

INFORMATION MEMORANDUM DATED 19 JUNE 2020



SANTANDER CONSUMER FINANCE, S.A.

EUR 10,000,000,000

EURO-COMMERCIAL PAPER PROGRAMME

Application has been made to the Irish Stock Exchange plc, trading as Euronext Dublin (“**Euronext Dublin**”) for Euro-commercial paper notes (the “**Notes**”) issued during the twelve months after the date of this document under the EUR 10,000,000,000 Euro-commercial paper programme (the “**Programme**”) of Santander Consumer Finance, S.A. described in this document to be admitted to the official list of Euronext Dublin (the “**Official List**”) and trading on its regulated market. The regulated market of Euronext Dublin is a regulated market for the purposes of Directive 2014/65/EU (as amended, “**MiFID II**”).

This Information Memorandum does not constitute a prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and has not been, and will not be, approved as complying with the Prospectus Regulation

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 1 to 24 of this Information Memorandum).

Potential purchasers should note the statements on pages 107 to 116 regarding the tax treatment in Spain of income obtained in respect of the Notes and the disclosure requirements imposed by Law 10/2014, of 26 June on regulation, supervision and solvency of credit entities, as amended by Law 11/2015, of 18 June (“**Law 10/2014**”), on the Issuer relating to the Notes. In particular, payments on the Notes may be subject to Spanish withholding tax if certain information regarding the Notes is not received by the Issuer in a timely manner.

The Issuer has been assigned the following long term credit ratings: A2 (stable outlook) by Moody’s Investors Service España, S.A. (“**Moody’s**”), A- (negative outlook) by Fitch Ratings Limited (“**Fitch**”) and A- (negative outlook) by S&P Global Ratings Europe Limited (“**S&P**”). Each of S&P and Moody’s is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”). Fitch is established in the United Kingdom and is registered under the CRA Regulation.

Arranger

Barclays

Dealers

Barclays

Citigroup

Crédit Agricole CIB

Goldman Sachs International

ING

NATIXIS

Rabobank

SEB

UBS Investment Bank

BofA Securities

Commerzbank

Credit Suisse

HPC, S.A.

J.P. Morgan

NatWest Markets

Santander

Société Générale

IMPORTANT NOTICE

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

This Information Memorandum (together with any supplementary information memorandum and any documents incorporated by reference, the “**Information Memorandum**”) contains summary information provided by Santander Consumer Finance, S.A. (the “**Issuer**”) 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 EUR 10,000,000,000 or its equivalent in alternative currencies. 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**”) to persons that are not U.S. Persons (as defined in Regulation S (“**U.S. Persons**”). The Issuer has, pursuant to a dealer agreement dated 19 June 2020 (the “**Dealer Agreement**”), appointed Barclays Bank Ireland PLC as arranger for the Programme (the “**Arranger**”), appointed Banco Santander S.A., Bank of America Merrill Lynch International DAC, Barclays Bank Ireland PLC, Citigroup Global Markets Europe AG, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Coöperatieve Rabobank U.A., Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Credit Suisse Securities Sociedad de Valores S.A. Goldman Sachs International, HPC, S.A., ING Bank N.V., J.P. Morgan AG, J.P. Morgan Securities plc, NATIXIS, NatWest Markets N.V., NatWest Markets Plc, Skandinaviska Enskilda Banken AB (publ), Société Générale and UBS Europe SE 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.

The Issuer accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge of the Issuer, 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).

The Issuer 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 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 that there has been no change in the business, financial condition or affairs of the Issuer since the date thereof.

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

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer and the companies whose accounts are consolidated with those of the Issuer (together, the “**Consumer 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. Any such representation or information should not be relied upon as having been authorised by the Issuer, 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 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 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 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 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 and the Issuer set out under "*Subscription and Sale*" below.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND 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 REGULATIONS UNDER THE SECURITIES ACT (REGULATION S')) ("U.S. PERSONS") UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Information Memorandum or confirmed the accuracy or determined the adequacy of the information contained in this Information Memorandum. Any representation to the contrary is a criminal offense in the United States.

The Issuer 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 Euronext Dublin, that if there shall occur any adverse change in the business or financial position of the Issuer 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, the Issuer 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 Euronext Dublin. Any such supplement to this Information Memorandum will be subject to the approval of Euronext Dublin 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 (the “ **Holders**”) must seek their own advice to ensure that they comply with all procedures to ensure correct tax treatment of their Notes.

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

Product Governance under Directive 2014/65/EU (as amended)

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Solely for the purposes of the Issuer’s product approval process in respect of a particular Note issue, the target market assessment in respect of any of the Notes to be issued off this programme has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the Issuer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the Issuer’s target market assessment) and determining appropriate distribution channels.

Solely by virtue of appointment as Arranger or Dealer, as applicable, on this Programme, neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of EU Delegated Directive 2017/593.

PRIIPs Regulation / Prohibition of Sales to EEA and UK Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to and, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”) or in the United Kingdom (“**UK**”). For these purposes, (a) a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EC of the European Parliament and of the Council of EU of 20 January 2016 (as amended or superseded, “**IDD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 of the European Parliament and of the Council of the EU of 14 June 2017 (as amended or superseded, the “**Prospectus Regulation**”); and (b) the expression “offer” includes the communication in any form and by any means of sufficient information on terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

Amounts payable under the Notes may be calculated or otherwise determined by reference to a reference rate or an index or a combination of indices and amounts payable on the Notes Issued under the Programme may in certain circumstances be determined in part by reference to such reference rates or indices. Any such index may constitute a benchmark for the purposes of the Benchmark Regulation (Regulation (EU) 2016/1011) (the “**Benchmark Regulation**”). If any reference rate or index does constitute such a benchmark the applicable final terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (“**ESMA**”) pursuant to article 36 of the Benchmark Regulation. Not every reference rate or index will fall within the scope of the Benchmark Regulation.

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”) - Unless otherwise stated in the applicable Final Terms, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”) and Excluded Investment Products (as defined in the Monetary Authority of Singapore (the “**MAS**”) Notice SFA 04-N12: Notice on the Sale of Investment Product and the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Interpretation

In the Information Memorandum, references to “**euro**”, “**EUR**” and “**€**” are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended; references to “**Sterling**” and “**£**” are to pounds sterling; references to “**U.S. Dollars**” and “**U.S.\$**” are to United States dollars; references to “**Swiss Francs**” and “**SFr**” are to Swiss francs; references to “**Swedish Kronor**” and “**SEK**” are to Swedish kronor; references to “**Norwegian Kroner**” and “**Nkr**” are to Norwegian kroner; references to “**Danish Kroner**” and “**Dkr**” are to Danish kroner; and references to “**Polish Zloty**” and “**PLN**” are to Polish zloty.

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.

CONTENTS

Clause	Page
RISK FACTORS.....	1
DOCUMENTS INCORPORATED BY REFERENCE	25
KEY FEATURES OF THE PROGRAMME	28
SANTANDER CONSUMER FINANCE, S.A.	32
CERTAIN INFORMATION IN RESPECT OF THE NOTES	51
FORMS OF NOTES	55
PART A – FORM OF MULTICURRENCY GLOBAL NOTE.....	55
PART B – FORM OF MULTICURRENCY DEFINITIVE NOTE	74
FORM OF FINAL TERMS	90
REGULATION	97
TAXATION	107
USE OF PROCEEDS.....	117
SUBSCRIPTION AND SALE.....	118
GENERAL INFORMATION	122

RISK FACTORS

An investment in the Notes may involve a high degree of risk. In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There are a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors, as the Issuer may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Information Memorandum a number of factors which could materially adversely affect its businesses and ability to make payments due under the Notes and are classified by categories. In each category the most material risk factors are mentioned first.

In addition, factors which are material for the purpose of assessing the market risk associated with Notes issued under the Programme are detailed below. The factors discussed below regarding the risks of acquiring or holding any Notes are not exhaustive, and additional risks and uncertainties that are not presently known to the Issuer or that the Issuer currently believes to be immaterial could also have a material impact on the Notes.

Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum and reach their own views prior to making any investment decision.

1. Macro-Economic and Political Risks

Our growth, asset quality and profitability may be adversely affected by volatile macroeconomic and political conditions.

Geographical exposure of the loan book

The Consumer Group's loan portfolio is concentrated in continental Europe, particularly in Germany and Austria, Spain and Portugal, and Scandinavia. At 31 December, 2019, Germany and Austria accounted for 38% of the Consumer Group's total loan portfolio, Spain and Portugal accounted for 18% and Scandinavia accounted for 17%. Accordingly, the recoverability of these loan portfolios in particular, and the Consumer Group's ability to increase the amount of loans outstanding and the Consumer Group's results of operations and financial condition in general, are dependent to a significant extent on the level of economic activity in continental Europe.

Consumer Group – Gross credit risk exposure			
	2019 (EUR million)	Change on December 2018	% portfolio
Spain and Portugal	17,624	6.7%	17.6%
Italy	9,206	7.4%	9.2%
France	14,160	15.4%	14.1%
Germany and Austria	38,565	6.1%	38.5%
Scandinavia	16,761	2%	16.7%
Other	3,921	7.9%	3.9%
Total	100,237	6.9%	100.00%

Economic slowdown, recession or depression

A return to recessionary conditions in the economies of continental Europe (in particular, Germany) would likely have a significant adverse impact on the Consumer Group's loan portfolio and, as a result, on the Consumer Group's financial condition, cash flows and results of operations, including potential upcoming political-related events in the countries where the Consumer Group operates.

Most of the countries in which the Consumer Group operates have recovered from the economic depression that occurred in 2007-2009, although this recovery may not be sustainable. A further recession (for example, as a result of the impact of the COVID-19 pandemic, as further described in *“The decrease in the Banco Santander Group’s economic activity and international commerce as a result of the coronavirus (“COVID-19”) could materially impact the Consumer Group”* below) could lead to major financial institutions suffering from major economic difficulties resulting in significant runs on deposits and therefore requiring government assistance and a reduction in the volume of funds such major financial institutions lend to their customers (including other financial institutions). If, as a result, capital market funding is no longer possible or becomes excessively onerous, the Consumer Group could be forced to raise the interest rates it pays on deposits, which could ultimately prevent it from meeting the maturities of some of its commitments. A significant increase in funding costs or greater difficulties in accessing capital markets or an increase in the rates the Consumer Group pays for deposits could have a material adverse effect on the Consumer Group’s interest margins and liquidity.

The Consumer Group’s results are also affected by other market conditions on a global and local scale. The increase in protectionism over the last few years could contribute to the debilitation of international trade, which could affect the Consumer Group’s traditional business lines. In addition, any tension or uncertainty in the context of international commerce, such as was the case between the United States and China in 2018 and 2019, could have a negative impact on the Consumer Group’s operations and results. In particular, the US may impose tariffs on European car manufacturers, which would have a negative impact on the automotive sector. Furthermore, the immigration policies of different countries, including the United States, could change as a result. Since December 2019, a new strain of coronavirus has spread in China and other countries, causing uncertainty in relation to the potential impact of the virus on the global and local economic activity. An increase in protectionism or trade tensions, higher barriers to immigration, the imposition of travel restrictions and the uncertainty caused by the effects of the coronavirus could have a negative impact on the economies of the countries in which the Consumer Group operates, which could affect its operating results, financial situation and business prospects.

In particular, the Consumer Group faces, among others, the following risks related to the economic downturn:

- (i) Reduced demand for our products and services.
- (ii) Increased regulation of our industry. Compliance with such regulation will continue to increase the Consumer Group’s costs and may affect the pricing for our products and services, increase its conduct and regulatory risks related to non-compliance and limit its ability to pursue business opportunities.
- (iii) The process the Consumer Group uses to estimate losses inherent to our credit exposure requires complex judgments, including forecasts of economic conditions and how these economic conditions might impair the ability of our borrowers to repay their loans. The degree of uncertainty concerning economic conditions may adversely affect the accuracy of the Consumer Group’s estimates, which may, in turn, impact the reliability of the process and the sufficiency of its loan loss allowances.
- (iv) Inability of the Consumer Group’s borrowers to timely or fully comply with their existing obligations. Macroeconomic shocks may negatively impact the household income of the Consumer Group’s retail customers and may adversely affect the recoverability of its retail loans, resulting in increased loan losses.
- (v) The value and liquidity of the Consumer Group’s portfolio of investment securities may be adversely affected.

The process of fiscal and financial integration in the EU, although not completed, has limited an individual country’s ability to address potential economic crises with its own fiscal and monetary policies. In the past, the European Central Bank (“**ECB**”) and European Council have taken actions with the aim of reducing the risk of contagion in the eurozone and beyond and improving economic and financial stability. However, these measures have not been normalised at this stage. A further economic downturn, in an environment where the ECB and the European Council have not standardised the measures implemented, limits the EU’s ability to face it.

A further deterioration of the national economies could lead to an increase in the risk of non-payment of their corresponding sovereign debt. A significant number of financial institutions throughout Europe have substantial exposures to sovereign debt issued by eurozone (and other) nations, which may be under financial stress. 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 adversely affected, with wider possible adverse consequences for global financial market conditions.

The risk of returning to a fragile and volatile environment and to political tensions exists if current ECB policies in place are quickly reversed, the reforms aimed at improving productivity and competition do not progress, the closing of the banking union and other measures of integration is not deepened or anti-European groups succeed. Furthermore, on 31 January 2020 the UK ceased to be a member of the EU, which could have a material adverse effect on the Consumer Group. See "*Risk Factors – Macro-Economic and Political Risks – Political developments in the UK could have a material adverse effect on the Consumer Group*" for additional information.

Since December 2019, a new variety of coronavirus has spread in China and other countries, causing uncertainty in relation to the potential impact of the virus on the global and local economic activity. See "*The decrease in the Banco Santander Group's economic activity and international commerce as a result of the coronavirus ("COVID-19") could materially impact the Consumer Group*" for additional information.

The decrease in the Banco Santander Group's economic activity and international commerce as a result of the coronavirus ("COVID-19") could materially impact the Consumer Group

Since December 2019, a new strain of **COVID-19** has spread from China gradually to the rest of the world, the Middle East, Europe (including Spain and the UK) and the United States, among others, causing a sharp decline on stock markets, a global slowdown in activity, and a high level of uncertainty due to its possible impact in the medium and long term on local and global economic activity.

In this context, legislators, regulators and supervisors, on both a national and international level, have issued regulations, communications and guidelines. These are mainly aimed at ensuring that the efforts of the financial institutions are focused on the development of the critical economic functions they perform, and to ensure consistent application of regulatory frameworks.

Indeed, the Spanish Government has passed, among others, Royal Decree-Law (RDL) 6/2020, 8/2020, 11/2020 and 15/2020, on urgent extraordinary measures to address the economic and social impact of COVID-19: in the first of these, it is worth noting the additional four-year extension to the suspension on evictions of vulnerable borrowers and the broadening of the concept of a vulnerable collective; the second establishes extraordinary measures designed to allow a one-month moratorium on mortgage debts for the acquisition of primary housing held by persons facing extraordinary difficulties for payment and the extension of public guarantees of the Official Credit Institute for businesses and self-employed persons affected; the third contains an extension of the moratorium established in RDL 8/2020 in terms of both time, from one to three months, and segments, including consumer loans, for example. To encourage the application of measures and agreements for the deferral of credit and loan payments with an even broader scope than that initially provided for in the legal moratoria and as a supplement to these, RDL 19/2020 has incorporated a special system for moratorium agreements reached between lending institutions and their clients, even where these clients are not in the circumstances of vulnerability indicated in Article 16 of RDL 11/2020. Thus, RDL 19/2020 regulates the system of implementation for conventional moratoria signed between debtors and their corresponding financial institutions provided that they are covered by a sector framework agreement.

Additionally, an extraordinary transitory regime relating to insolvency matters has recently been approved in Spain, and entered into force on 30 April 2020, with the aim of mitigating the economic effects of COVID-19 on Spanish companies. In summary, according to this transitory regime, among other measures, (i) the legal duty of Spanish debtors to file for insolvency has been suspended until 31 December 2020, irrespective of whether or not they had already submitted or not a pre-insolvency moratorium notice under article 5 bis of the Insolvency Law (as defined below), (ii) creditors cannot request the declaration of insolvency of Spanish debtors until 31 December 2020, (iii) Spanish debtors who have filed a pre-insolvency moratorium notice under article 5 bis of the Insolvency Law before 30 September 2020 will be subject to the general regime and (iv) claims arising from financing operations granted since the declaration of the state of alarm by persons who are especially related to the debtor and claims in which persons who are especially related to the debtor have been subrogated as a result of payments of ordinary or preferential

claims made on behalf of the debtor, will be considered ordinary claims (rather than subordinated claims as per article 92 of the Insolvency Law) in insolvency proceedings declared within two years of the declaration of the state of alarm.

Notwithstanding the implementation of such measures, the Consumer Group's preliminary assessment points initially to a potentially significant increase in terms of credit risk.

The Issuer supplements the public moratorium by means of other agreements of a sector-specific or private nature and extends the support offered by the public guarantee facilities offered to businesses, by means of working capital facilities and special financing facilities, among others.

On 17 March 2020, the Banco Santander Group announced that, although it was early to estimate the impact of COVID-19, it did not expect a significant hit to business activity in the first quarter of 2020 due to COVID-19 and that the effects would in any case depend on how the situation develops. In the case of a "V-shaped" scenario of relatively minor impact (i.e. a quick decrease followed by a quick increase in Spanish gross domestic product), at the date the Banco Santander Group estimated a reduction in the order of 5% in results for 2020, without considering mitigating measures.

On 23 March 2020, Banco Santander, S.A. announced that (i) the Board of Directors will consolidate any dividend payment from 2020 earnings into a single payment in May 2021, (ii) that it had created a fund for the whole Banco Santander Group, financed by a reduction in senior management and board compensation, to which other employees can also contribute, to provide medical equipment and supplies to help limit the spread of the virus, and (iii) that the Banco Santander Group's chair, Ana Botín, and chief executive officer, José Antonio Álvarez, have agreed to reduce their total compensation (salary and bonus) for 2020 by 50%.

On 27 March 2020 and 29 April 2020 respectively, Fitch and S&P changed the outlook of the Issuer from stable to negative, in view of the economic consequences of the coronavirus crisis on the rating over the medium term. See *"Risk Factors – Risks Relating to the Issuer and the Consumer Group Business – Liquidity and funding risks – A rating downgrade could increase the cost of funding or require the Consumer Group to provide additional guarantees in relation to some of its derivative contracts and other contracts entered into, which could have a material adverse effect"* for additional information.

On 28 April 2020, the Banco Santander Group announced that it had set aside provisions of EUR 1.6 billion in the first quarter of 2020 due to the projected downturn in macro-economic conditions as a result of the healthcare crisis caused by the COVID-19 pandemic. These provisions are based on an early estimate of loan losses due to the pandemic. However, as of today, due to the high level of uncertainty and quickly changing situation, it is still too soon to know what all the economic effects of the crisis will be or draw conclusions in this respect.

The fall in economic activity and in international trade due to the effects of COVID-19 is having a material adverse effect on the economies of the countries where the Consumer Group operates. This worsening economic situation, tied to the negative impact that could be caused by greater protectionism, tensions in international trade or barriers to immigration, could have a material adverse effect on the Consumer Group's operating results, financial position and business outlook.

