. Issuing and Paying Agent: Citibank, N.A.
19. Listing Agent: [[A&L Listing Limited]/[Not applicable]/[Give name]]
20. ISIN: []
21. Common code: []
22. Any clearing system(s) other than or in addition to Euroclear Bank, S.A./N.V., Clearstream Banking, société anonyme [and, if applicable, Euroclear France, S.A.] and the relevant identification number(s): [Not applicable/give name(s) and number(s)]
23. New Global Note: [Yes][No]
24. Intended to be held in a manner which would allow Eurosystem eligibility: [Yes.][No.][Not applicable.][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 mean that the Notes will be recognised 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.][include this text if "yes" selected in which case the Notes must be issued in NGN form]

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €25,000,000,000 Euro-Commercial Paper Programme of Santander Commercial Paper, S.A. Unipersonal guaranteed by Banco Santander, S.A.

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms.

Signed on behalf of **SANTANDER COMMERCIAL PAPER, S.A. UNIPERSONAL**

By:
(*duly authorised*)

By:
(*duly authorised*)

Dated:

Signed on behalf of **BANCO SANTANDER, S.A.**

By:
(*duly authorised*)

By:
(*duly authorised*)

Dated:

PART B – OTHER INFORMATION

1. INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

["Save as discussed in paragraph 1 of "Subscription and Sale", so far as the Issuer and the Guarantor are aware, no person involved in the offer of the Notes has an interest material to the offer."]

2. ESTIMATED TOTAL EXPENSES RELATED TO THE ADMISSION TO TRADING

Estimated total expenses: []

3. [Fixed Rate Notes only - YIELD]

Indication of yield: []

4. [Floating Rate Notes only – HISTORIC INTEREST RATES]

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

TAXATION

The following is a general description of certain tax considerations. The information provided below does not purport to be a complete summary of tax law and practice currently applicable and is subject to any changes in law and the interpretation and application thereof, which could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of whom (such as dealers in securities) may be subject to special rules. Prospective investors who are in any doubt as to their position should consult with their own professional advisers.

EU Savings Tax Directive

Under EU Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. 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. Belgium has replaced this withholding tax with a regime of exchange of information to the Member State of residence as from 1 January 2010.

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 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.

On 13 November 2008 the European Commission published a proposal for amendments to the Directive, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. The European Parliament approved an amended version of this proposal on 24 April 2009. Investors who are in any doubt as to their position should consult their professional advisers.

Taxation in Spain

Introduction

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

- (a) 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 and Royal Decree-Law 13/2011, of 16 September, on the temporary reinstatement of wealth tax;

- (b) 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;
- (c) 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
- (d) 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 (as defined in the Notes), the acquisition and transfer of the Notes will be exempt from indirect taxes in Spain, for example, 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.

1. **Individuals with Tax Residency in Spain**

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

Both interest payments periodically received and income derived from the transfer, redemption or repayment of the Notes constitute a return on investment obtained from the transfer of a person's own capital to third parties in accordance with the provisions of 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 according to the then-applicable rate. According to Additional Provision Thirty five of the PIT Law, introduced by Royal Decree-Law 20/2011, the savings taxable base of tax years 2012 and 2013 will be taxed at the rate of 21 per cent. up to €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 and the Guarantor, the Issuer will pay interest without withholding to individual Holders 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 each Issuer under general provisions of Spanish

tax legislation, by virtue of which identification of Spanish investors may be provided to the Spanish tax authorities. 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% which will be made by the depositary or custodian.

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

Individuals with tax residency in Spain are subject to Wealth Tax on the 2012 tax year to the extent that their net worth exceeds a certain limit. This limit has been set at €700,000 for 2012. Therefore, they should take into account the value of the Notes which they hold as at 31 December 2012, the applicable rates ranging between 0.2% and 2.5%. The autonomous communities may have different provisions on this respect.

(c) **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 Inheritance and Gift Tax in accordance with the applicable Spanish regional or State rules. The applicable tax rates currently range between 7.65% and 34%. Relevant factors applied (such as previous net wealth or family relationship among transferor and transferee) do determine the final effective tax rate that currently range between 0% and 81.6%.

2. **Legal Entities with Tax Residence in Spain**

(a) **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 and the Guarantor, 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, by virtue of which identification of Spanish investors may be provided to the Spanish tax authorities.

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%, 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.

(b) **Wealth Tax (*Impuesto sobre el Patrimonio*)**

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

(c) **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.

3. **Individuals and Legal Entities with no tax Residency in Spain**

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

(i) *Non-Spanish resident investors acting through a permanent establishment in Spain*

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.

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 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*)".