Political developments in the UK could have a material adverse effect on the Consumer Group

On 31 January 2020, the UK ceased to be a member of the EU. The UK and the EU agreed on the terms of departure that provide for a transitional period until 31 December 2020 (the "**Transition Period**").

During the Transition Period (i) the UK will be treated in the same way as an EU member state on trade relations, (ii) EU legislation will continue to apply in the UK, and (iii) negotiations on a trade agreement will be conducted, as well as negotiations on the extent of legislative and regulatory convergence and regulatory co-operation.

Also, during the Transition Period, the EU will assess the possibility of financial services having equivalent regulation with the UK. Such assessments, even if positive, do not ensure that equivalence between the two jurisdictions will be approved.

Although under UK-EU article 50 withdrawal agreement (the "**Article 50 Withdrawal Agreement**"), the Transition Period may, before 1 July 2020, be extended once by up to two years, the UK legislation ratifying the Article 50 Withdrawal Agreement (the EU (Withdrawal) Act 2018, as amended by the EU (Withdrawal Agreement) Act 2020 (as so amended, the "**EUWA**")) contains a prohibition on a Minister of the Crown

agreeing any extension to the Transition Period. While this does not entirely remove the prospect that the Transition Period will be extended (as the UK Parliament could pass legislation that would override the effect of the prohibition in the EUWA), the likelihood of exercising the one-time extension option is reduced.

All of the above means that the terms of the UK's relationship with the EU following the end of the Transition Period and the end date of the Transition Period itself remain uncertain. If the Transition Period ends without a comprehensive trade agreement, economic growth in the UK and Europe could be negatively affected. At the end of the Transition Period, even if a satisfactory trade agreement is reached and/or if equivalence is granted to certain areas of the UK's financial services, contingency measures may still be necessary in certain economic or financial matters in order to avoid uncertainty and adverse economic effects.

Consequently, there is uncertainty about the legal framework in which the Banco Santander Group's subsidiaries will operate in the UK at the end of the Transition Period which, at operating level, means that the Banco Santander Group's subsidiaries in the UK may no longer be able to rely on the European cross-border framework for financial services. This uncertainty and the measures taken as a result of it, as well as the new rules or regulations, may have a significant adverse impact on the Banco Santander Group's operations, profitability and business.

While it is difficult to predict the long-term and external effects of the exit, in the short and medium term the situation generates economic and political uncertainty which will likely materialise in (i) an increase in market volatility, which could have a negative impact on the cost of funding for the Banco Santander Group and its access to finance, especially in a context in which credit ratings are affected and could affect interest and exchange rates, the value of the Banco Santander Group's assets and the value of the Banco Santander Group's securities held for liquidity reasons; and (ii) a deterioration in the UK economy that could have a negative impact on the Banco Santander Group's customers in that country .

All of this may have a material adverse effect on the Consumer Group's operations, financial situation and outlook.

2. Risks Relating to the Issuer and the Consumer Group Business

Legal, regulatory and compliance risks

The Consumer Group is exposed to the risk of losses arising from legal and regulatory proceedings

The Consumer Group faces risk of loss from legal and regulatory proceedings, including tax proceedings, that could subject it to monetary judgments, regulatory enforcement actions, fines and penalties. The current regulatory and tax enforcement environment in the jurisdictions in which the Consumer Group operates reflects an increased supervisory focus on enforcement, combined with uncertainty about the evolution of the regulatory regime, and may lead to material operational and compliance costs.

The Consumer Group is from time to time subject to regulatory investigations and civil and tax claims, and party to certain legal proceedings incidental to the normal course of our business, including in connection with conflicts of interest, lending securities and derivatives activities, relationships with our 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 the early stages of investigation or discovery, the Consumer Group cannot state accurately what the eventual outcome of these pending matters will be or what the eventual loss, fines or penalties related to each pending matter may be.

The amount of the Consumer Group's reserves in respect of these matters is substantially less than the total amount of the claims asserted against us and, 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 Consumer Group. As a result, the outcome of a particular matter may be material to the Consumer Group's operating results for a particular period. As of 31 December 2019, the Consumer Group had provisions for taxes and other legal contingencies for EUR 80.9 billion. In this regard, see note 21 to the 2019 Audited Consolidated Financial Statements.

	EUR Thousands	
	2019	2018
Provision for pensions and other employment defined benefit	603,472	510,230
Provisions for other long-term employee benefits	48,882	56,013
Provisions for taxes and other legal contingencies	80,932	66,102
Provisions for commitments and guarantees given	38,928	40,565
Other provisions	133,384	171,289
	905,598	844,199

The Consumer Group is subject to substantial regulation and regulatory and governmental oversight which could adversely affect its business, operations and financial condition

As a financial institution, the Consumer Group is subject to extensive regulation, which materially affects its businesses. In Spain and the other jurisdictions where the Consumer Group operates, there is continuing political, competitive and regulatory scrutiny of the banking industry. Political involvement in the regulatory process, in the behaviour and governance of the banking sector and in the major financial institutions in which the local governments have a direct financial interest and in their product and services, and the prices and other terms they apply to them, is likely to continue. Therefore, the statutes, regulations and policies to which the Consumer Group is subject may be therefore changed at any time. In addition, the interpretation and the application by regulators of the laws and regulations to which the Consumer Group is subject may also change from time to time. Extensive legislation and implementing regulation affecting the financial services industry has recently been adopted in regions that directly or indirectly affect the Consumer Group's business, including Spain, the European Union, and other jurisdictions, and further regulations are in the process of being implemented. 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 regulations are implemented inconsistently in the various jurisdictions in which the Consumer Group operates, it may face higher compliance costs. Any legislative or regulatory actions and any required changes to its business operations resulting from such legislation and regulations, as well as any deficiencies in its compliance with such legislation and regulation, could result in significant loss of revenue, limit its ability to pursue business opportunities in which the Consumer Group might otherwise consider engaging and provide certain products and services, affect the value of assets that it holds, require the Consumer Group to increase its prices and therefore reduce demand for its products, impose additional compliance and other costs on the Consumer Group or otherwise adversely affect its businesses.

In particular, legislative or regulatory actions resulting in enhanced prudential standards, in particular with respect to capital and liquidity, could impose a significant regulatory burden on the Issuer or on its Issuer subsidiaries and could limit the Issuer's subsidiaries' ability to distribute capital and liquidity to the Issuer, thereby negatively impacting the Issuer. Future liquidity standards could require the Issuer to maintain a greater proportion of its assets in highly-liquid but lower-yielding financial instruments, which would negatively affect its net interest margin. Moreover, the regulatory and supervisory authorities periodically review the Issuer's allowance for loan losses. Such regulators may recommend the Issuer to increase its allowance for loan losses or to recognise further losses. Any such additional provisions for loan losses, as recommended by these regulatory agencies, whose views may differ from those of the Issuer's management, could have an adverse effect on the Issuer's earnings and financial condition. Accordingly, there can be no assurance that future changes in regulations or in their interpretation or application will not adversely affect the Consumer Group.

The wide range of regulations, actions and proposals which most significantly affect the Consumer Group, or which could most significantly affect the Consumer Group in the future, relate to capital requirements, funding and liquidity, and development of a fiscal and banking union in the EU. These and other regulatory reforms adopted or proposed in the wake of the financial crisis have increased and may continue to materially increase the Consumer Group's operating costs and negatively impact its business model. Furthermore, regulatory authorities have substantial discretion in how to regulate banks, and this discretion, and the means available to the regulators, have been increasing during recent years. Regulation may be imposed on an ad hoc basis by governments and regulators in response to a crisis. In addition, the volume,

granularity, frequency and scale of regulatory and other reporting requirements necessitate a clear data strategy to enable consistent data aggregation, reporting and management. Inadequate management information systems or processes, including those relating to risk data aggregation and risk reporting, could lead to a failure to meet regulatory reporting requirements or other internal or external information demands and the Consumer Group may face supervisory measures as a result.

Increasingly stricter capital regulations and potential requirements could have an impact on the functioning of the Consumer Group and its businesses

Increasingly onerous capital requirements constitute one of the Issuer's main regulatory challenges. Increasing capital requirements may adversely affect the Issuer's profitability and create regulatory risk associated with the possibility of failure to maintain required capital levels.

In 2011, the framework known as Basel III, which is a full set of reform measures to strengthen the regulation, supervision and risk management of the banking sector, was introduced (see "*Regulation—Capital, liquidity and funding requirements*"). This aimed to boost the banking sector's ability to absorb impacts caused by financial and economic stress, improve risk management and corporate governance, and improve banking transparency and disclosures. Concerning capital, Basel III redefines available capital at financial institutions (including new deductions and raising the requirements for eligible equity Notes), tightens the minimum capital requirements, compels financial institutions to operate permanently with surplus capital (capital "buffers"), and includes new requirements for the risks considered.

The amendments to the solvency requirements of credit institutions and various transparency regulations, from the practical standpoint, grant priority to high-quality capital (Common Equity Tier 1 or "**CET1**"), introducing stricter eligibility criteria and more stringent ratios, in a bid to guarantee higher standards of capital adequacy in the financial sector.

The ECB is required under Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions to carry out a supervisory review and evaluation process (the "**SREP**") at least on an annual basis.

In connection with this, the Issuer was informed by the ECB on 10 December 2019 of its decision regarding prudential minimum capital requirements as of January 2020, following the results of SREP. The ECB decision requires the Issuer to maintain a CET1 capital ratio of at least 8.9% on a consolidated basis. This 8.9% capital requirement includes: the minimum Pillar 1 requirement (4.5%); the Pillar 2 requirement (1.5%); the capital conservation buffer (2.5%); and the counter-cyclical buffer (around 0.4%). Taking into account the Issuer's consolidated current capital levels, these capital requirements do not imply any limitations on distributions in the form of dividends, variable remuneration and payments to holders of the Issuer's AT1 instruments. As of 31 December 2019, the Issuer's total capital ratio was 15.23% on a consolidated basis (fully loaded) and the Issuer's CET1 capital ratio was 12.54% on a consolidated basis (fully loaded) (data calculated without using the IFRS 9 transitional arrangements, since the Issuer incorporated the full day-1 impact on IFRS9 adoption).

The Issuer received on 28 November 2019 formal notification from the Bank of Spain of its binding minimum requirement for own funds and eligible liabilities ("**MREL**") for the Issuer at a sub-consolidated level, as determined by the Single Resolution Board (SRB). This MREL requirement has been set at 14.98% of total liabilities and own funds (TLOF), which as a reference of risk weighted assets at 31 December 2017 would be 22.35%, and shall be met all times from 28 of November 2019 onwards. The Issuer is part of the resolution group headed by Banco Santander, S.A., which is the resolution entity of the resolution group to which the Issuer belongs.

In this regard, there can be no assurance that the application of the existing regulatory requirements, standards or recommendations will not require the Issuer to issue additional securities that qualify as own funds or eligible liabilities, to maintain a greater proportion of its assets in highly-liquid but lower-yielding financial instruments, to liquidate assets, to curtail business or to take any other actions, any of which may have a material adverse effect on the Consumer Group's business, results of operations and/or financial position.

Any failure by the Consumer Group to maintain its Pillar 1 minimum regulatory capital ratios and any Pillar 2 additional capital requirements could result in administrative actions or sanctions (including restrictions on Discretionary Payments, as defined in section "*Regulation – New Banking Regulations*"), which, in turn, may have a material adverse impact on the Banco Santander Group's results of operations.

Moreover, it should not be disregarded that new and more demanding additional regulatory requirements, standards or recommendations may be applied in the future.

All the applicable regulations and the approval of any other regulatory requirements could have an adverse effect on the Consumer Group's activities and operations. Therefore, these regulations could have a material adverse effect on the Consumer Group's business, results of operations and/or financial position.

See "*Regulation—Capital, liquidity and funding requirements*" for additional information.

The Consumer Group is exposed to tax risks that could have a negative impact on it

The preparation of our tax statements and the process of establishing tax provisions involve the use of estimates and interpretations of laws and tax regulations, which are complex and subject to review by the tax authorities. The size, regional diversity and complexity of some groups and their commercial and financial relations with third parties and with related parties, as is the case with the Consumer Group, require the application and interpretation of a considerable number of tax laws and regulations and the criteria that the various legal bodies and administrations issue, as well as the use of more estimates, unspecified legal concepts and assessments for the purposes of complying with the tax obligations of the Issuer and all its subsidiaries. Therefore, any errors or discrepancies in criteria with the tax authorities in any of the jurisdictions in which the Consumer Group operates may be the subject of lengthy administrative or judicial proceedings that may have a material effect on the Consumer Group's operating income for a certain period.

In particular, (i) the increase in the tax rates required by several political forces at national and global level; (ii) the changes in the calculation of the tax bases — such as the proposal to limit the dividend exemption provided for in the proposal for the Spanish State Budget Law 2019, which would have led to the approval of 5% of the taxes distributed to the Consumer Group's Spanish companies and not exempted from corporate income tax; or (iii) the creation of new taxes — such as the European Commission proposal for a Council Directive on enhanced cooperation in the area of Financial Transaction Tax of 14 February 2013— may have material adverse effects on the Consumer Group's business, financial situation and operational performance.

The Consumer Group may not be able to detect or prevent money laundering and other criminal financial activities fully or on a timely basis, which could expose it to additional liability and have a material adverse effect on it

We are required to comply with applicable anti-money laundering ("AML"), anti-terrorism, anti-bribery and corruption, sanctions and other laws and regulations applicable to us, both domestic and international. These regulations are becoming more complex and compliance with them requires automated systems, sophisticated monitoring and skilled compliance personnel. These regulations also require banks to take enhanced due diligence measures on the understanding that, due to the nature of the activities they carry out (e.g. private banking, money remittance and foreign currency transactions), they may present a higher risk of money laundering or terrorist financing.

The Consumer Group's ability to comply with the legal requirements depends on its ability to improve detection and reporting capabilities and reduce variation in control processes and oversight accountability. These require implementation and embedding within our business effective controls and monitoring, which in turn requires on-going changes to systems and operational activities.

Even known threats can never be fully eliminated, and there will be instances where we may be used by other parties to engage in money laundering and other illegal or improper activities. In addition to the above, (i) financial crime is constantly evolving; (ii) emerging technologies, such as cryptocurrencies and blockchain, could limit the Consumer Group's ability to track the movement of funds; and (iii) the Consumer Group relies heavily on its employees and external suppliers to mitigate any threat.

If we are unable to fully comply with applicable laws, regulations and expectations or the competent authorities believe that the Consumer Group is not in compliance with the enhanced due diligence inherent in its activities, the Consumer Group's regulators and relevant law enforcement agencies have the ability and authority to impose significant fines and other penalties on us, including requiring a complete review of the Consumer Group's business systems, day-to-day supervision by external consultants and ultimately the revocation of the Consumer Group's banking licence.

Any of the above actions, or the possibility or rumour that any of them may occur, even if not certain, could seriously harm the Santander brand and the Consumer Group's reputation, which could have a material adverse effect on our operating results, financial condition and prospects.

Liquidity and funding risks

Liquidity and funding risks are inherent in the Consumer Group's business and could have a material adverse effect on the Consumer Group

Liquidity risk is the risk that the Consumer Group either does not have available sufficient financial resources to meet its obligations as they fall due or can secure them only at excessive cost. This risk is inherent in any retail and commercial banking business and can be heightened by a number of enterprise-specific factors, including over-reliance on a particular source of funding, changes in credit ratings or market-wide phenomena such as market dislocation. While the Consumer Group has in place liquidity management processes to seek to mitigate and control these risks as well as a model based on autonomous subsidiaries in terms of capital and liquidity which limits the possibility of contagion between its units, unforeseen systemic market factors make it difficult to eliminate completely these risks. Constraints in the supply of liquidity, including in inter-bank lending, could materially and adversely affect the cost of funding the Consumer Group's business, and extreme liquidity constraints may affect the Consumer Group's current operations and its ability to fulfill regulatory liquidity requirements, as well as limit growth possibilities.

The Consumer Group's cost of obtaining funding is directly related to prevailing interest rates and to its credit spreads. Credit spreads are defined as the excess return offered by corporate bonds, in this case those of the Consumer Group, compared to Treasury bonds of the same maturity. Increases in interest rates and/or in the Consumer Group's credit spreads can significantly increase the cost of its funding. Credit spreads are market-driven and may be influenced by market perceptions of the Consumer Group's creditworthiness. Changes to interest rates and the Consumer Group's credit spreads occur continuously and may be unpredictable and highly volatile.

The Consumer Group relies, and will continue to rely, primarily on retail deposits to fund lending activities. The ongoing availability of this type of funding is sensitive to a variety of factors beyond the Consumer Group's control, such as general economic conditions and the confidence of retail depositors in the economy and in the financial services industry, and the availability and extent of deposit guarantees, as well as competition for deposits between banks or with other products, such as mutual funds. Any of these factors could lead to significant withdrawals of retail deposits in a short period of time, thereby reducing the Consumer Group's ability to access retail deposit funding on appropriate terms, or at all, in the future. If these circumstances were to arise, this could have a material adverse effect on the Consumer Group's operating results, financial condition and prospects, but this impact is partially mitigated thanks to the diversified funding balance sheet structure.

We anticipate that our customers will continue, in the near future, to make deposits (particularly demand deposits and short-term time deposits), and we intend to maintain our emphasis on the use of banking deposits as a source of funds. The short-term nature of some deposits could cause liquidity problems for us in the future if deposits are not made in the volumes we expect or are not renewed. If a substantial number of our depositors withdraw their demand deposits or do not roll over their time deposits upon maturity, we may be materially and adversely affected.

The Consumer Group continues acquiring a solid base of retail customer deposits that allows us to strengthen our funding sources, providing flexibility in case of facing financing difficulties. Before 2012 customer deposits was a residual funding source (in terms of geographies), located only in Germany and Poland. From 2013, the Consumer Group started a global deposits project to acquire retail customer deposits with an efficient model and at low cost.

Central banks have taken extraordinary measures to increase liquidity in the financial markets as a response to the financial crisis and the COVID-19 crisis. If current facilities were rapidly removed or significantly reduced, this could have an adverse effect on the Consumer Group's ability to access liquidity and on its funding costs.

The Issuer cannot assure that in the event of a sudden or unexpected shortage of funds in the banking system, the Consumer Group will be able to maintain levels of funding without incurring high funding costs, a reduction in the term of funding Notes or the liquidation of certain assets. If this were to happen, the Consumer Group could be materially adversely affected.

Moreover, if the Issuer is unable to maintain its funding levels or if there is a sudden or unexpected shortage of funds, or the market's perception that this may occur, it may generate episodes of high volatility or demand for the Issuer's securities, making it difficult or impossible to issue them by the Issuer or sell them by investors, thus affecting their valuation and price in both cases.

The liquidity coverage ratio ("LCR") measures the Consumer Group's liquidity risk profile, ensuring that it has encumbered high-quality assets that can be easily and immediately liquid in the financial markets, without being susceptible to a significant loss of value.

The regulatory requirement for the LCR has been 100% since 2018. The Consumer Group has an internal LCR target of 115% at both consolidated and subsidiary levels. At year-end 2019, the Consumer Group's LCR ratio stood at 248%, comfortably exceeding the regulatory requirement.

In addition, the Consumer Group assess its liquidity buffer in several internal stress scenarios in order to ensure the liquidity horizon established in the management limits.

As for the net stable funding ratio ("NSFR"), its final definition approved by the Basel Committee in October 2014 has not yet come into effect although it has been already introduced into CRR. The Consumer Group has defined a management limit of 103% for this metric at consolidated level and for almost all of its subsidiaries. In particular, at the end of 2019, the NSFR ratio for the Consumer Group was 105.59%.

A rating downgrade could increase the cost of funding or require the Consumer Group to provide additional guarantees in relation to some of its derivative contracts and other contracts entered into, which could have a material adverse effect.

Credit ratings affect the cost and other terms upon which the Consumer Group is able to obtain funding. Rating agencies regularly evaluate the Consumer Group, and their ratings of its debt are based on a number of factors, including its financial strength and conditions affecting the financial services industry. In addition, due to the methodology of the main rating agencies, the Consumer Group's credit rating is affected by the rating of Spanish sovereign debt. If Spain's sovereign debt is downgraded, the Consumer Group's credit rating would also likely be downgraded by an equivalent amount.

There is no certainty that the rating agencies will maintain their current ratings or their outlook.

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

The Issuer has been assigned the following credit ratings by the following agencies:

Rating agency	Long term	Short term	Last report date	Outlook
Fitch	A-	F2	March 2020	Negative
Moody's	A2	P1	April 2020	Stable
S&P	A-	A-2	May 2020	Negative

The aforementioned rating agencies have been registered with the European Securities and Markets Authority ("ESMA") in accordance with the provisions of Regulation (EC) No. 1060/2009 of the European Parliament and of the European Council of 16 September 2009 on credit rating agencies.

While certain potential impacts of these downgrades are contractual and quantifiable, the full consequences of a credit rating downgrade 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 the Consumer Group's long-term credit rating precipitates downgrades to the Consumer Group's short-term credit rating, and assumptions about the potential behaviours of various customers, investors and counterparties. Actual outflows could be higher or lower than the preceding hypothetical examples, depending upon certain factors including which credit rating agency downgrades the Consumer Group's credit rating, any management or restructuring actions that could be taken to reduce cash outflows and the potential liquidity impact from loss of unsecured funding (such as from money market funds) or loss of secured funding capacity. Although unsecured and secured funding stresses are included in the Consumer Group's stress testing scenarios and a portion of the Consumer Group's total liquid assets is held against these risks, a credit rating downgrade could still have a material adverse effect on the Consumer Group.

In addition, if the Consumer Group were required to cancel its derivatives contracts with certain counterparties and were unable to replace such contracts, the Consumer Group's market risk profile could be altered.

There can be no assurance that the rating agencies will maintain the current ratings or outlooks. Failure to maintain favourable ratings and outlooks could increase the Consumer Group's cost of funding and adversely affect interest margins, which could have a material adverse effect on the Consumer Group.

Credit risk

Impairment of credit quality or insufficient provision for non-performing loans could have a material adverse effect on the Consumer Group

Non-performing or low credit quality loans have in the past negatively impacted our results of operations and could do so in the future. In particular, the amount of our reported non-performing loans ("NPL") may increase in the future as a result of factors outside of its control, such as adverse changes in the credit quality of the Consumer Group's borrowers and counterparties or a general deterioration in economic conditions in the regions where the Consumer Group operate or in global economic and political conditions.

In line with these risks, the Issuer makes accounting provisions annually. Our loan loss reserves are based on estimates that include factors are outside our control and, we cannot assure that our current or future loan loss reserves will be sufficient to cover actual losses. If our assessment of and expectations concerning the above mentioned factors differ from actual developments, if the quality of our total loan portfolio deteriorates, for any reason, or if the future actual losses exceed our estimates of expected losses, we may be required to increase our loan loss reserves, which may adversely affect the Consumer Group.

At 31 December 2019, the Consumer Group's credit risk (which includes gross loans and advances to customers, central banks and credit institutions) amounted to EUR 98.6 billion (EUR 92.0 billion at 31 December 2018). The Consumer Group's NPL ratio stood at 2.01% (2.00% at 31 December 2018) and coverage stood at 98% (104% the previous year).

At 31 December 2019, the geographic spread of the Consumer Group's total customer loans and advances (EUR 98.3 billion) portfolio was as follows:

	2019 Financial year (audited)	Percentage of total activity	2018 Financial year (audited)	Variation 2019/2018 (percentage)
	<i>(millions of euro)</i>		<i>(millions of euro)</i>	
Spain	15,241	15.5%	14,217	7.2%
Italy	9,186	9.3%	8,518	7.8%
Germany	35,504	36.1%	33,436	6.2%
France	13,968	14.2%	12,098	15.5%
The Nordics	16,362	16.7%	16,011	2.2%
Other Areas & Intragroup adjustments	8,038	8.2%	7,600	5.8%
Total	98,299	100%	91,880	7.0%

As a result, if the economies of Europe in which the Consumer Group operates fall into recession, this could have a material adverse effect on the Banco Santander Group's loan portfolio and, consequently, its financial position, cash flow and operating profit.

Although our NPL ratio increased only from 2.00% at 31 December 2018 to 2.01% at 31 December 2019, we can provide no assurance that our NPL ratio will not increase further as a result of the aforementioned and other factors. Consumer confidence, unemployment rates and housing indicators are among the factors that often impact consumer spending behaviour, and poor economic conditions could in turn could have a material adverse effect on our business, financial condition and results of operations.

The value of the collateral securing the Consumer Group's loans may fluctuate or decrease due to factors beyond its and the Consumer Group may be unable to realise the full value of the collateral securing its loan portfolio

The value of the collateral securing our loan portfolio may fluctuate or decline due to factors beyond the Consumer Group's control, including macroeconomic factors or force majeure events, such as natural disasters, which could impair the asset quality of the Consumer Group's loan portfolio and have an adverse impact on the economy of the affected region. We may also not have sufficiently recent information on the value of collateral, which may result in an inaccurate assessment for impairment losses of the Consumer Group's loans secured by such collateral. If any of the above were to occur, we may need to make additional provisions to cover actual impairment losses of our loans, which may materially and adversely affect the Consumer Group's results of operations and financial condition.

The Consumer Group's loans and advances to customers which have collateral are likely to be affected by an individual or widespread decrease in the value of these guarantees.

Market risk

The Consumer Group is subject to fluctuations in interest rates and other market risks, which could have a material adverse effect

Changes in market interest rates could affect the interest rates charged on interest earning assets in a different manner to that paid on interest bearing liabilities. This difference could result in an increase in interest expenses relative to interest income leading to a reduction in our net interest income. Rising interest rates may also bring about an increase in the non-performing loan portfolio.

Market risk includes unpredictable risks related to periods in which the market does not efficiently manage its prices, for example in market disruptions or shocks.

Interest rates are sensitive to many factors beyond our control, including increased regulation of the financial sector, monetary policies, domestic and international economic and political conditions and other factors.

At the end of December 2019, one-year risk on net interest income, measured as sensitivity to parallel changes in the worst-case scenario of ± 100 basis points, was concentrated on the euro's curve with EUR - 7 million.

Other business risks

The Consumer Group relies partly on dividends and other funds from its subsidiaries

Some of the Consumer Group's operations are conducted through its subsidiaries. As a result, the Consumer Group's ability to pay dividends, to the extent it decides to do so, depends in part on the ability of its subsidiaries to generate earnings and to pay dividends to the Consumer Group. Payment of dividends, distributions and advances by the Consumer Group's subsidiaries will be contingent upon their earnings and business considerations and is or may be limited by legal, regulatory and contractual restrictions. Additionally, the Consumer Group's right to receive any assets of any of its subsidiaries as an equity holder of such subsidiaries upon their liquidation or reorganisation, will be effectively subordinated to the claims of the Consumer Group's subsidiaries' creditors, including trade creditors. The Consumer Group also has to comply with increased capital requirements, which could result in the imposition of restrictions or prohibitions on discretionary payments including the payment of dividends and other distributions to the Consumer Group by its subsidiaries. The ECB issued a press release on 27 March 2020 recommending that banks do not pay dividends or buy back shares during the COVID-19 pandemic until at least 1 October 2020. To the extent that implementation of this recommendation (or other similar measures that may be adopted by supervisors of other geographical areas) is applied by some of the Consumer Group's

subsidiaries, this could have a material adverse effect on their businesses, financial situation and operating income. See “*Santander Consumer Finance, S.A. – Recent Developments – COVID-19*” for additional information.

At 31 December 2019, the pay-out for the Issuer was 39.30%.

Increased competition, including from non-traditional providers of banking services such as financial technology providers, and industry consolidation may adversely affect the Consumer Group’s operational results

We face substantial competition in all parts of our business, including in originating loans and in attracting deposits. The competition in originating loans comes principally from other domestic and foreign banks, mortgage banking companies, consumer finance companies, insurance companies and other lenders and purchasers of loans.

In addition, there has been a trend towards consolidation in the banking industry, which has created larger and stronger banks with which we must now compete. There can be no assurance that this increased competition will not adversely affect the Consumer Group’s growth prospects, and therefore our operations. We also face 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.

Non-traditional providers of banking services, such as internet based e-commerce providers, mobile telephone companies and internet search engines, may offer and/or increase their offerings of financial products and services directly to customers. These non-traditional providers of banking services currently have an advantage over traditional providers because they are not subject to banking regulation. Several of these competitors may have long operating histories, large customer bases, strong brand recognition and significant financial, marketing and other resources. They may adopt more aggressive pricing and rates and devote more resources to technology, infrastructure and marketing. New competitors may enter the market or existing competitors may adjust their services with unique product or service offerings or approaches to providing banking services. If we are unable to successfully compete with current and new competitors, or if the Consumer Group is unable to anticipate and adapt our offerings to changing banking industry trends, including technological changes, our business may be adversely affected. In addition, our failure to effectively anticipate or adapt to emerging technologies or changes in customer behavior, including among younger customers, could delay or prevent our access to new digital-based markets, which would in turn have an adverse effect on our competitive position and business. According to data from the Financial Stability Board (the “**FSB**”) in its Global Monitoring Report on Non-Bank Financial Intermediation 2019, at the global level banks have a share of close to 40% of total financial assets and non-traditional providers of 30% at the end of 2018.

Moreover, the widespread adoption of new technologies, including cryptocurrencies and payment systems, could require substantial expenditures to modify or adapt its existing products and services as it continues to grow the Consumer Group’s internet and mobile banking capabilities. The Consumer Group’s customers may choose to conduct business or offer products in areas that may be considered speculative or risky. Such new technologies and mobile banking platforms in recent years may necessitate changes to our retail distribution strategy, which may include restructuring our work force and reforming our retail distribution channel. Our failure to swiftly and effectively implement such changes to our distribution strategy could have an adverse effect on the Consumer Group’s competitive position.

In particular, the Consumer Group has the challenge of competing in an environment in which customer relations are based on access to digital data and interactions. This access is increasingly dominated by digital platforms, which are already eroding the Consumer Group’s results in very significant markets such as payments. These platforms can use their advantage to access data to compete with the Consumer Group in other markets and may reduce the Consumer Group’s operations and margins in its core businesses, such as loans or wealth management. The alliances that our competitors are beginning to engage with Bigtechs may make it more difficult to compete successfully with them and could have an adverse effect on the Consumer Group.

Increasing competition could also require that we increase our rates offered on deposits or lower the rates the Consumer Group charge on loans, which could also have a material adverse effect on us, including our profitability. It may also negatively affect the Consumer Group’s business results and prospects by, among other things, limiting our ability to increase our customer base and expand our operations and increasing competition for investment opportunities.

If our customer service levels were perceived by the market to be materially below those of our competitor financial institutions, we could lose existing and potential business. If we are not successful in retaining and strengthening customer relationships with manufacturers, dealers and retailers, as well as end consumers, we may lose market share, incur losses on some or all of its activities or fail to attract new deposits or retain existing deposits, which could have a material adverse effect on its operating results, financial condition and prospects.

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

The Consumer Group has historically acquired controlling interests in various companies and has engaged in other strategic partnerships. In addition, the Consumer Group may consider other strategic acquisitions and partnerships from time to time. There can be no assurances that the Consumer Group will be successful in its plans regarding the operation of past or future acquisitions and strategic partnerships.

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

Our business could be negatively impacted if we are unsuccessful in developing and maintaining relationships with automobile dealerships, manufacturers and other retailers

Our ability to acquire loans is reliant on our relationships with automotive dealers. In particular, our automotive finance operations depend in large part upon our ability to establish and maintain relationships with reputable automotive dealers that originate loans at the point-of-sale, which we subsequently purchase. Although we typically have exclusive relationships with automotive manufacturers, our captive finance agreements with these manufacturers typically have terms of only three to five years, and we cannot guarantee that we will be able to renew these agreements at the end of their terms or that any future captive finance agreements will contain similar exclusivity terms.

An important part of our consumer and card business relies on establishing and maintaining cooperation agreements with retailers. While we have been serving a majority of our retailers for many years, and while a majority of our cooperation agreements with our retailers are exclusive, there can be no assurance that we will be able to maintain our relationships with all our current retailers.

Negative changes in the business of the manufacturers or retailers with which we have strategic relationships could adversely affect our business

A significant adverse change in automotive manufacturers' business, including (i) significant adverse changes in their respective liquidity position and access to the capital markets, (ii) the production or sale of their vehicles (including the effects of any product recalls), (iii) the quality or resale value of their vehicles, (iv) the use of marketing incentives, (v) their relationships with their key suppliers, or (vi) their respective relationships with labor unions and other factors impacting automotive manufacturers or their employees could have a material adverse effect on our profitability and financial condition. As a result of the recent economic downturn and contraction of credit to both dealers and their customers, there was an increase in dealership closures and our existing dealer base experienced decreased sales and loan volume in the past and may experience decreased sales and loan volume in the future, which may have an adverse effect on our business, results of operations, and financial condition.

There is no assurance that the global automotive market, or our other automotive manufacturer partners' share of that market, will not suffer downturns in the future, and any negative impact could in turn have a material adverse effect on our business, results of operations, and financial position. Similarly, our ability to generate new loans and the interest and fees and other income associated with them is dependent upon

sales of merchandise and services by our retail partners. Our retail partners' sales may decrease or may not increase as we anticipate for various reasons, some of which are in the retail partners' control and some of which are not. For example, retail partner sales may be adversely affected by macroeconomic conditions having a national, regional or more local effect on consumer spending, business conditions affecting a particular partner or industry, or catastrophes affecting broad or more discrete geographic areas. If our retail partners' sales decline for any reason, it generally results in lower credit sales, and therefore lower loan volume and associated interest and fees and other income for us from their customers. In addition, if a retail partner closes some or all of its stores or becomes subject to a voluntary or involuntary bankruptcy proceeding (or if there is a perception that it may become subject to a bankruptcy proceeding), its customers who have used our financing products may have less incentive to pay their outstanding balances to us, which could result in higher charge-off rates than anticipated and our costs for servicing its customers' accounts may increase. Moreover, if the financial condition of a retail partner deteriorates significantly or a partner becomes subject to a bankruptcy proceeding, we may not be able to recover for customer returns, customer payments made in partner stores or other amounts due to us from the retail partner. A decrease in sales by our retail partners for any reason or a bankruptcy proceeding involving any of them could have a material adverse impact on our business and results of operations.

The Consumer Group may have to recognise goodwill impairments recognised for its acquired businesses

The Consumer Group has made business acquisitions in recent years and may make further acquisitions in the future. It is possible that the goodwill which has been attributed, or may be attributed, to these businesses may have to be written-down if the Consumer Group's valuation assumptions are required to be reassessed as a result of any deterioration in their underlying profitability, asset quality and other relevant matters. Impairment testing in respect of goodwill is performed annually, or more frequently if there are impairment indicators present, and comprises a comparison of the carrying amount of the cash-generating unit with its recoverable amount. While no material impairment of goodwill was recognized at Consumer Group level in 2019 nor 2018, there can be no assurances that the Consumer Group will not have to write down the value attributed to goodwill in the future, which would adversely affect its results and net assets.

Future changes in our relationship with the Santander Parent may adversely affect our operations

The Santander Parent, directly and through wholly owned subsidiaries, owns 100% of our common stock. We rely on our relationship with the Santander Parent for several competitive advantages including relationships with manufacturers and regulatory best practices. The Santander Parent applies certain standardised banking policies, procedures and standards across its affiliated entities, including with respect to internal audit credit approval, governance risk management, and compensation practices. We currently follow certain of these the Santander Parent policies and may in the future become subject to additional policies, procedures and standards of the Santander Parent, which could result in changes to our practices. In addition, our credit ratings are affected by those of the Santander Parent, so if the Santander Parent were to suffer credit ratings downgrades or other adverse financial developments, we could be indirectly negatively impacted.

The Consumer Group may not effectively manage the risks arising from replacing benchmark market indices

Interest rate, equity, foreign exchange rate and other types of indices which are deemed to be "benchmarks" are the subject of increased regulatory scrutiny and reforms.

These index reforms that seek to replace an existing index with another risk-free alternative (particularly the reform of the London Interbank Offered Rate ("**LIBOR**") in the United States and the UK) may cause the benchmark indices to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be fully anticipated which introduces a number of risks for the Consumer Group. These risks include:

- (i) legal risks arising from potential changes required to documentation for new and existing transactions;
- (ii) financial and accounting risks arising from changes in the valuation, hedging, cancellation and recognition of financial instruments associated with benchmarks;
- (iii) business risk that the revenues from LIBOR-linked products decline;

- (iv) pricing risks arising from how changes to benchmark indices could impact pricing mechanisms on some instruments;
- (v) operational risks arising from the potential requirement to adapt IT systems, trade reporting infrastructure and operational processes;
- (vi) conduct risks arising from the potential impact of communication with customers and engagement during the transition period, and
- (vii) litigation risk in relation to the products and services offered by the Consumer Group, which could have an adverse effect on its profitability.

The replacement benchmarks and their transition path have been defined, but the mechanisms for implementation are under development. Accordingly, it is not currently possible to determine whether, or to what extent, any such changes would affect the Consumer Group, but could, amongst other things, increase operating costs and affect the validity of existing contracts and the valuation of the Consumer Group's assets, which in turn could have a material adverse effect on the Consumer Group's business, results of operations, financial condition and prospects.

Changes in accounting standards could influence reported profits or have an impact on capital

The accounting standard setters and other regulatory bodies periodically change the financial accounting and reporting standards that govern the preparation of our consolidated financial statements. These changes can materially impact how we record and report our financial condition and results of operations, as well as affect the calculation of its capital ratios. In some cases, we could be required to apply a new or revised standard retroactively, resulting in the restatement of prior period financial statements.

The consequences of the acquisition of Banco Popular Español, S.A. by our parent company (the "Acquisition") could harm our reputation and have a material adverse effect on the Banco Santander Group

On 7 June 2017, Banco Santander acquired the entire share capital of Banco Popular Español, S.A. ("Banco Popular") in execution of the resolution of the Steering Committee of the Spanish banking resolution authority ("FROB") on that same date (the "FROB Resolution").

The consequences of the Acquisition by our parent company could harm our reputation and have a material adverse effect on the Banco Santander Group.