(ii) *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% 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 receive the information about the Notes in a timely fashion 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.

(b) **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% and 2.5%.

Non-Spanish resident legal entities are not subject to Wealth Tax.

(c) **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.

4. **Tax Rules for Notes not Listed on an Organised Market in an OECD Country**

4.1 ***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%, 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.

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

See "Taxation in Spain-Individuals with Tax Residency in Spain — Net Wealth Tax (*Impuesto sobre el Patrimonio*)" and "Taxation in Spain – Individuals and legal entities with no tax residency in Spain – Net Wealth Tax (*Impuesto sobre el Patrimonio*)".

5. **Tax Rules for Payments Made by the Guarantor**

Payments which may be made by the Guarantor to holders, if the Guarantee is enforced, will be subject to the same tax rules previously set out for payments made by the Issuer.

6. **Information about the Notes in Connection with 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 and/or the Guarantor the information described in Exhibit I of this Information Memorandum are not complied with.

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**"), as amended by Royal decree 1145/2011 of 29 July.

In accordance with Section 44 paragraph 5, before the close of business on the Business Day (as defined in 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 Issuer must receive from the Issue and Paying Agent the following information about the Notes:

- (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, the form of which is attached as Exhibit I of this Information Memorandum.

In light of the above, the Issuer, the Guarantor 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%) from any payment in respect of the relevant Notes. Neither the Issuer nor the Guarantor will 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 or, as the case may be, the Guarantor, will reimburse the amounts withheld.

Prospective Holders of Notes should note that none of the Issuer, the Guarantor or the Dealers accepts any responsibility relating to the procedures established for the collection of information concerning the Notes. Accordingly, none the Issuer, the Guarantor or the Dealers will 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 these procedures prove ineffective. Moreover, neither the Issuer nor the Guarantor will pay any additional amounts with respect to any such withholding. See "Risk Factors - Risks in relation to the Notes - Taxation".

Set out below is Exhibit I. Sections in English have been translated from the original Spanish and such translations constitute direct and accurate translations of the Spanish language text. In the event of any discrepancy between the Spanish language version of the certificate contained in Exhibit I and the corresponding English translation, the Spanish tax authorities will give effect to the Spanish language version of the relevant certificate only.

Any foreign language text included in this Information Memorandum is for convenience purposes only and does not form part of this Information Memorandum.

EXHIBIT 1

Anexo al Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007

Modelo de declaración a que se refieren los apartados 3, 4 y 5 del artículo 44 del Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos

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

Don (nombre), con número de identificación fiscal (...)⁽¹⁾, en nombre y representación de (entidad declarante), con número de identificación fiscal (...)⁽¹⁾ y domicilio en (...) en calidad de (marcar la letra que proceda):

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

(a) Entidad Gestora del Mercado de Deuda Pública en Anotaciones.

(a) Management Entity of the Public Debt Market in book entry form.

(b) Entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero.

(b) Entity that manages the clearing and settlement system of securities resident in a foreign country.

(c) Otras entidades que mantienen valores por cuenta de terceros en entidades de compensación y liquidación de valores domiciliadas en territorio español.

(c) Other entities that hold securities on behalf of third parties within clearing and settlement systems domiciled in the Spanish territory.

(d) Agente de pagos designado por el emisor.

(d) Issuing and Paying Agent appointed by the issuer.

Formula la siguiente declaración, de acuerdo con lo que consta en sus propios registros:

Makes the following statement, according to its own records:

1. En relación con los apartados 3 y 4 del artículo 44:

1. In relation to paragraphs 3 and 4 of Article 44:

1.1 Identificación de los valores.....

- 1.1 Identification of the securities.....
- 1.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados)**
- 1.2 Income payment date (or refund if the securities are issued at discount or are segregated)
- 1.3 Importe total de los rendimientos (o importe total a reembolsar, en todo caso, si son valores emitidos al descuento o segregados).....**
- 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 Importe de los rendimientos correspondiente a contribuyentes del Impuesto sobre la Renta de las Personas Físicas, excepto cupones segregados y principales segregados en cuyo reembolso intervenga una Entidad Gestora**
- 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 Importe de los rendimientos que conforme al apartado 2 del artículo 44 debe abonarse por su importe íntegro (o importe total a reembolsar si son valores emitidos al descuento o segregados).**
- 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. En relación con el apartado 5 del artículo 44.**
2. In relation to paragraph 5 of Article 44.
- 2.1 Identificación de los valores.....**
- 2.1 Identification of the securities.....
- 2.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados)**
- 2.2 Income payment date (or refund if the securities are issued at discount or are segregated)
- 2.3 Importe total de los rendimientos (o importe total a reembolsar si son valores emitidos al descuento o segregados**
- 2.3 Total amount of income (or total amount to be refunded if the securities are issued at discount or are segregated)
- 2.4 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero A.**
- 2.4 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country A.
- 2.5 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero B.**

2.5 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country B.