3. Risks in relation to the Notes

General risks relating to the Notes

In any winding up of the Issuer, Holders may not be entitled to receive the currency of issue of the Notes

Should Holders be entitled to any amount with respect to the Notes in any winding-up of the Issuer, Holders might not be entitled in those proceedings to a recovery in the currency of issue of the Notes and might be entitled only to a recovery in euro or any other lawful currency of Spain or such other jurisdiction in which the Issuer may then be incorporated.

If an investor holds Notes which are not denominated in the investor's home currency, that investor will be exposed to movements in exchange rates adversely affecting the value of its holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

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

the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The Notes may be redeemed prior to maturity at the option of the Issuer or for taxation reasons

The Issuer may, at its option, redeem all, but not some only, of the Notes, at any time at their early redemption amount, together with accrued but unpaid interest up to (but excluding) the date of redemption, for taxation reasons as further described in Condition 4.

Early redemption features is likely to limit the market value of the Notes. During any period when the Issuer may 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 or at any time where there is any actual increase in the likelihood that the Issuer will be able to redeem the Notes early.

It is not possible to predict whether or not a circumstance giving rise to the right to redeem Notes early for taxation reasons will occur and so lead to the circumstances in which the Issuer is able to elect to redeem the Notes, and if so whether or not the Issuer will elect to exercise such option to redeem the Notes or any prior consent of the competent authority, if required, will be given. The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Suitability

Prospective investors should determine whether an investment in the Notes is appropriate in their particular circumstances and should consult with their legal, business and tax advisers to determine the consequences of an investment in the Notes and to arrive at their own evaluations of the investment.

Each potential investor in any of the Notes should determine the suitability of such investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and professional advisers, whether it:

- (i) has sufficient knowledge and expertise to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Information Memorandum, taking into account that the Notes may only be a suitable investment for professional or institutional investors;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for payments in respect of the Notes is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes, including the provisions relating to their status, and is familiar with the behaviour of financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear applicable risks.

A potential investor should not invest in the Notes unless it has the knowledge and expertise (either alone or with its financial and professional advisers) to evaluate how the Notes will perform under changing conditions, the resulting effects on the market value of the Notes and the impact of this investment on the potential investor's overall investment portfolio.

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

The trading market for debt securities issued by banks is influenced by economic and market conditions and, to varying degrees, interest rates, currency exchange rates and inflation rates in other Western and

industrialised countries. There can be no assurance that events in Spain, the UK (including the UK's exit strategy), Europe, the United States or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions will not have any other adverse effect.

The terms of the Notes contain very limited covenants and there are no restrictions on the amount or type of further securities or indebtedness which the Issuer may incur

There is no negative pledge in respect of the Notes and the Terms and Conditions place no restrictions on the amount or type of debt that the Issuer may issue that ranks senior to the Notes, or on the amount or type of securities it may issue that rank *pari passu* with the Notes. The issue of any such debt or securities may reduce the amount recoverable by Holders upon liquidation, dissolution or winding-up of the Issuer and may limit the ability of the Issuer to meet its obligations in respect of the Notes, and result in a Holder losing all or some of its investment in the Notes.

In addition, the Notes do not require the Issuer to comply with financial ratios or otherwise limit its ability or that of its subsidiaries to incur additional debt, nor do they limit the Issuer's ability to use cash to make investments or acquisitions, or the ability of the Issuer or its subsidiaries to pay dividends, repurchase shares or otherwise distribute cash to shareholders. Such actions could potentially affect the Issuer's ability to service its debt obligations, including those under the Notes.

The Notes may be subject to substitution and/or variation without Holder consent

Subject as provided herein, in particular to the provisions of Condition 4, if a circumstance giving rise to the right to redeem the Notes early for taxation reasons occurs, the Issuer may, at its option, and without the consent or approval of the Holders, elect either (i) to substitute all (but not some only) of the Notes or (ii) to modify the terms of all (but not some only) of such Notes, in each case so that they are substituted for, or varied to, become, or remain Qualifying Notes. While Qualifying Notes generally must contain terms that are materially no less favourable to Holders as the original terms of the Notes, there can be no assurance that the terms of any Qualifying Notes will be viewed by the market as equally favourable, or that the Qualifying Notes will trade at prices that are equal to the prices at which the Notes would have traded on the basis of their original terms.

Further, prior to the making of any such substitution or variation, the Issuer shall not be obliged to have regard to the tax position of individual Holders or Beneficial Owners of the Notes or to the tax consequences of any such substitution or variation for individual Holders or Beneficial Owners of the Notes. No Holder or Beneficial Owner of the Notes shall be entitled to claim, whether from the Issuing and Paying Agent, the Issuer, or any other person, any indemnification or payment in respect of any tax consequence of any such substitution or variation upon individual Holders or Beneficial Owners of Notes.

Potential conflicts of interest between the investor and the Calculation Agent

Potential conflicts of interest may arise between the Calculation Agent, if any, for a Tranche of Notes and the Holders (including where a Dealer acts as a calculation agent), including with respect to certain determinations that such Calculation Agent may make pursuant to the Terms and Conditions of the Notes.

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

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

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

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Deed of Covenant dated 19 June 2020 (the “**Deed of Covenant**”).

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes, the Programme or the Issuer. The credit ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the Regulation (EC) No. 1060/2009 (as amended) (“**CRA Regulation**”) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU or in the UK and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU/non-UK credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered or UK-registered credit rating agency or the relevant non-EU/non-UK rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings will be disclosed in the relevant Final Terms.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should consult its legal advisers to determine whether and to what extent (i) relevant Notes are legal investments for it, (ii) the relevant Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to the purchase of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules. Neither the Issuer, the Dealers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor of the relevant Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

Taxation in Spain

The Issuer is required to receive certain information relating to the Notes. If such information is not received by the Issuer 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 10/2014 and Royal Decree 1065/2007, as amended, payments of income in respect of the Notes will be made without withholding tax in Spain provided that the Issuing and Paying Agent provides to the Issuer at the relevant time a certificate in the Spanish language substantially in the form set out in Exhibit I, attached hereto.

This information must be provided by the Issuing and Paying Agent to the Issuer 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 and the Issuing and Paying Agent have arranged certain procedures to facilitate the collection of information concerning the Notes. If, despite these procedures, the relevant information is not received by the Issuer on each Payment Date, the Issuer will instruct the Issuing and Paying Agent to withhold tax at the then-applicable rate (as at the date of this Information Memorandum 19%) from any payment in respect of the relevant Notes. The Issuer will not pay any additional amounts with respect to any such withholding.

The Agency Agreement provides that the Issuing and Paying Agent will, to the extent applicable, comply with the relevant procedures to facilitate the collection of information concerning the Notes. See section titled "*Taxation – Taxation in Spain—Information about the Notes in Connection with Payments*".

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

Royal Decree 1065/2007 of 27 July, as amended, provides that any payment of interest made under securities originally registered in a non-Spanish clearing and settlement entity recognised by Spanish legislation or by the legislation of another OECD country will be made with no withholding or deduction from Spanish taxes provided that the relevant information about the Notes is received by the Issuer. In the opinion of the Issuer, payments in respect of the Notes will be made without deduction or withholding of taxes in Spain provided that the relevant information about the Notes is submitted by the Issuing 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 19%.

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

The value of and return on any Notes linked to a benchmark may be adversely affected by ongoing national and international regulatory reform in relation to benchmarks

Reference rates and indices such as Euro Interbank Offered Rate ("**EURIBOR**") or London Interbank Offered Rate ("**LIBOR**") and other interest rate or other types of rates and indices which are deemed to be "benchmarks" (each a "**Benchmark**" and together, the "**Benchmarks**"), to which the interest on securities may be linked, have become the subject of regulatory scrutiny and recent national and international regulatory guidance and proposals for reform. This has resulted in regulatory reform and changes to existing Benchmarks, with further change anticipated. Such reform of Benchmarks includes the Benchmark Regulation which was published in the official journal on 29 June 2016. The Benchmark Regulation applies to the provision of Benchmarks, the contribution of input data to a Benchmark and the use of a Benchmark within the European Union. It will, among other things, (i) require Benchmark administrators to be authorised or registered (or, if non-EU based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities such as the Issuer of Benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Separately, on 27 July 2017, the Financial Conduct Authority ("**FCA**") announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021. In a further speech on 12 July 2018, the FCA emphasised that market participants should not rely on the continued publication of LIBOR after the end of 2021, which indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The Bank of England and FCA are working on a transition to use the Sterling Overnight Index Average ("**SONIA**"). In addition, the European Money Markets Institute (EMMI) announced the discontinuation of the Euro Overnight Index Average ("**EONIA**") after 3 January 2022 and that from 2 October 2019 until its total discontinuation it will be replaced by the new Euro short-term rate (**€STR**) plus a spread of 8.5 basis points.

In addition, in order to accelerate the adoption of SONIA as a reference rate in sterling markets, the Bank of England published on 26 February 2020 a Discussion Paper entitled "*Supporting Risk-Free Rate transition through the provision of compounded SONIA*" whereby it sought views from sterling market participants on (i) the Bank of England's intention to publish a daily SONIA Compounded Index (which, subject to feedback, it is anticipated to commence in early August 2020) and (ii) the usefulness of the Bank of England publishing a simple set of compounded SONIA Period Averages, which would give users easy access to SONIA interest rates compounded over a range of set time periods (in order to determine whether there is market consensus on how to define the relevant time periods)-

The potential elimination of the LIBOR benchmark or any other Benchmark, or changes in the manner of administration of any Benchmark, as a result of the Benchmark Regulation or otherwise, could require an adjustment to the Terms and Conditions, or result in other consequences, in respect of any Notes linked to such Benchmark. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or be discontinued, which could have a material adverse effect on the value of, and return on, any such Notes.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of Benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements. Such factors may have the following effects on certain Benchmarks including EURIBOR and LIBOR: (i) discourage market participants from continuing to administer or contribute to the Benchmark; (ii) trigger changes in the rules or methodologies used in the Benchmark or (iii) lead to the disappearance of the Benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of, and return on, any Notes linked to or referencing to a Benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmark Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a Benchmark.

Floating Rate Notes may have a Rate of Interest determined by reference to SONIA and the market continues to develop in relation to SONIA

The Rate of Interest for Floating Rate Notes may be determined by reference to the daily Sterling Overnight Index Average (SONIA) rate as provided by The Bank of England. Where the Rate of Interest for Floating Rate Notes is determined by reference to SONIA, interest will be determined on the basis of, and the Reference Rate will be, Compounded Daily SONIA. Compounded Daily SONIA differs from Sterling LIBOR in a number of material respects, including (without limitation) that Compounded Daily SONIA is a backwards-looking, compounded, risk-free overnight rate whereas Sterling LIBOR is expressed on the basis of a forward-looking term and includes a credit risk-element based on inter-bank lending. As such, investors in Floating Rate Notes that reference Compounded Daily SONIA should be aware that Sterling LIBOR may behave materially differently from Compounded Daily SONIA. The use of SONIA as a reference rate is also nascent, and subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of debt securities referencing SONIA.

Accordingly, prospective investors in any Floating Rate Notes referencing Compounded Daily SONIA should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets and its adoption as an alternative to Sterling LIBOR. For example, in the context of backwards-looking SONIA, market participants and relevant working groups continue, as at the date of this Information Memorandum, to assess the differences between compounded rates and weighted average rates, and such groups are also exploring forward-looking term SONIA as a reference rate (which seeks to measure the market's forward expectation of an average SONIA rate over a designated term).

The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Terms and Conditions in the case of Floating Rate Notes referencing Compounded Daily SONIA. The development of SONIA as a reference rate, as well as the continued development of SONIA-based rates for such markets and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of Floating Rate Notes referencing Compounded Daily SONIA. Furthermore, the Issuer may in the future issue floating rate notes referencing SONIA that differ materially in terms of the interest determination provisions when compared with the provisions for such determination as set out in the Terms and Conditions as contained in this Information Memorandum. The nascent development of Compounded Daily SONIA as reference rate, as well as continued development of SONIA based rates and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any Floating Rate Notes referencing Compounded Daily SONIA.

Furthermore, the Rate of Interest on Floating Rate Notes referencing Compounded Daily SONIA is only capable of being determined at the end of the relevant Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in any such Floating Rate Notes to estimate reliably the amount of interest which will be payable on such Floating Rate Notes on each Interest Payment

Date, and some investors may be unable or unwilling to trade such Floating Rate Notes without changes to their technology systems, both of which factors could adversely impact the liquidity of such Floating Rate Notes.

In addition, the manner of adoption or application of each of SONIA as a reference rate for debt securities referencing Compounded Daily SONIA may differ materially when compared with the application and adoption of SONIA in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA as a reference rate across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Floating Rate Notes referencing Compounded Daily SONIA.

Since SONIA is a relatively new market reference rate, Floating Rate Notes referencing Compounded Daily SONIA may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities referencing Compounded Daily SONIA, such as the spread over the reference rate reflected in the interest rate provisions, may evolve over time, and trading prices of such debt securities may be lower than those of later issued debt securities as a result. Further, if Compounded Daily SONIA does not prove to be widely used in securities, the trading price of Floating Rate Notes referencing Compounded Daily SONIA may be lower than those of debt securities referencing other reference rates that are more widely used.

Investors in Floating Rate Notes referencing Compounded Daily SONIA may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. There can also be no guarantee that SONIA will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in such Notes. If the manner in which SONIA is calculated is changed, that change may result in a reduction in the amount of interest payable on Floating Rate Notes referencing Compounded Daily SONIA and the trading prices of such Notes.

Investors should carefully consider these matters when making their investment decision with respect to any such Notes.

Partly-paid Notes

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

Notes issued at a substantial discount or premium

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

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.

There is no active trading market for the Notes

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

active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

The taking of actions under Law 11/2015, which partially implements BRRD, and/or the SRM Regulation could materially affect the value of any Notes

The BRRD (which has been implemented in Spain through Law 11/2015, of 18 June, on the Recovery and Resolution of Credit Institutions and Investment Firms ("**Law 11/2015**") and Royal Decree 1012/2015, of 6 November, implementing Law 11/2015 ("**Royal Decree 1012/2015**") is designed to provide authorities with tools to intervene in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system. The BRRD further provides that any extraordinary public financial support through additional financial stabilisation tools is only to be used by a Member State as a last resort, after having assessed the resolution tools set out below to the maximum extent possible while maintaining financial stability.

As provided in the BRRD, Law 11/2015 contains four resolution tools and powers which may be used alone or in combination where the Relevant Resolution Authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest. The four resolution tools are: (i) sale of business - which enables resolution authorities to direct the sale of the institution or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the institution to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation - which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in - which gives resolution authorities the power to write down (including to zero) certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt to equity (the general bail-in tool), which equity could also be subject to any application of the relevant resolution tools. In accordance with Article 20 of Law 11/2015, an institution will be considered as failing or likely to fail in any of the following circumstances: (i) it is, or is likely in the near future to be, in significant breach of its solvency or any other requirements for maintaining its authorisation; (ii) its assets are, or are likely in the near future to be, less than its liabilities; (iii) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (iv) it requires extraordinary public financial support (except in limited circumstances). The determination that an institution is failing or likely to fail may depend on a number of factors which may be outside of that institution's control.

Condition 23 provides for the contractual recognition by the holders of the Notes (the "**Holder**s") of the conversion or write down upon bail-in.

In accordance with Article 48 of Law 11/2015 (and subject to any exclusions that may be applied by the Relevant Resolution Authority under Article 43 of Law 11/2015), in the case of any application of the Bail-in Power, the sequence of any resulting write-down or conversion by the Relevant Resolution Authority shall be as follows: (i) CET1 instruments; (ii) the principal amount of Additional Tier 1 capital instruments; (iii) the principal amount of Tier 2 capital instruments; (iv) the principal amount of other subordinated claims that do not qualify as Additional Tier 1 capital or Tier 2 capital instruments; and (v) the principal or outstanding amount of the eligible liabilities (*pasivos admisibles*) prescribed in Article 41 of Law 11/2015 (which would include the Notes). Any application of the Bail-in Power under BRRD shall be in accordance with the hierarchy of claims in normal insolvency proceedings (unless otherwise provided in applicable banking regulations).

The powers set out in the BRRD, as implemented in Spain through Law 11/2015 and Royal Decree 1012/2015 and the SRM Regulation will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Holders of Notes may be subject to write-down or conversion into equity on any application of the Bail-In Power. The exercise of powers under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of Holders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy their obligations under any Notes.

There may be limited protections, if any, that will be available to holders of securities subject to the Bail-In Power (including the Notes) and to the broader resolution powers of the Relevant Resolution Authority. Accordingly, Holders may have limited or circumscribed rights to challenge any decision of the Relevant Resolution Authority to exercise its Bail-in Power.

There remains uncertainty as to how or when the Bail-in Power may be exercised and how it would affect the Consumer Group and the Notes. The determination that all or part of the principal amount of the Notes will be subject to loss absorption is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the Issuer's control.

DOCUMENTS INCORPORATED BY REFERENCE

The English language translation of the Issuer’s audited consolidated annual accounts, the notes thereto and the Director’s report included on pages 2-298 of the PDF document of the translation of the Issuer’s Consolidated Annual Accounts and Directors’ Report for the year ended 31 December 2019 (the “**2019 Consolidated Financial Statements**”) and the Directors’ report thereon, attached thereto, and on 247-288 of the PDF document of the translation of the Issuer’s Consolidated Annual Accounts and Consolidated Director’ Report for the year ended 31 December 2018 (the “**2018 Consolidated Financial Statements**”) and the independent auditors’ report thereon shall be deemed to be incorporated in, and to form part of, this Information Memorandum.

Pursuant to Spanish regulatory requirements, Directors’ reports are required to accompany the audited consolidated financial statements as of and for each of the years ended 31 December 2019 and 2018. Investors are cautioned that the reports contain information of various historical dates and may not contain a current description of the business, affairs or results of the Consumer Group. The information contained in the Directors’ reports has not been audited or prepared for the specific purpose of the issue of the Notes and/or this Information Memorandum. Accordingly, the Directors’ reports should be read together with the other sections of this Information Memorandum. Any information contained in the Directors’ reports is deemed to be modified or superseded by any information contained elsewhere in this Information Memorandum that is subsequent to or inconsistent with it. Furthermore, the Directors’ reports include certain forward-looking statements that are subject to inherent uncertainty. Accordingly, investors are cautioned not to rely upon the information contained in such Directors’ reports.

- The 2019 Consolidated Financial Statements

https://www.santanderconsumer.com/wp-content/uploads/2020/04/SCF-Consolidated-financial-statements-and-Directors-report-31.12.19_2.pdf

- The 2018 Consolidated Financial Statements

https://www.santanderconsumer.com/wp-content/uploads/2019/04/SCF-Consolidated-financial-statements-and-Directors-report-31.12.18_Final.pdf

In relation to the 2019 Consolidated Financial Statements and the 2018 Consolidated Financial Statements, any information not specified in the cross-reference tables set out below but which is included in the documents from which the information incorporated by reference has been derived, is for information purposes only and is not incorporated by reference because it is not relevant for the investor.

Issuer Annual Financial Information and Annual Report

The tables below set out the relevant page references in the 2019 Consolidated Financial Statements and the 2018 Consolidated Financial Statements where the following information incorporated by reference in this Information Memorandum can be found:

Information incorporated by reference in this Information Memorandum	2019 Consolidated Financial Statements page reference
1. Independent Auditor’s report on consolidated financial statements for the year ended 31 December 2019.....	2-8
2. Audited consolidated balance sheets at 31 December 2019 and the comparative consolidated financial information of the Issuer at 31 December 2019 and 31 December 2018.....	9-10

3. Audited consolidated income statements for the year ended 31 December 2019 and the comparative consolidated financial information of the Issuer for the years ended 31 December 2019 and 31 December 2018.....	11
4. Audited consolidated statements of recognised income and expense for the year ended 31 December 2019 and the comparative consolidated financial information of the Issuer for the years ended 31 December 2019 and 31 December 2018.....	12
5. Audited consolidated statements of changes in total equity for the year ended 31 December 2019 and the comparative for the years ended 31 December 2019 and 31 December 2018.....	13-14
6. Audited consolidated cash flow statements for the year ended 31 December 2019 and the comparative consolidated cash flow statement of the Issuer for the years ended 31 December 2019 and 31 December 2018.....	15
7. Notes to the consolidated financial statements for the year ended 31 December 2019.....	16-235
8. Directors' report.....	256-298

Information incorporated by reference in this Information Memorandum	2018 Consolidated Financial Statements page reference
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1. Independent Auditor's report on consolidated financial statements for the year ended 31 December 2018.....	1-9
2. Audited consolidated balance sheets at 31 December 2018 and the comparative consolidated financial information of the Issuer at 31 December 2018 and 31 December 2017.....	11-12
3. Audited consolidated income statements for the year ended 31 December 2018 and the comparative consolidated financial information of the Issuer for the years ended 31 December 2018 and 31 December 2017.....	13
4. Audited consolidated statements of recognised income and expense for the year ended 31 December 2018 and the comparative consolidated financial information of the Issuer for the years ended 31 December 2018 and 31 December 2017.....	14
5. Audited consolidated statements of changes in total equity for the year ended 31 December 2018 and the comparative for the years ended 31 December 2018 and 31 December 2017.....	15-16
6. Audited consolidated cash flow statements for the year ended 31 December 2018 and the comparative consolidated cash flow statement of the Issuer for the years ended 31 December 2018 and 31 December 2017.....	17
7. Notes to the consolidated financial statements for the year ended 31 December 2018.....	18-222

8. Directors' report.....	247-288
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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 Issuer and 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 Euronext Dublin.

KEY FEATURES OF THE PROGRAMME

Issuer:	Santander Consumer Finance, S.A.
LEI code of the Issuer	5493000LM0MZ4JPMGM90
Risk Factors:	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under “ <i>Risk Factors</i> ”, above.
Arranger:	Barclays Bank Ireland PLC
Dealers:	Banco Santander, S.A., Bank of America Merrill Lynch International DAC, Barclays Bank Ireland PLC, Citigroup Global Markets Europe AG, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Coöperatieve Rabobank U.A., Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Credit Suisse Securities Sociedad de Valores S.A., Goldman Sachs International, HPC, S.A., ING Bank N.V., J.P. Morgan AG, J.P. Morgan Securities plc, NATIXIS, NatWest Markets N.V., NatWest Markets Plc, Skandinaviska Enskilda Banken AB (publ), Société Générale, UBS Europe SE and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular issue of Notes.
Issuing and Paying Agent:	Citibank, N.A., London Branch
Listing Agent:	Matheson
Programme Amount:	The aggregate principal amount of Notes outstanding at any time will not exceed EUR 10,000,000,000 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 Euro, Sterling, Swiss Francs, United States Dollars, Swedish Kronor, Norwegian Kroner, Danish Kroner and Polish Zloty, 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:	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, EUR 500,000; (c) for Sterling Notes, £100,000; (d) for Swiss Franc Notes, CHF 500,000; (e) for Swedish Kronor Notes, an amount in SEK equal to a minimum of EUR 100,000; (f) for Norwegian Kroner Notes, Nkr 1,500,000; (g) for Danish Kroner Notes, Dkr 1,000,000;

(h) for Polish Zloty Notes, PLN 500,000;

or such other conventionally accepted denominations in those currencies 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 Notes (or, if applicable 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 (*créditos ordinados*) of the Issuer, but subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), and upon the insolvency (*concurso*) of the Issuer (and unless they qualify as subordinated debts under article 92 of the Law 22/2003 of 9 July 2003 (*Ley Concursal*) (the “**Insolvency Law**”) or equivalent legal provision which replaces it in the future, and subject to any applicable legal and statutory exceptions) rank (a) *pari passu* and rateably without any preference among themselves and with any Senior Higher Priority Liabilities and (b) senior to (i) Senior Non Preferred Liabilities and (ii) any present and future subordinated obligations (*créditos subordinados*) of the Issuer in accordance with article 92 of the Insolvency Law.

“**Law 11/2015**” means Law 11/2015, of 18 June, on recovery and resolution of credit institutions and investment firms, as amended from time to time.

“**Senior Higher Priority Liabilities**” means any obligations in respect of principal of the Issuer under any Notes and any other unsecured and unsubordinated obligations (*créditos ordinarios*) of the Issuer, other than the Senior Non Preferred Liabilities; and

“**Senior Non Preferred Liabilities**” means any unsubordinated and unsecured senior non preferred obligations (*créditos ordinarios no preferentes*) of the Issuer under Additional Provision 14.2° of Law 11/2015, and any other obligations which, by law and/or by their terms, and to the extent permitted by Spanish law, rank *pari passu* with the Senior Non Preferred Liabilities.

Taxation: All payments under the Notes will be made without deduction or withholding for or on account of any present or future Spanish withholding taxes, unless the withholding is required by law (as stated under the heading “*Taxation – Taxation in Spain*”). In that event, subject to customary exceptions, the Issuer will pay such additional amounts as stated in the Notes.

Information Requirements under Spanish Tax law:	<p>Under Spanish Law 10/2014 and Royal Decree 1065/2007, each as amended, the Issuer is required to receive certain information relating to the Notes.</p> <p>If the Issuing and Paying Agent fails to provide the Issuer with the required information described under “<i>Taxation— Taxation in Spain</i>”, the Issuer will be required to withhold tax and may pay income in respect of the relevant Notes net of the Spanish withholding tax applicable to such payments (as at the date of the Information Memorandum 19%).</p> <p>None of the Issuer, the Arranger, the Dealers or the European clearing systems assumes any responsibility therefor.</p>
Form of the Notes:	<p>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 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 “<i>Certain Information in Respect of the Notes – Forms of Notes</i>”).</p>
Listing and Trading:	<p>Each issue of Notes may be admitted to the Official List and admitted to trading on the regulated market of Euronext Dublin 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. The Issuer shall be responsible for any fees incurred therewith. The Issuer shall notify the relevant Dealer of any change of listing venue in accordance with the Dealer Agreement. No Notes may be issued on an unlisted basis.</p>
Delivery:	<p>The Notes will be available in London for delivery to Euroclear or Clearstream, Luxembourg or to any other recognised clearing system (as its nominee or depositary) in which the Notes may from time to time be held.</p>
Selling Restrictions:	<p>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, Singapore, the Kingdom of Spain, France, Norway, the Kingdom of Sweden, Denmark, Switzerland and Taiwan (see “<i>Subscription and Sale</i>”).</p>
Governing Law:	<p>The status of the Notes, the capacity of the Issuer, the exercise of the Bail-in Power by the Relevant Resolution Authority 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.</p>

Use of Proceeds:

The net proceeds of the issue of the Notes will be used for the general funding purposes.

SANTANDER CONSUMER FINANCE, S.A.

An investment in the Notes may involve a high degree of risk. In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There are a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Information Memorandum a number of factors which could materially adversely affect its businesses and ability to make payments due under the Notes.

In addition, factors which are material for the purpose of assessing the market risk associated with Notes issued under the Programme are detailed below. The factors discussed below regarding the risks of acquiring or holding any Notes are not exhaustive, and additional risks and uncertainties that are not presently known to the Issuer or that the Issuer currently believes to be immaterial could also have a material impact on the Notes.

Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum and reach their own views prior to making any investment decision.

History and Development

The Issuer's legal name is Santander Consumer Finance, S.A. (the "**Issuer**" or "**SCF**"), its commercial name is "Santander Consumer" and its LEI Code is 5493000LM0MZ4JPMGM90. The Issuer belongs to a consolidated group of credit institutions, the parent company of which is Banco Santander, S.A. (the "**Banco Santander Group**").

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

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

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

The authorised and paid up share capital of the Issuer as at 31 December 2019 was EUR 5,638,638,516 divided into 1,879,546,172 ordinary shares having a face value of EUR 3 each. All issued share capital is fully paid up.

The registered office of the Issuer is located at Ciudad Grupo Santander, Avenida de Cantabria, s/n, Boadilla del Monte (Madrid), Spain. The telephone number of the Issuer's registered office is +34 91 289 0000. The website of the Issuer is <https://www.santanderconsumer.es>. The information on this website does not form part of this Information Memorandum unless that information is incorporated by reference into this Information Memorandum.

Business Overview

Principal Activities of the Issuer

The Issuer's objective is to receive funds from the public in the form of deposits, loans, repos or other similar transactions entailing the obligation to refund them, and to use these funds for its own account to grant loans and credits or to perform similar transactions. In addition, the Issuer is the holding company of a finance group and handles the investments of its subsidiaries.

The Issuer is part of the Banco Santander Group (as described above), the parent entity of which (Banco Santander, S.A.) had a 100% direct and indirect ownership interest in the share capital of the Issuer as at 31 December 2019. Banco Santander, S.A. has its registered office at Paseo de Pereda 9-12, Santander.

The Consumer Group's primary activity is related to automobile financing, personal loan and credit card businesses. However, it also works at attracting customer funds. The Consumer Group has 264 branches located throughout Europe (51 of which are in Spain) and engages in finance leasing, financing of third party purchases of consumer goods of any kind, full-service leasing ("renting") and other activities. Additionally, since December 2002, the Issuer has been the head of a European corporate group, consisting mainly of financial institutions, which engages in commercial banking, consumer finance, operating and finance leasing, full-service leasing and other activities in Germany, Italy, Austria, France, the Netherlands, Norway, Finland, Denmark, Sweden, Switzerland and Portugal. The role of the Issuer as head of the European Consumer Group can be summarized in four key points: (a) driving new agreements with auto and motorcycle manufactures on an European level; (b) driving the progress towards a more digital and analytical consumer finance model; (c) promoting the implementation of the best practices; and (d) watching over the capital efficiency and promoting the measures needed in order to improve it.

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

Enjoying as it does a strong leadership position in the European consumer finance market, and specialising in auto finance, loans for the purchase of durable goods, personal loans and credit cards, the Consumer Group has displayed consistent profitability, reporting a record attributable profit of EUR 1.1 billion in 2019.

Loans and advances amounted to EUR 98.6 billion in 2019, up 7.1% for the year. By country, growth was generally observed in all units.

On the liability side, customer deposits rose 7.9% while a total of EUR 37.3 billion in wholesale funding was secured in the year, through senior issuances, securitisations and other long-term issues.

In 2019 attributable profit amounted to EUR 1.1 billion (-7% with respect to 2018). The main reason for this was a decrease in sales of portfolios during the year and the derecognition of intangible assets due to obsolescence.

Revenues grew mainly due to net interest income which was up 3.5% on previous year.

Costs, taking into account administrative expenses and depreciation and amortization, also increased (2.2%) in line with the business. The efficiency ratio improved to 42.2%, slightly better than previous year.

The cost of risk for the year continued to be satisfactory, at 0.40% compared to 0.38% for the previous year. In 2018 and 2019 significant portfolio sales were made to keep cost of risk low. The NPL ratio increased 1 basis points to 2.01%. Coverage stood at 98%.

In short, the Consumer Group continued to prove that it can maintain high profitability and streamlined efficiency. The Consumer Group is working to achieve the expected results in all territories where the Consumer Group operates despite the uncertain environment due to COVID-19. The Consumer Group is taking actions in order to proactively help customers by improving payment affordability; and it is also

promoting credit protection insurances covering the impact of COVID-19. For customers having difficulties paying their loans, the Consumer Group offers a “payment holiday” of several months

New Business of the Issuer in 2019

The volume of new loans at December 2019 was EUR 41.3 billion, up by 4.5% compared with the previous year. This increase was supported by the car business and by direct business which increased by 6.3% and 8% respectively; The increase in car business was due to both used and new vehicles.

The area’s strategy, penetration and diversification have achieved a Top 3 share in our main markets.

The units with higher productions in 2019 were Germany (up 9.8%), the Nordic countries (down -6.2% compared with 2018), Spain (up 5% compared with 2018), France (up 9.7% compared with 2018) and Italy (up 12.2% compared with 2018).

The following table summarises new financing extended in 2019 by product line, compared with the previous year:

Unaudited	2019 financial year	Percentage of total activity	2018 financial year	Variation 2019/2018
	<i>(millions of Euro)</i>	<i>(percentage)</i>	<i>(millions of Euro)</i>	<i>(percentage)</i>
New Business				
Cars	28,508.7	69%	26,819.8	6.3%
<i>New cars</i>	17,753.1	43%	16,573.7	7.1%
<i>Used Cars</i>	10,755.6	26%	10,246.1	5%
Consumer Financing and Credit Cards	6,466.4	15.6%	6,613.5	-2.3%
Direct	4,607.2	11.2%	4,266.2	8%
Mortgages	226.2	0.5%	181.1	24.9%
Other	1,512.3	3.7%	1,652.9	-8.5%
Total financing activity	41,320.7	100.00%	39,533.5	4.5%

The automotive business comprises all the businesses related to the financing of new and used vehicles, including operating and finance leases.

Consumer financing and the credit cards business reflect the income from consumer products distributed through intermediaries (subscription agents or dealers) not included in the direct finance business. Credit cards represent the business of extending consumer credit by means of credit cards, including the management of the credit cards.

Direct financing comprises the financing of consumer products distributed through the Consumer Group’s own channels, without the use of intermediaries. It includes the marketing of personal loans for small amounts, with a short granting and approval period.

The mortgage financing business includes all activities related to financing backed by property as collateral.

Other businesses include operations that do not fit into any of the above categories.

At the end of 2019, the consolidated customer funds under management (customer deposits and marketable debt securities) reached EUR 75.6 billion, representing an increase of 13.1% compared to the EUR 66.8 billion recorded in the previous financial year. The Consumer Group holds banking licenses in the majority of the countries in which it operates. One of its main sources of funding is customer deposits in Germany and the Nordics. Consolidated customer deposits increased by 7.9% (from EUR 34.5 billion in 2018 to EUR 37.3 billion in 2019).

On the other hand, consolidated marketable debt securities increased by 18.6%, mainly due to new bonds and debentures outstanding.

At the meeting held on 25 June 2019, the Bank's Executive Committee adopted a resolution to update its Euro Medium Term Notes programme and issue notes for a maximum nominal amount of EUR 15 billion (which was subsequently increased to EUR 18 billion). This programme was listed on the Ireland Stock Exchange on 20 June 2019.

As of 31 December 2019, the outstanding balance of these notes amounts to EUR 14.0 billion (EUR 10.6 billion in 2018), and their maturity date is between 6 January 2020 and 14 November 2026. The annual interest rate on these securities stands at -0.4% and 1.5% in 2019 (0.12% and 2.4% in 2018).

The following table summarises customer funds under management in 2019, as compared to the previous financial year (the data does not include valuation adjustments or subordinated debt):

Customer Funds under management	2019 Financial year (audited) <i>(millions of euro)</i>	2018 Financial year (audited) <i>(millions of euro)</i>	Variation 2019/2018
Customer deposits	37,281.5	34,541.1	7.9%
Marketable debt securities	38,277.0	32,274.7	18.6%
Total client funds on balance sheet	75,558.5	66,815.8	13.1%

Main Markets in which the Issuer Competes

This primary level of segmentation, which is based on the Consumer Group's management structure, comprises six segments relating to five operating areas. The operating areas, which include all the business activities carried on therein by the Consumer Group, are Spain, Italy, Germany, Nordics, France and Other.

The following tables summarise customer lending and customer deposits by geographical area as at 31 December 2019, in comparison with the previous year (the data does not include valuation adjustments or subordinated debt):

Loans and advances to customers

	2019 Financial year (audited) <i>(millions of euro)</i>	Percentage of total activity	2018 Financial year (audited) <i>(millions of euro)</i>	Variation 2019/2018 (percentage)
Spain	15,241	15.5%	14,217	7.2%
Italy	9,186	9.3%	8,518	7.8%
Germany	35,504	36.1%	33,436	6.2%
France	13,968	14.2%	12,098	15.5%
The Nordics	16,362	16.7%	16,011	2.2%
Other Areas & Intragroup adjustments	8,038	8.2%	7,600	5.8%
Total	98,299	100%	91,880	7.0%

Customer Deposits

	2019 Financial year (audited)	Percentage of total activity	2018 Financial year (audited)	Variation 2019/2018 (percentage)
	(millions of euro)		(millions of euro)	
Spain	445	1.2%	379	17.5%
Italy	1,256	3.4%	1,123	11.8%
Germany	23,630	63.4%	23,163	2%
France	2,839	7.6%	2,463	15.3%
The Nordics	6,639	17.8%	5,493	20.9%
Other Areas & Intra Group Eliminations	2,473	6.6%	1,921	28.7%
Total	37,282	100%	34,541	7.9%

Alternative performance measures

In addition to financial information presented or incorporated by reference herein and prepared under IFRS-EU, certain APMs are included herein. The Issuer believes that the presentation of the APMs included herein complies with the ESMA Guidelines.

The financial measures contained in herein or incorporated by reference herein that qualify as APMs and non-IFRS measures have been calculated using the financial information from the Issuer but are not defined or detailed in the applicable financial information framework or under IFRS and have neither been audited nor reviewed by the Issuer's auditors. Prospective investors are cautioned not to place undue reliance on these measures, which should be considered as supplemental to, and not a substitute for, the financial information prepared in accordance with IFRS-EU included or incorporated by reference herein.

The Issuer uses these APMs and non-IFRS measures when planning, monitoring and evaluating its performance. The Issuer considers these APMs and non-IFRS financial measures to be useful metrics for management and investors to facilitate operating performance comparisons from period to period. While the Issuer believes that these APMs and non-IFRS financial measures are useful in evaluating its business, this information should be considered as supplemental in nature and is not meant as a substitute of IFRS measures. In addition, other companies, including companies in the Issuer's industry, may calculate such measures differently, which reduces their usefulness as comparative measures.

Cost-to-income (efficiency ratio)

The efficiency ratio is one of the most commonly used indicators when comparing (Cost-to-income) productivity of different financial entities. It measures the total income amount of resources used to generate the Issuer's operating income.

The efficiency ratio is the result of dividing the underlying operating expenses by the underlying total income (Gross Margin). For this purpose, underlying operating expenses is the sum of administrative expenses and amortisations.

	2019 Financial year	2018 Financial year
Efficiency ratio	42.2%	42.6%
	<i>Thousands of euro</i>	<i>Thousands of euro</i>
Underlying operating expenses	1,801,187	1,763,082
Underlying total income (Gross Margin)	4,268,062	4,134,464

Non-performing loans

It is defined as the total amount of doubtful balances with Customers, that is, positions classified as simple state of non-performing, precontentious doubtful balances, contentious and non precontentious doubtful balances. It is also sometimes referred to as “Low Credit Quality Loans”.