2.6 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero C.

2.6 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country C.

Lo que declaro ena dede

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

⁽¹⁾En caso de personas, físicas o jurídicas, no residentes sin establecimiento permanente se hará constar el número o código de identificación que corresponda de conformidad con su país de residencia

⁽¹⁾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.

SUBSCRIPTION AND SALE

1. General

Each Dealer has represented, warranted and agreed that it will observe all applicable laws and regulations in any jurisdiction in which it may offer, sell, or deliver Notes and it will not directly or indirectly offer, sell, resell, re-offer or deliver Notes or distribute the Information Memorandum, circular, advertisement or other offering material in any country or jurisdiction except under circumstances that will result, to the best of its knowledge and belief, in compliance with all applicable laws and regulations.

2. United States of America

The Notes and the Deed of Guarantee 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. Each Dealer has represented and agreed that it has offered and sold, and will offer and sell, Notes and the Deed of Guarantee only outside the United States to non-U.S. persons in accordance with Rule 903 of Regulation S. Accordingly, each Dealer has represented and agreed that neither it, nor its affiliates nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Notes and the Deed of Guarantee, and that it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer has also agreed that, at or prior to confirmation of sale of Notes and the Deed of Guarantee, it will have sent to each distributor, dealer or person receiving a selling commission, fee or other remuneration that purchases Notes from it a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the United States Securities Act of 1933, as amended (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. Terms used above have the meanings given to them by Regulation S under the Securities Act."

Terms used in this paragraph have the meanings given to them by Regulation S.

3. Selling Restrictions addressing additional United Kingdom Securities Laws

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) (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 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 where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

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

4. **Japan**

Each Dealer has acknowledged that the Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "FIEA") 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 resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws of Japan.

5. **Kingdom of Spain**

Each Dealer has represented and agreed that 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 Information Memorandum have been registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) and therefore the Information Memorandum is not intended for any public offer of the Notes in Spain.

6. **Republic of France**

Each Dealer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France this Information Memorandum or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France to providers of investment services relating to portfolio management for the account of third parties and/or to qualified investors other than individuals (*investisseurs qualifiés*) as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French Code *monétaire et financier*.

GENERAL INFORMATION.

Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and may from time to time be made eligible via other clearing systems, including Euroclear France. The appropriate common code (if held at Euroclear and Clearstream, Luxembourg) and International Securities Identification Number in relation to each issue of Notes and any other clearing system as shall have accepted the relevant Notes for clearance will be specified in the Final Terms relating thereto.

Admission to Listing and Trading

It is expected that Notes issued under the Programme may be admitted to listing on the Official List and to trading on the regulated market of the Irish Stock Exchange after 4 May 2012. The admission of the Notes to trading on the regulated market of the Irish Stock Exchange will be expressed as a percentage of their principal amount. Any Notes intended to be admitted to listing on the Official List and admitted to trading on the regulated market of the Irish Stock Exchange will be so admitted to listing and trading upon submission to the Irish Stock Exchange of the relevant Final Terms and any other information required by the Irish Stock Exchange, subject in each case to the issue of the relevant Notes.

However, Notes may be issued pursuant to the Programme which will be admitted to listing, trading and or quotation by such other listing authority, stock exchange and/or quotation system as the Issuer and the relevant Dealer(s) may agree. No Notes may be issued pursuant to the Programme on an unlisted basis.

Significant Change

There has been no significant change in the financial or trading position of the Guarantor or the Group since 31 March 2012.

Material Contracts

During the past two years, neither the Issuer nor the Guarantor has been a party to any contracts that were not entered into in the ordinary course of business of the Issuer and the Guarantor and which was material to the Group as a whole.

Documents on Display

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 Issuing and Paying Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, at the registered office of the Issuer and the head office of the Guarantor (being Ciudad Grupo Santander, Avenida de Cantabria s/n, 28660 Boadilla del Monte, Madrid, Spain) for the life of this Information Memorandum:

1. the *estatutos* (constitutive documents) of each of the Issuer and of the Guarantor;
2. the audited and unaudited financial statements incorporated by reference herein;
3. this Information Memorandum, together with any supplements thereto;

4. the Agency Agreement;
5. the Dealer Agreement;
6. the Deed of Covenant;
7. the Deed of Guarantee; and
8. 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).

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Natalia Butragueño

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