Non-performing loans ratio

The non-performing loans ratio is an important variable regarding financial institutions’ activity since it gives an indication of the level of risk the entities are exposed to. It calculates risks that are, in accounting terms, declared to be non-performing as a percentage of the total outstanding amount of customer credit.

The non-performing loans ratio is the result of dividing the non-performing loans and advances to customers, by total loans and advances to customers.

	2019 Financial year	2018 Financial year
Non-performing loans ratio	2.01%	2.00%
	<i>Thousands of euro</i>	<i>Thousands of euro</i>
Non-performing loans and advances to customers – stage 3 and risk contingencies	2,013,184	1,877,782
Total loans and advances to customers	100,237,001	93,788,522

Coverage ratio (“Coverage”)

The coverage ratio (“Coverage”) is a fundamental metric in the financial sector. It reflects the level of provisions as a percentage of the non-performing assets (credit risk). Therefore it is a good indicator of the entity’s solvency against client defaults both present and future.

The coverage ratio is the result of dividing provisions to cover impairment losses on loans and advances to customers by non-performing loans and advances to customers.

	2019 Financial year	2018 Financial year
Coverage ratio (“Coverage”)	98%	103%
	<i>Thousands of euro</i>	<i>Thousands of euro</i>
Provisions to cover impairment losses on loans and advances to customers.	1,938,389	1,908,163
Non-performing loans and advances to customers.	1,969,799	1,861,544

The cost of risk ratio

Quantifies loan-loss provisions arising from credit risk over a defined period of time for a given loan portfolio. As such, it acts as an indicator of credit quality.

Ratio obtained by dividing, in the numerator, the Total loan-loss provisions and in the denominator, the Average balance of the Gross Customer Loans over the 12 months in the reporting period. It indicates the credit quality of the loan portfolio.

	2019 Financial year	2018 Financial year
Cost of risk	0.40%	0.29%
	<i>Millions of euro</i>	<i>Millions of euro</i>

Total loan-loss Provisions

381

257

Average balance of the Gross Customer Loans over the 12 months

95,089

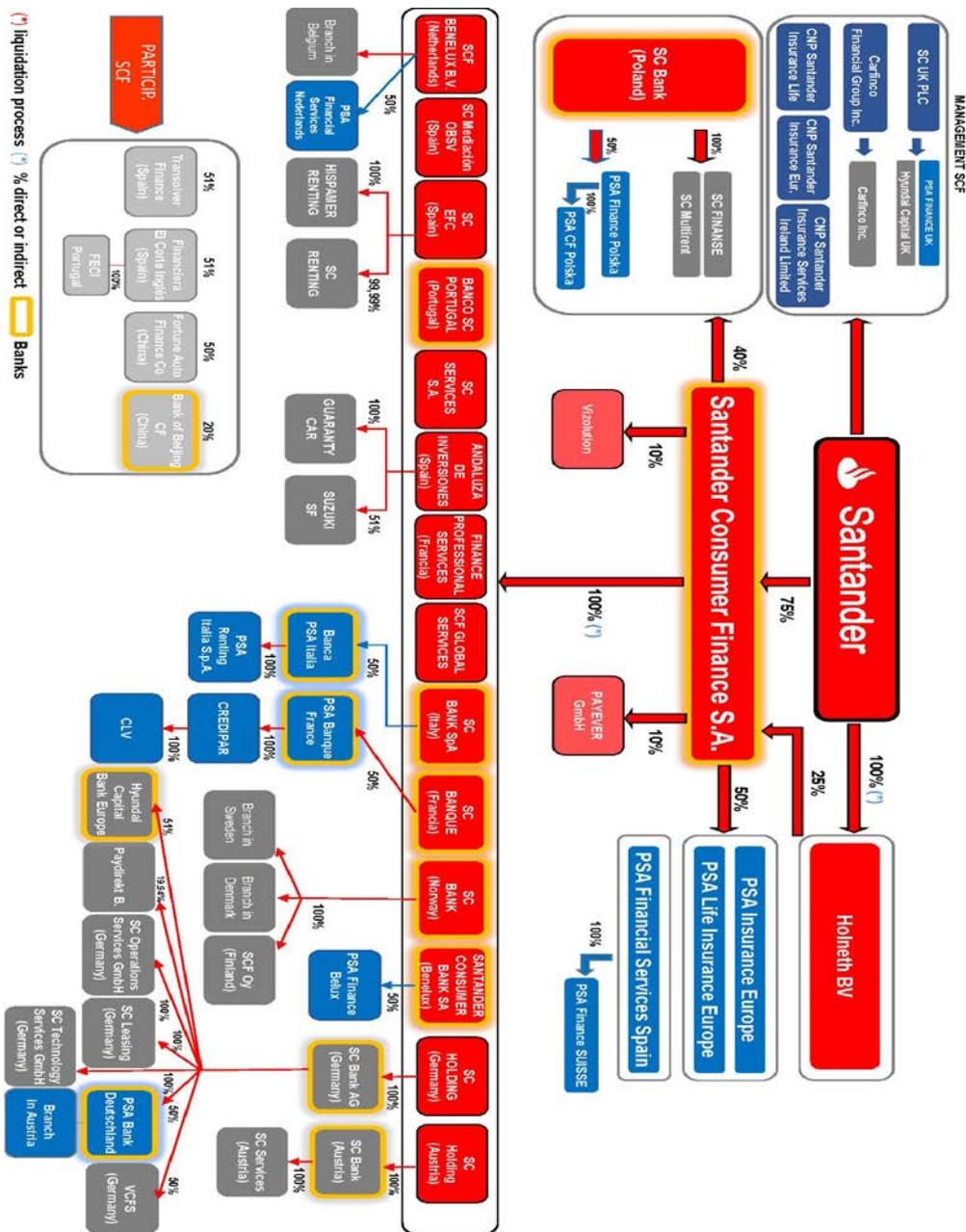
89,263

Organisational Structure

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

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

The diagram below summarises the organisational structure of the Consumer Group as of June 2020:



Recent Developments

2020

COVID-19

Since December 2019, COVID-19 has spread from China gradually to the rest of the world, mainly the Middle East, Europe (including Spain and the UK) and the United States, among others, causing a sharp on stock markets, a global slowdown in activity, and a high level of uncertainty due to its possible impact in the medium and long term on local and global economic activity.

On 17 March 2020, the Banco Santander Group announced that, although it was early to estimate the impact of COVID-19, it did not expect a significant hit to business activity in the first quarter of 2020 due to the COVID-19 and that the effects would in any case depend on how the situation develops. In the case of a “V-shaped” scenario of relatively minor impact (i.e. a quick decrease followed by a quick increase in Spanish gross domestic product), at the date the Banco Santander Group estimated a reduction in the order of 5% in results for 2020, without considering mitigating measures.

On 23 March 2020, Banco Santander, S.A. announced that (i) the Board of Directors will consolidate any dividend payment from 2020 earnings into a single payment in May 2021, (ii) that it had created a fund for the whole Banco Santander Group, financed by a reduction in senior management and board compensation, to which other employees can also contribute, to provide medical equipment and supplies to help limit the spread of the virus, and (iii) that the Banco Santander Group’s chair, Ana Botín, and chief executive officer, José Antonio Álvarez, have agreed to reduce their total compensation (salary and bonus) for 2020 by 50%.

On 28 April 2020, the Banco Santander Group announced that it had set aside provisions of EUR 1.6 billion in the first quarter of 2020 due to the projected downturn in macro-economic conditions as a result of the healthcare crisis caused by the COVID-19 pandemic. These provisions are based on an early estimate of loan losses due to the pandemic. However, as of today, due to the high level of uncertainty and quickly changing situation, it is still too soon to know what all the economic effects of the crisis will be or draw conclusions in this respect.

The Banco Santander Group continues to analyse the progress of the pandemic in all its markets on a daily basis, in accordance with the local needs of each country. Banco Santander, S.A. has already announced a series of measures to protect and support its employees and customers, including emergency liquidity lines for SMEs in difficulties; payment moratoria in some markets; branch closures to protect employees while ensuring the continuity of the service throughout the commercial network; protection of our teams, first by suspending travel and then by making teleworking easier; and, in the case of our shareholders, holding a totally remote annual general shareholders meeting on 3 April 2020.

Ratings review of the Issuer's rating

On 27 March 2020, the Issuer announced that Fitch confirmed the rating of long-term debt and deposits at A-/F2, changing the outlook from stable to negative in view of the economic consequences that COVID-19 may have on the rating in the medium term.

Furthermore, as a result of its change in methodology, Fitch has reviewed the rating given to the Issuer in relation to subordinated debt (T2) and rated BBB from BBB+ and Preference Shares (AT1) at BB+ from BB.

On 29 April 2020, the Issuer announced that S&P confirmed ratings of the Issuer changing the outlook from stable to negative in view of the economic consequences that COVID-19 may have on the Issuer.

On 24 April 2020, the Issuer announced that Moodys confirmed ratings of the Issuer.

As at the date of this Information Memorandum the Issuer has been assigned the following credit ratings:

Rating agency	Long term	Short term	Last report date	Outlook
Fitch	A-	F2	March 2020	Negative
Moody's	A2	P1	April 2020	Stable
S&P	A-	A-2	May 2020	Negative

Spanish Supreme Court ruling regarding interest rates

The Spanish Supreme Court (*Tribunal Supremo*) has recently issued a ruling with specific relevance to credit agreements relating to credit cards as a form of revolving credit and/or deferred payments (ruling 149/2020 of 4 March 2020). The ruling establishes (i) that credit cards as a form of revolving credit are a specific segment within the credit facilities market; (ii) that the Bank of Spain publishes a specific benchmark interest rate for this product in its official statistics gazette (*Boletín Estadístico*), which is the one to be used to determine the “normal interest of money”; (iii) that the average interest rate applicable to credit card and revolving credit transactions as published in the official statistics of the Bank of Spain was slightly higher than 20% and (iv) that an APR like the one analysed in the case studied by the Spanish Supreme Court, that is, between 26.82% and 27.24% is “significantly disproportionate”, which entails that the relevant contract shall be considered null and void and the relevant interest paid by the consumer shall be refunded. Unlike the preceding court ruling in this matter, which applied the supra duplum rule to determine when the interest rate shall be considered disproportionate (i.e. when exceeding twice the average ordinary interest rate), this new ruling does not provide specific criteria or accuracy which may allow entities to establish with legal certainty which level or gap from the “normal interest of money” can lead to the relevant agreement being considered null and void. This circumstance will probably lead to an increase in litigation and diverse judicial positions the impact of which cannot be determined at this time (although it is not expected to be material) and which will be specifically followed up and specifically managed.

2019

In addition, the most significant acquisitions and disposals of equity investments in Banco Santander Group entities in 2019 and other relevant corporate transactions which modified the Consumer Group’s scope of consolidation in this year were as follows:

On 23 December 2019, Andaluza de Inversiones, S.A. acquired a 93.89% stake in the company Autodescuento S.L., for a total amount of EUR 18,449,326.50. There is an agreement between the partners whereby in the next few years up to 100% of the company will be acquired by Andaluza de Inversiones, S.A. Taking into account the certainty of the execution of this agreement, it has been considered to integrate 100% of Autodescuento, S.L. into the consolidated Consumer Group.

On 22 August 2018, the Banco Santander Group, through its German subsidiary Santander Consumer Bank AG, entered into an agreement to acquire 51% of the shares representing the capital stock of Hyundai Capital Bank Europe, GmbH, owned by Hyundai Capital Services, Inc., Hyundai Motor Company and Kia Motors Corporation. On 15 February 2019, the parties executed an amendment to the purchase agreement dated 22 August 2018, whereby, in order to ensure the expansion of the business during 2019 and at the same time comply with regulatory requirements, they agreed to increase the company's reserves by EUR 90 million. Hyundai Capital Services Inc., as the company's final shareholder, following the acquisition by Santander Consumer Bank AG of 51% of the stake (leaving Hyundai Motor Company and Kia Motors Corporation as shareholders), on 31 January 2019 increased the company's reserves by EUR 44.1 million, with the commitment by Santander Consumer Bank AG to contribute EUR 45.9 million, once it is a shareholder. It was also agreed that the contribution of EUR 44.1 million made by Hyundai Capital Services Inc. would not form part of the calculation of the price to be paid at the time of the acquisition. On 28 March 2019, and once the corresponding regulatory authorizations (European and local) had been obtained, the parties executed the share transfer agreement whereby Santander Consumer Bank AG acquired 51% of the share capital of Hyundai Capital Bank Europe, GmbH, whose share capital was EUR 11.3 million, fully paid up and represented by 11,257,892 shares with a par value of EUR 1 each, through the acquisition of 5,741,525 shares with a par value of EUR 1 each, all with voting rights, for a total amount of EUR 57.6 million.

2018

Santander Consumer Technology Services GmbH and Santander Consumer Operations Services GmbH

On 16 October 2018, Santander Consumer Bank AG signed the acquisition of Isban DE GmbH from Software Bancario S.L. and Produban Servicios Informáticos Generales, S.L. for EUR 22.7 million. The effective date for the transaction was 1 November 2018. The contract includes a valuation adjustment dependent on the changes in Isban DE's equity between 31 October 2017 (valuation date) and 1 November 2018 (effective date). On 18 December 2018, an adjustment was recognised and Santander Consumer Bank AG paid an extra EUR 1.5 million. Nevertheless, the sellers will have to pay back EUR 2.1 million to the buyer in another adjustment that has not yet been made. The total value of the acquired assets amounts to EUR 159.9 million, of which EUR 26.3 million correspond to cash and cash equivalents, whereas the value of the acquired liabilities amounts to EUR 148.5 million.

On 20 November 2018, the corporate name of Isban DE GmbH was changed to Santander Consumer Technology Services GmbH.

Similarly, and on the same date, Santander Consumer Bank AG signed the acquisition of Santander Service GmbH from Geoban, S.A. for EUR 9.1 million. The effective date for the transaction was 1 November 2018. The contract includes a valuations adjustment dependent on the changes in Santander Service's equity between 31 October 2017 (valuation date) and 1 November 2018. On 20 December 2018, an adjustment was recognised and Santander Consumer Bank AG paid an extra EUR 8.9 million. The total value of the acquired assets amounts to EUR 46.5 million, of which EUR 30.2 million correspond to cash and cash equivalents, whereas the value of the acquired liabilities amounts to EUR 40.6 million.

On 9 November 2018, the corporate name of Santander Service GmbH was changed to Santander Consumer Operations Services GmbH.

On 23 August 2018, the Consumer Group, through its German subsidiary Santander Consumer Bank AG, signed the acquisition of 51% of the shares of Hyundai Capital Bank Europe GmbH, property of Hyundai Capital Services, Inc. Hyundai Motor Company and Kia Motors Corporation. The main object of the acquired firm is the financing of Hyundai and Kia vehicles, as well as other related services. The transaction was finalised on 28 February 2019.

Capital increases

In 2019 and 2018, in addition to the transactions described above, certain investees carried out capital increases that were fully subscribed and paid. The most significant of these were as follows:

	Millions of Euro (*)	
	2019	2018
Santander Consumer Holding, GmbH.....	-	150
Banca PSA Italia S.p.A. (**).....	30	-
Hyundai Capital Bank GmbH (**).....	30.6	-
PSA Bank Deutschland GmbH (**).....	10	-
PSA Financial Services Nederland B.V.(**)	-	-
PSA Life Insurance Europe Ltd (Malta (**)).....	-	-
.....	<u>116.5</u>	<u>150</u>

(*) Includes only the disbursements made by the Consumer Group in these capital increases.

(**) Relates to the subscription of 50% in the share capital of these entities.

Notifications of acquisitions of investments

The notifications of acquisitions of ownership interests which, as the case may be, must be disclosed in the notes to the consolidated financial statements in accordance with Article 155 of the Spanish Limited Liability Companies Law and Article 125 of Legislative Royal Decree 4/2015, of 23 October, was approved the Spanish Consolidated Securities Market Law, are included, as appropriate, in Appendix III.

Events after the reporting period

In the meeting celebrated on 17 January 2019, the Board of Directors approved the distribution of the profit for the year 2019 through a dividend that amounts to EUR 501.8 million. Apart from the above and the issues considered in the risk factor entitled “*Risk Factors - Macro-Economic and Political Risks - The decrease in the Banco Santander Group’s economic activity and international commerce as a result of the coronavirus (“COVID-19”) could materially impact the Consumer Group*”, we are not aware of any other events.

Board of Directors

The Board of Directors has extensive powers to manage, administer and govern all matters related to our business, subject only to any powers exercisable solely by the General Meeting of shareholders. Our Board of Directors, in accordance with its corporate by laws (*estatutos sociales*), is comprised of no less than five and no more than fifteen members appointed by the General Meeting of shareholders for a three-year term and re-elected as applicable for further three-year terms. All of the Directors are appointed by the Banco Santander Group, owner of 100% of our shares, at the General Meeting of shareholders. Members of the Board of Directors may not necessarily be shareholders, except in the event that vacancies on the Board of Directors arise during the interval between General Meetings, in which case, the relevant vacancy is typically filled by the Board of Directors itself by co-opting the shareholders.

As at the date of this Information Memorandum, the Board of Directors was comprised of eleven members, excluding its Non Director Secretary, as set out in the table below.

Board Members	Functions	1st Appointment Date	Reelection Date
D. Antonio Escámez Torres	Chairman	10/06/1999	20/12/2018
D. Jose Luis de Mora Gil Gallardo	Deputy Chairman	31/12/2019	
D. Bruno Montalvo Wilmot	Member	24/05/2012	20/12/2018
Dña. Inés Serrano González	Member	27/03/2008	20/12/2018
D. Jean-Pierre Landau	Member	23/12/2015	28/02/2019
D. Luis Alberto Salazar-Simpson Bos	Member	29/05/2013	20/12/2018
D. David Turiel López	Member	04/06/2008	20/12/2018
Andreu Plaza López	Member	24/07/2018	
Jose Manuel Robles Fernández	Member	30/10/2018	
Alejandra Kindelan Oteyza	Member	28/02/2019	
Benita Ferrero-Waldner	Member	01/08/2019	
D. Fernando García Solé	Non-Director Secretary	22/07/1999	-

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

Directors	Company Name	Functions
D. Antonio Escámez Torres	Open Bank, S.A.	Deputy Chairman
	Arena Media Communications España S.A.	Chairman
	Santander Consumer Finance, S.A.	Chairman
	Fundacion Konecta	Chairman
	Fotovoltaica Tarazona Once, S.L.	Sole Administrator
D. David Turiel López	Santander Consumer Finance, S.A.	Member of the Board of Directors
	Banco Santander Consumer Portugal, S.A.	Chairman
	PSA Banque France, S.A.	Member of the Board of Directors
	Santander Consumer Bank, S.A. (Polonia)	Member of the Supervisory Board
	Compagnie Generale de Credit AUXPARTICULIERS - CREDIPAR	Member of the Board of Directors
	PSA Finance Polska sp.z.o.o.	Member of the Board of Directors
	Finance Professional Services SAS	Sole Administrator
	Santander Consumer Banque, S.A.	Chairman of the Supervisory Board
D. Luis Alberto Salazar-Simpson Bos	Santander Consumer Finance, S.A.	Member of the Board of Directors
	Constructora Inmobiliaria Urbanizadora Vasco-Aragonesa, S.A.	Chairman
D. Bruno Montalvo Wilmot	Santander Consumer Bank A.S. (Noruega)	Deputy Chairman
	Santander Consumer UK	Member

	Santander Consumer Finance, S.A.	Member of the Board of Directors
	PSA Finance UK Limited	Member of the Board of Directors
	Forune Auto Finance Co.Ltd	Deputy Chairman
Dña. Inés Serrano González	Santander Consumer Holding GmbH	Member of the Supervisory Board
	Financiera El Corte Inglés, E.F.C, S.A.	Member of the Board of Directors
	Santander Consumer Bank AG	Member of the Supervisory Board
	Santander Consumer Finance, S.A.	Member of the Board of Directors
D. Jose Luis De Mora Gallardo	Banco Santander, S.A.	Director
	Santander Consumer Finance, S.A.	Deputy Chairman of the Board of Directors
	Bank Zachodni WBK S.A.	Member of the Board of Directors
Andreu Plaza López	Santander Consumer Finance, S.A.	Member of the Board of Directors
	Santander Global Technology, S.L.	Member of the Board of Directors
	Santander Global Operations, S.A.	Member of the Board of Directors
	Banco Santander Totta, S.A.	Member of the Board of Directors
	Banco Santander Uruguay, S.A.	Member of the Board of Directors
Jean Pierre Landau	Santander Consumer Banque, S.A.	Member of the Supervisory Board
	Santander Consumer Finance, S.A.	Member of the Board of Directors
Alejandra Kindelan	Santander Consumer Finance, S.A.	Member of the Board of Directors
	Banco Santander Rio	Member of the Board of Directors

The Board of Directors meets at least four times a year and may meet more frequently in certain circumstances.

The professional address of our management is Ciudad Grupo Santander, Avenida de Cantabria s/n, Boadilla Del Monte (Madrid, Spain).

Executive Committee

The Executive Committee of the Board of Directors has been delegated all the powers of the Board of Directors, except for those that cannot be delegated. The table below shows the members of the Executive Committee as at the date of this Information Memorandum:

Executive Committee Members	Functions
D. Antonio Escámez Torres	Chairman
D. José Luis de Mora Gil-Gallardo	Member
D. Bruno Montalvo Wilmot	Member
Dña. Inés Serrano González	Member
D. David Turiel López	Member
D. Fernando García Sole	Secretary

Audit Committee

The main responsibilities of the Audit Committee are to:

- a) To report to the General Shareholders' Meeting on any issues relating to the committee's area of responsibility, and particularly on the results of the audits, explaining how this has contributed to the integrity of the financial information presented, and the role played by the committee in the process.
- b) To supervise the efficiency of the Issuer's Internal Control function, internal audit and risk management systems, and discuss with the auditor of the Issuer's financial statements any significant weaknesses in the internal control system detected during the audit, while remaining independent at all times. For these purposes, any recommendations or proposals may be submitted to the management body, in addition to the corresponding monitoring term.
- c) To supervise the preparation and presentation of mandatory financial information and present recommendations and proposals to the governing body to safeguard its integrity.
- d) To submit to the Board of Directors all proposals for the selection, appointment, re- election or replacement of the auditor of the Issuer's financial statements, taking responsibility for the selection process in accordance with article 16, sections 2, 3 and 5, and 17.5 of Regulation (EU) 537/2014, of 16 April, and the contracting conditions of the auditor, in addition to regularly collecting information on the audit plan and its execution, while preserving the independence of its functions.
- e) To establish suitable relations with the external auditor in order to receive information on any issues that might threaten its independence, so that this information may be examined by the Committee, and any other information related to the audit of the financial statements, and when necessary to authorize services other than those prohibited in accordance with article 5, sections 4, and 6.2.b) of Regulation (EU) 537/2014, of 16 April and under title I, chapter IV, section 3 of Law 22/2015, of 20 July, on accounts auditing, in relation to independence, and any other disclosures stipulated in audit legislation and auditing standards. Every year, the Committee shall receive from the external auditor a statement of its independence in its relations with the entity or entities to which it is linked directly or indirectly, in addition to detailed information on each

additional service of any kind rendered and the corresponding fees received from these entities by the external auditor or persons or entities linked to the external auditor, pursuant to the regulations governing the audit of financial statements.

- f) To produce an annual report, prior to the issue of the audit report, expressing an opinion on whether the independence of the auditors or audit companies has been compromised in any way. This report must provide an assessment based on each of the additional services rendered referred to in the previous point, considered separately and as a whole, other than statutory audit services, and in relation to the system to ensure independence as well as any other audit regulations.
- g) To report to the Board of Directors on all issues stipulated by law, the by-laws and the Rules and Regulations of the Board, specifically regarding:
 - 1. The financial information the Issuer should publicly disclose on a regular basis.
 - 2. The creation or acquisition of stakes in special purpose vehicles or entities domiciled in countries or territories that are considered to be tax havens, and
 - 3. Transactions with related parties.
- h) Participate in any proposal to appoint and / or remove the Chief Audit Executive (CAE)
- i) Participate in the setting of objectives for the CAE, as well as the CAE's annual performance and variable remuneration assessment.

The Audit Committee members are set out in the following table:

Jean Pierre Landau	Member
Luis Alberto Salazar-Simpson	Chairman
José Manuel Robles Fernández	Member
Benita Ferrero-Waldner	Member
Fernando García Solé	Secretary

Risk Supervision, Regulation and Compliance Committee

The Committee shall have the following responsibilities, in addition to any others attributed to it under prevailing legislation:

- a) To support and advise the Board of Directors in defining and assessing the risk policies affecting the Issuer and in determining its risk propensity and strategy.

The Issuer's risk policies should include:

- Identification of the various types of risk (operational, technological, financial, legal, and reputational) that the Issuer faces, with financial and economic risks being understood to include contingent liabilities and off-balance sheet liabilities;
- Establishing the risk appetite that the Issuer deems acceptable;
- The planned measures to mitigate the impact of identified risks, in the event that they materialize; and
- The information and internal control systems that will be used to control and manage such risks, including tax risks.

- b) Assistance to the board in monitoring the implementation of the risk strategy, and the alignment thereof with Strategic Commercial Plans.
- c) To assist the board in approving capital and liquidity strategies and to supervise their implementation.
- d) Ensuring that the pricing policy for the assets and liabilities offered to customers is fully aligned with the Issuer's business model and risk strategy. Where this is not the case, the committee shall submit a plan to correct the policy to the Board of Directors.
- e) To understand and assess the risks arising from the macroeconomic environment and the economic cycles that form the backdrop to the activities of the Issuer and the Consumer Group. Systematic review of exposure for major customers, economic activity sectors, geographic areas and risk types.
- f) Supervision of the risk function, without prejudice to the direct access of this to the Board of Directors. Specifically:
- To report the Appointments Committee proposals for the appointment of the Chief Risk Officer (CRO).
 - To ensure the independence and effectiveness of the risk function;
 - To ensure that the risk function has the human and material resources needed for its work.
 - To receive regular information on its activities, including any weaknesses identified and breaches of established risk limits.
 - Annual appraisal of the risk function and the performance of the Chief Risk Officer (CRO).
- g) Support and assistance to the board in the performance of stress tests by the Issuer, in particular by assessing the scenarios and assumptions to be used in such tests, evaluating the results thereof and analysing the measures proposed by the Risk Function as a consequence of such results.
- h) To understand and assess the management tools, improvement measures, development of projects and other significant activity related to risk control, including the policy on internal risk models and their internal validation.
- i) To determine, together with the Board of Directors, the nature, amount, format and frequency of the risk information to be received by the Committee and the Board of Directors. In particular, the committee shall receive periodic information from the Chief Risk Officer (CRO).
- j) To assist in establishing rational remuneration policies and practices. For this purpose, without prejudice to the duties of the Remuneration Committee, the Committee shall examine whether the incentives policy envisaged in the remuneration scheme takes into account risk, capital, liquidity and the probability and opportunity of profit. In conjunction with the Remuneration Committee, the Committee should also conduct subsequent analysis of the criteria used to determine compensation and the ex-ante risk adjustment, based on how risks previously assessed actually materialised.
- k) To supervise the compliance function and, in particular:
- To report the Appointments Committee proposals for the appointment of the Chief Compliance Officer (CCO).
 - To ensure that the compliance function has the human and material resources needed for its work;
 - To regularly receive information regarding its activities;

- Regular assessment of the operation of the Issuer’s compliance programme, making the proposals required for its improvement, and an annual report on the performance of the Chief Compliance Officer (CCO). It is also responsible for overseeing the operation and compliance of the criminal risk prevention system. In the performance of this task, the committee will have autonomous initiative and control powers. This includes, without limitation, the power to obtain any information it deems appropriate and to call any officer or employee of the Consumer Group, specifically including the heads of the compliance function and of the various committees related to this area that may exist in order to assess their performance, as well as the power to commence and direct such internal inquiries as it deems necessary into events related to any possible non-compliance with the criminal risk prevention model.
Furthermore, the committee shall periodically evaluate the operation of the prevention model and the effectiveness thereof in preventing or mitigating the commission of crimes, for which purpose it may rely on external assessment when it feels this is appropriate, and shall propose to the Board of Directors any changes to the criminal risk prevention model and to the compliance programme in general that it deems fit in view of such evaluation.
 - To report on the approval of and modifications to the regulatory compliance policy, the General Code of Conduct, manuals and procedures for anti-money laundering and terrorist financing procedures and other sector codes and regulations requiring the approval of the Board of Directors, ensuring that these are suitably aligned with the corporate culture, and to oversee compliance with these.
 - To establish and supervise a mechanism that enables Banco Santander Group employees to confidentially and anonymously report breaches of regulatory requirements and internal governance, whether actual or potential, with specific procedures for receiving reports and their monitoring that ensure that the employee is adequately protected.
 - To receive information and, where applicable, issue reports concerning any disciplinary measures applied to members of senior management.
 - To supervise the implementation of actions and measures resulting from reports and inspections by the administrative, supervisory and control authorities.
- l) Review of the Issuer’s corporate social responsibility policy, ensuring that it is aimed at value creation for the Issuer, and monitoring of the strategy and practices in this field, evaluating the level of adherence thereto.
- m) To support and advise the Board in relation to the Corporate Governance System and the Issuer’s internal governance, with regular assessment of the effectiveness of the Issuer’s governance system.
- n) To support and advise the Board in relations with supervisors and regulators.
- o) To monitor and assess any regulatory proposals and new regulations that may be applicable.
- p) To report on any proposed amendments to this Charter prior to their approval by the Board of Directors.
- q) To evaluate, at least once a year, its operation and the quality of its work.
- r) Participate in any proposal to appoint and / or remove the Chief Risk Officer and the Chief Compliance Officer.
- s) Validate the performance objectives of the Chief Risk Officer and the Chief Compliance Officer.

To ensure the adequate exercise of its functions, the Issuer shall guarantee that the Committee has access to information on the Issuer's risk situation and, where necessary, the Risk Management unit and specialist external assessment.

The Risk Supervision, Regulation and Compliance Committee members are set out in the following table:

José Manuel Robles Fernández	Chairman
Fernando García Solé	Secretary
Jean-Pierre Landau	Member
Antonio Escámez Torres	Member
Luis Alberto Salazar-Simpson	Member

Nomination Committee

The main responsibilities of the Nomination Committee are the following:

- a) To identify and recommend for approval by the Board of Directors or the General Meeting Board, candidates to fill vacant board positions.
- b) To evaluate the knowledge, capacity, diversity and experience of the Board of Directors and elaborate a description of the functions and aptitudes needed to a concrete nomination, taking into account the expected time commitment of that particular position.
- c) To evaluate regularly, at least once a year, the suitability of the members of the Board of Directors and of the Board as a unit. Then inform to the Board of Directors of the results of this evaluation.
- d) To regularly review the Board of Directors policy regarding the selection process and the nomination process for senior management members and make recommendations.
- e) To establish, in accordance with article 31.3 of 10/2014 Law of June 26th, an objective of equal gender representation in the Board of Directors and elaborate orientations about how to increase the number of people of the less represented gender in order to achieve the objective of equality. The objective, the proposed actions and its application will be published with the information required to be included by 435.2.c) of the UE Regulation number 575/2013 of 26 June 2013. The Bank of Spain will send this information to the European Banking Authority.

The Nomination Committee members are set out in the following table:

Jean-Pierre Landau	Chairman
Luis Alberto Salazar-Simpson	Member
Benita Ferrero-Waldner	Member
Fernando García Solé	Secretary

Remuneration Committee

The main responsibilities of the Remuneration Committee are the following:

- a) To prepare decisions relating to remuneration that the Board of Directors must adopt, including those that have an impact on the Issuer's risk and risk management.

- b) To report on the general remuneration policy for the members of the Board of Directors, senior executives and similar posts, and on the individual remuneration and other contract conditions for members of the Board of Directors who perform executive functions, ensuring that these are observed.
- c) To oversee compliance with the remuneration policy established by the Issuer for members of the Board of Directors and senior management.
- d) To regularly review remuneration programmes, evaluating their performances and the need for modifications, ensuring that the remuneration for executives reflects the criteria of moderation and suitability in terms of the Issuer's results.
- e) To ensure the transparency of remuneration and, to that end, submit all relevant information to the Board of Directors.

The Remuneration Committee members are set out in the following table:

José Manuel Robles Fernández	Chairman
Fernando García Solé	Secretary
Luis Alberto Salazar-Simpson	Member
Antonio Escámez Torres	Member
Jean-Pierre Landau	Member

Conflict of Interest

None of the members of the Board of Directors or persons related to them perform, as independent professionals or as employees, activities that involve effective competition, be it present or potential, with the activities of the Consumer Group, or that, in any other way, place the directors in an ongoing conflict with the interests of the Consumer Group.

As stipulated in Article 18 of the Rules and Regulations of the Board, the directors must notify the Board of any direct or indirect conflict of interest that they might have with the Issuer. The Board of Directors shall be aware of any transactions conducted by the Issuer, directly or indirectly, with directors, significant shareholders or shareholders with board representation, or persons related thereto. These transactions should be authorised by the Board of Directors on the basis of a favourable report by the corresponding Nomination and Remuneration Committee.

In 2019 and 2018 the Issuer's directors did not report to the Board of Directors or to the General Meeting any direct or indirect conflict of interest that they or persons related to them might have.

Litigation

There are no prior or current governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) during the previous 12 months which may have, or have had in the recent past, significant effects on the Issuer and/or the Consumer Group's current or future financial position or profitability.

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 used for the general funding purposes of the Consumer 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 at any one time is EUR 10,000,000,000 (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, EUR 500,000;
- (c) for Sterling Notes, £100,000;
- (d) for Swiss Franc Notes, CHF 500,000;
- (e) for Swedish Kronor Notes, an amount in SEK equal to a minimum of EUR 100,000;
- (f) for Norwegian Kroner Notes, Nkr 1,500,000;
- (g) for Danish Kroner Notes, Dkr 1,000,000;
- (h) for Polish Zloty Notes, PLN 500,000,

or such other conventionally accepted denominations in those currencies 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 and related contractual documentation, and the Deed of Covenant have been created

The status of the Notes, the exercise of the Bail-in Power by the Relevant Resolution Authority the capacity of the Issuer 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 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 depository or common depository for Euroclear and/or Clearstream, Luxembourg 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 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 Euro, Sterling, Swiss Francs, U.S. Dollars, Swedish Kronor, Norwegian Kroner, Danish Kroner and Polish Zloty, 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 (*créditos ordinarios*) of the Issuer and, upon the insolvency (*concurso*) of the Issuer (and unless they qualify as subordinated debts under article 92 of the Insolvency Law or equivalent legal provision which replaces it in the future, such payment obligations in respect of principal rank (a) *pari passu* and rateably without any preference among themselves and with any Senior Higher Priority Liabilities and (b) senior to (i) Senior Non Preferred Liabilities and (ii) any present and future subordinated obligations (*créditos subordinados*) of the Issuer in accordance with article 92 of the Insolvency Law.

“**Law 11/2015**” means Law 11/2015, of 18 June, on recovery and resolution of credit institutions and investment firms, as amended from time to time.

“**Senior Higher Priority Liabilities**” means any obligations in respect of principal of the Issuer under any Notes and any other unsecured and unsubordinated obligations (*créditos ordinarios*) of the Issuer, other than the Senior Non Preferred Liabilities; and

“**Senior Non Preferred Liabilities**” means any unsubordinated and unsecured senior non preferred obligations (*créditos ordinarios no preferentes*) of the Issuer under Additional Provision 14.2^o of Law 11/2015, and any other obligations which, by law and/or by their terms, and to the extent permitted by Spanish law, rank *pari passu* with the Senior Non Preferred Liabilities.

In the event of insolvency (concurso) of the Issuer, under the Insolvency Law, claims relating to 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 (including, for Notes sold at a discount, the amortization 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).

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 1 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 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 (or the discount rate, if applicable) 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 shareholders of the Issuer passed on 18 October 2007 and of the Board of Directors of the Issuer passed on 27 May 2010. The update of the Programme and the issuance of Notes pursuant thereto was authorised by resolutions of the shareholder of the Issuer passed on 28 May 2020, the Board of Directors of the Issuer passed on 28 May 2020 and the Executive Committee passed on 11 June 2020. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Admission to Trading and Dealing Arrangements

Application has been made to Euronext Dublin 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 Euronext Dublin. 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., London Branch at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB (United Kingdom), 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.

As at the date of this Information Memorandum, the Programme's short-term public credit rating is as follows:

S&P: A-2

Fitch: F1

Moody's: P-1

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 REPRESENTED BY THIS GLOBAL NOTE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR ANY U.S. STATE SECURITIES LAWS AND 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 REGULATIONS UNDER THE SECURITIES ACT) UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE SECURITIES OF THE TRANCHE OF WHICH THIS SECURITY FORMS PART.

SANTANDER CONSUMER FINANCE, S.A.

(LEI: 5493000LM0MZ4JPMGM90)

(Incorporated with limited liability in the Kingdom of Spain)

EUR 10,000,000,000

EURO-COMMERCIAL PAPER PROGRAMME

1. For value received, Santander Consumer Finance, S.A. (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 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 19 June 2020 (as amended and restated or supplemented from time to time) between the Issuer and Citibank, N.A., London Branch 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.

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 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 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 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 Nominal Amount of Notes represented by this Global Note shall be the Nominal Amount stated in the Final Terms or, if lower, the 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 holder or beneficial owner of any interest herein or rights in this Global Note (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 if the Issuer does not receive the information about the Notes 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 thirty 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 thirty days; or
 - (iv) to, or to a third party on behalf of, individuals resident for tax purposes in The Kingdom of Spain if the Spanish tax authorities determine that payments made to such individuals are not exempt from withholding tax and require a withholding to be made; or
 - (v) 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 applicable exemption requirements including those 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.

In addition, additional amounts as referred to in Condition 3 will not be payable with respect to any Taxes that are imposed in respect of any combination of the items set forth above.

All payments in respect of this Global Note will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of this Condition and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or

agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto and, accordingly, the Issuer shall not be required to pay any additional amounts under this Condition.

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

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 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 authorised signatories 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 or any subsidiary of the Issuer 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 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 Issuer 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 Nominal Amount of Notes represented by this Global Note (which shall be the previous Nominal Amount hereof less the aggregate of the amount referred to in (i) above) are entered in the Schedule

hereto, whereupon the 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 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 pursuant to the Notes constitute and at all times shall constitute direct, unconditional, unsubordinated and unsecured obligations (*créditos ordinarios*) of the Issuer and, upon the insolvency (*concurso*) of the Issuer (and unless they qualify as subordinated debts under article 92 of the Law 22/2003 of 9 July 2003 (*Ley Concursal*) (the “**Insolvency Law**”) or equivalent legal provision which replaces it in the future, such payment obligations in respect of principal rank (a) *pari passu* and rateably without any preference among themselves and with any Senior Higher Priority Liabilities and (b) senior to (i) Senior Non Preferred Liabilities and (ii) any present and future subordinated obligations (*créditos subordinados*) of the Issuer in accordance with article 92 of the Insolvency Law.

“**Law 11/2015**” means Law 11/2015, of 18 June, on recovery and resolution of credit institutions and investment firms, as amended from time to time.

“**Senior Higher Priority Liabilities**” means any obligations in respect of principal of the Issuer under any Notes and any other unsecured and unsubordinated obligations (*créditos ordinarios*) of the Issuer, other than the Senior Non Preferred Liabilities; and

“**Senior Non Preferred Liabilities**” means any unsubordinated and unsecured senior non preferred obligations (*créditos ordinarios no preferentes*) of the Issuer under Additional Provision 14.2º of Law 11/2015, and any other obligations which, by law and/or by their terms, and to the extent permitted by Spanish law, rank *pari passu* with the Senior Non Preferred Liabilities.

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 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 SA/NV (“**Euroclear**”) or Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”), together with Euroclear, the international central securities depositaries or “**ICSDs**”) 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, or any other clearing system and no suitable (in the determination of the Issuer) 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 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 19 June 2020, entered into by the Issuer).
13. 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.
14. If this is a fixed rate interest bearing Global Note, interest shall be calculated on the Nominal Amount as follows:
- (a) interest shall be payable on the 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 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.
15. If this is a floating rate interest bearing Global Note, interest shall be calculated on the 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. The Rate of Interest determined for any Interest Period by reference to LIBOR shall be subject to a floor of zero to ensure that the Rate of Interest on any Interest Period for Floating Rate Notes is not negative. Interest shall be payable on the 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 the Global Note is denominated in Sterling, 365 days.

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

“ISDA Benchmarks Supplement” means the Benchmarks Supplement (as amended and updated as at the Issue Date specified in the relevant Final Terms) published by the International Swaps and Derivatives Association, Inc.

“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, including by the ISDA Benchmarks Supplement, as specified in the relevant Final Terms, (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;

If such rate does not appear on that page or if that page is unavailable, the Calculation Agent will:

- (i) request the relevant Financial Centre office of each of the four major banks selected by the Issuer in the market that are most closely connected with the Reference Rate (excluding the Calculation Agent) to provide a quotation of the Reference Rate at approximately the Relevant Time on the LIBOR Interest Determination Date offered to leading banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
- (ii) determine the arithmetic mean of such quotations.

If fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Relevant Financial Centre selected by the Issuer, at approximately 11.00 a.m. (local time in the Relevant Financial Centre) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and

in an amount that is representative for a single transaction in that market at that time and the Rate of Interest for such Interest Period shall be the rate or (as the case may be) the arithmetic mean so determined.

If the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest will be the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period, substituting, where a different margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the margin relating to the relevant Interest Period in place of the margin relating to that last preceding Interest Period;

- (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. The Rate of Interest determined for any Interest Period by reference to EURIBOR shall be subject to a floor of zero to ensure that the Rate of Interest on any Interest Period for Floating Rate Notes is not negative. Interest shall be payable on the 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;

If such rate does not appear on that page or if that page is unavailable, the Calculation Agent will:

- (i) request the Relevant Financial Centre office of each of the four major banks selected by the Issuer in the market that are most closely connected with the Reference Rate (excluding the Calculation Agent) to provide a quotation of the Reference Rate at approximately the Relevant Time on the EURIBOR Interest Determination Date offered to leading banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
- (ii) determine the arithmetic mean of such quotations.

If fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in such financial center(s) as the Issuer may select), at approximately 11.00 a.m. (Brussels time) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time and the Rate of Interest for such Interest Period shall be the rate or (as the case may be) the arithmetic mean so determined.

If the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest will be the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period, substituting, where a different margin is to be applied to the relevant Interest Period from that which applied to

the last preceding Interest Period, the margin relating to the relevant Interest Period in place of the margin relating to that last preceding Interest Period.

- (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.

The Rate of Interest determined for any Interest Period according to ISDA Determination shall be subject to a floor of zero to ensure that the Rate of Interest on any Interest Period for Floating Rate Notes is not negative;

- (d) in the case of a Note which specifies SONIA as the Reference Rate in the Final Terms, the Rate of Interest will, subject as provided below, be Compounded Daily SONIA plus or minus (as specified in the relevant Final Terms) the Margin, all as determined by the Calculation Agent.

If “**Screen Rate Determination**” is specified in the relevant Final Terms as the manner in which the Rate of Interest (the Screen Rate) is to be determined and the Final Terms specify that the Reference Rate is SONIA, the Rate of Interest for each Interest Period will as provided below, be Compounded Daily SONIA, where:

“**Compounded Daily SONIA**” means with respect to an Interest Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Period (with the daily Sterling Overnight Index Average (SONIA) as reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the SONIA Interest Determination Date (as specified in the Final Terms), as follows, and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005 being rounded up.

where:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{SONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

“**d**” is the number of calendar days in the relevant Observation Period;

“**d₀**” is the number of London Banking Days in the relevant Observation Period;

“**i**” is a series of whole numbers from one to d₀, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in the relevant Observation Period;

“**London Banking Day**” or “**LBD**” means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**n_i**", for any London Banking Day "i", means the number of calendar days from and including such London Banking Day "i" up to but excluding the following London Banking Day;

"**Observation Period**" means the period from and including the date falling "p" London Banking Days prior to the first day of the relevant Interest Period and ending on, but excluding, the date falling "p" London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" London Banking Days prior to such earlier date, in any, on which the Notes become due and payable);

"**p**" means the number of London Banking Days by which an Observation Period precedes an Interest Period, as specified in the applicable Final Terms (or, if no such number is specified, five London Banking Days);

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

the "**SONIA reference rate**", means, in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average (SONIA) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (in each case on the London Banking Day immediately following such London Banking Day); and

"**SONIA_i**" means, in respect of any London Banking Day "i", the SONIA reference rate for that day.

If, in respect of any London Business Day in the relevant Observation Period, the Calculation Agent determines that the SONIA reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be:

- (i) (A) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; plus (B) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days on which the SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate, or
 - (ii) if such Bank Rate is not available, the SONIA reference rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Business Day on which the SONIA reference rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors).
- (e) 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; at the Relevant Time specified in the relevant Final Terms on each SONIA 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 15(a); (B) if the Reference Rate is EURIBOR, the rate which is determined in accordance with the provisions of paragraph 15(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 15(c); (D) if the Reference Rate is SONIA, the rate which is determined in accordance with the provisions of paragraph (d) 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;

- (f) 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;
- (g) 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
- (h) 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).
- (i) If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate (subject to the terms of this paragraph (i)), failing which an Alternative Rate (in accordance with paragraph (i), and, in either case, an Adjustment Spread if any (in accordance with paragraph (i) and any Benchmark Amendments (in accordance with paragraph (i))).

An Independent Adviser appointed pursuant to this paragraph (i) shall act in good faith and in a commercially reasonable manner. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agent, or the Holders for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this paragraph (i).

If (a) the Issuer is unable to appoint an Independent Adviser; or (b) the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this paragraph (i) prior to the relevant LIBOR Interest Determination Date, EURIBOR Interest Determination Date, or SONIA Interest Determination Date, as applicable, the Rate of Interest applicable to the next succeeding Reset Period or Interest Period, as applicable, shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period, respectively. For the avoidance of doubt, this paragraph (i) shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this paragraph (i).

If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines that:

- (i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in paragraph (i) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof), as

applicable, for all future payments of interest on the Notes (subject to the operation of this paragraph (i)); or

- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in paragraph (i)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof), as applicable, for all future payments of interest on the Notes (subject to the operation of this paragraph (i)).

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

If any Successor Rate, Alternative Rate and in, either case, the applicable Adjustment Spread is determined in accordance with this paragraph (i) and the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these terms and conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “Benchmark Amendments”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with paragraph (i), without any requirement for the consent or approval of Holders, vary these terms and conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Notwithstanding any other provision of this paragraph (i), the Calculation Agent or any Paying Agent is not obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this paragraph (i) to which, in the sole opinion of the Calculation Agent or the relevant Paying Agent, as the case may be, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Calculation Agent or the relevant Paying Agent (as applicable) in the Agency Agreement and/or these terms and conditions.

In connection with any such variation in accordance with this paragraph (i), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this paragraph (i) will be notified promptly by the Issuer to the Calculation Agent, the Paying Agents and the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Holders of the same, the Issuer shall deliver to the Issuing and Paying Agent, the Calculation Agent and the Paying Agents a certificate signed by two authorised signatories of the Issuer:

- (i) confirming (a) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this paragraph (i); and
- (ii) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Issuing and Paying Agent shall display such certificate at its offices, for inspection by the Holders at all reasonable times during normal business hours.

Each of Issuing and Paying Agent, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Issuing and Paying Agent's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Issuing and Paying Agent, the Calculation Agent, the Paying Agents and the Holders.

Notwithstanding any other provision of this paragraph (i), if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this paragraph (i), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, willful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, willful default or fraud) shall not incur any liability for not doing so.

Without prejudice to the obligations of the Issuer under the foregoing paragraphs, the Original Reference Rate and the fallback provisions provided for herein will continue to apply unless and until a Benchmark Event has occurred. Upon the occurrence of a Benchmark Event, this paragraph (i) shall prevail.

As used in this paragraph (i):

"Adjustment Spread" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (ii) the Issuer, following consultation with the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Issuer determines that no such spread is customarily applied);
- (iii) the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); (or if the Issuer determines that no such industry standard is recognised or acknowledged)
- (iv) if no such spread, formula or methodology can be determined in accordance with (i) to (iii) above, the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines to be appropriate, having regard to the objective, so far as is

reasonably practicable in the circumstances and solely for the purposes of this subclause (iv) only, of reducing or eliminating any economic prejudice or benefit (as the case may be) to the Holders.

“Alternative Rate” means an alternative benchmark or screen rate which the Issuer following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines in accordance with paragraph (i) is customarily applied in the international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

“Benchmark Event” means:

- (i) the Original Reference Rate ceasing to exist or ceasing to be published for a period of at least 5 Business Days in relation to a Rate of Interest of Floating Rate Notes; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (vi) it has become unlawful for the Issuing and Paying Agent, Calculation Agent, the Issuer or other party to calculate any payments due to be made to any holder using the Original Reference Rate;

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Issuing and Paying Agent, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Issuing and Paying Agent, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer.

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof), as applicable, on the Notes.

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

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

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

16. 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 Euro or Sterling, on or prior to the relevant payment date; and
 - (b) 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.

17. 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 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 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.
18. This Global Note shall not be validly issued unless manually authenticated by Citibank, N.A., London Branch as Issuing and Paying Agent.
19. 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.

20. The status of this Global Note, the exercise of the Bail-in Power by the Relevant Resolution Authority, 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 in connection 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 out of or in connection 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 20(a) (*English courts*) is for the benefit of the bearer only. As a result, nothing in this paragraph 20 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 (United Kingdom) 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.
21. The Notes represented by this Global Note have been admitted to listing on the official list of the Irish Stock Exchange plc (“**Euronext Dublin**”) and to trading on the regulated market of Euronext Dublin (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 Euronext Dublin (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, 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 Euronext Dublin (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.
22. 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.
23. **Bail-in**
- (a) *Acknowledgement*: Notwithstanding any other term of this Global Note or any other agreement, arrangement or understanding between the Issuer and the bearer, by its subscription and/or purchase and holding of this Global Note, each bearer (which for the purposes of this Condition 23 includes each holder of a beneficial interest in this Global Note) acknowledges, accepts, consents to and agrees:
 - (i) to be bound by the effect of the exercise of the Bail-in Power by the Relevant Resolution Authority, which may include and result in any of the following, or some combination thereof:
 - the reduction of all, or a portion, of the Amounts Due on a permanent basis;

- the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or another person (and the issue to the bearer of this Global Note of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of this Global Note, in which case the bearer agrees to accept in lieu of its rights under this Global Note any such shares, other securities or other obligations of the Issuer or another person;
 - the cancellation of this Global Note or Amounts Due;
 - the amendment or alteration of the maturity of this Global Note or amendment of the Amount of Interest payable on this Global Note, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and
- (ii) that the terms of this Global Note are subject to, and may be varied, if necessary, to give effect to, the exercise of the Bail-in Power by the Relevant Resolution Authority.
- (b) *Payment of Interest and Other Outstanding Amounts Due:* No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Bail-in Power by the Relevant Resolution Authority with respect to the Issuer unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer under the laws and regulations in effect in the Kingdom of Spain and the European Union applicable to the Issuer or other members of the Consumer Group.
- (c) *Notice to bearer:* Upon the exercise of any Bail-in Power by the Relevant Resolution Authority with respect to this Global Note, the Issuer will make available a written notice to the bearer as soon as practicable regarding such exercise of the Bail-in Power. The Issuer will also deliver a copy of such notice to the Paying Agents for information purposes.
- (d) *Duties of the Paying Agents:* Upon the exercise of any Bail-in Power by the Relevant Resolution Authority, (a) the Issuing and Paying Agent shall not be required to take any directions from *bearer*, and (b) the Agency Agreement shall impose no duties upon the Issuing and Paying Agent whatsoever, with respect to the exercise of any Bail-in Power by the Relevant Resolution Authority.
- (e) *Proration:* If the Relevant Resolution Authority exercises the Bail-in Power with respect to less than the total Amounts Due, unless any of the Paying Agents is otherwise instructed by the Issuer or the Relevant Resolution Authority, any cancellation, write-off or conversion made in respect of this Global Note pursuant to the Bail-in Power will be made on a pro-rata basis.
- (f) *Conditions Exhaustive:* The matters set forth in this paragraph 23 shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer and any holder of a Note.

For the purposes of this paragraph 23:

“**Amounts Due**” means the principal amount or outstanding amount, together with any accrued but unpaid interest, and additional amounts as described in paragraph 3, if any, due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of the Bail-in Power by the Relevant Resolution Authority.”

“**Bail-In Power**”: means any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Spain, relating to the resolution of credit entities and/or transposition of the European Bank Recovery and Resolution Directive (Directive 2014/59/EU), including, but not limited to (i) Law 11/2015; (ii) Royal Decree 1012/2015, of 6 November, implementing Law 11/2015, as amended or superseded; (iii) the SRM Regulation; and (iv) any other instruments, rules or standards made or implemented in connection with either

(i), (ii) or (iii), pursuant to which any obligation of a regulated entity (or other affiliate of such regulated entity) can be reduced, cancelled, modified, transferred or converted into shares, other securities, or other obligations of such regulated entity or any other person (or suspended for a temporary period);

“**Relevant Resolution Authority**” means the Fund for Orderly Bank Restructuring (*Fondo de Reestructuración Ordenada Bancaria*), the Single Resolution Board or any other entity with the authority to exercise any the resolution tools and powers contained in Law 11/2015 and the SRM Regulation from time to time.

“**SRM Regulation**” means Regulation (EU) No. 806/2014 of the European Parliament and the Council of 15th July, 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the Single Resolution Mechanism and the Single Resolution Fund and amending Regulation (EU) No. 1093/2010, as amended or replaced from time to time.

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., LONDON BRANCH

SANTANDER CONSUMER FINANCE, S.A.

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*)

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 CONSUMER FINANCE, S.A.

(LEI: 5493000LM0MZ4JPMGM90)

(Incorporated with limited liability in the Kingdom of Spain)

EUR 10,000,000,000

EURO-COMMERCIAL PAPER PROGRAMME

Nominal Amount of this Note:

1. For value received, Santander Consumer Finance, S.A. (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 19 June 2020 (as amended and restated or supplemented from time to time) between the Issuer, Citibank, N.A., London Branch 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, United Kingdom, 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.

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 holder or beneficial owner of any interest herein or rights in this Note (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 if the Issuer does not receive the information about the Notes 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 thirty 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 thirty days; or
- (iv) to, or to a third party on behalf of, individuals resident for tax purposes in The Kingdom of Spain if the Spanish tax authorities determine that payments made to such individuals are not exempt from withholding tax and require a withholding to be made; or
- (v) 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 applicable exemption requirements including those 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.

In addition, additional amounts as referred to in Condition 2 will not be payable with respect to any Taxes that are imposed in respect of any combination of the items set forth above.

All payments in respect of the Notes will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of this Condition and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto and, accordingly, the Issuer shall not be required to pay any additional amounts under this Condition.

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 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 authorised signatories 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 or any subsidiary of the Issuer 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 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 Issuer may be cancelled, held by such subsidiary or resold.
- 6. The payment obligations of the Issuer pursuant to the Notes constitute and at all times shall constitute direct, unconditional, unsubordinated and unsecured obligations (*créditos ordinarios*) of the Issuer and, upon the insolvency (*concurso*) of the Issuer (and unless they qualify as subordinated debts under article 92 of the Law 22/2003 of 9 July 2003 (*Ley Concursal*) (the “**Insolvency Law**”) or equivalent legal provision which replaces it in the future, such payment obligations in respect of principal rank (a) *pari passu* and rateably without any preference among themselves and with any Senior Higher Priority Liabilities and (b) senior to (i) Senior Non Preferred Liabilities and (ii) any present and future subordinated obligations (*créditos subordinados*) of the Issuer in accordance with article 92 of the Insolvency Law.

“**Law 11/2015**” means Law 11/2015, of 18 June, on recovery and resolution of credit institutions and investment firms, as amended from time to time.

“**Senior Higher Priority Liabilities**” means any obligations in respect of principal of the Issuer under any Notes and any other unsecured and unsubordinated obligations (*créditos ordinarios*) of the Issuer, other than the Senior Non Preferred Liabilities; and

“**Senior Non Preferred Liabilities**” means any unsubordinated and unsecured senior non preferred obligations (*créditos ordinarios no preferentes*) of the Issuer under Additional Provision 14.2° of Law 11/2015, and any other obligations which, by law and/or by their terms, and to the extent permitted by Spanish law, rank *pari passu* with the Senior Non Preferred Liabilities.

- 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 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. 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.
10. 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 arrear 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 Sterling, 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.
11. 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. The Rate of Interest determined for any Interest Period by reference to LIBOR shall be subject to a floor of zero to ensure that the Rate of Interest on any Interest Period for Floating Rate Notes is not negative. 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 Sterling, a year of 365 days.

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

“**ISDA Benchmarks Supplement**” means the Benchmarks Supplement (as amended and updated as at the Issue Date specified in the relevant Final Terms) published by the International Swaps and Derivatives Association, Inc.

“**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, including by the ISDA Benchmarks Supplement, as specified in the relevant Final Terms, (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;

If such rate does not appear on that page or if that page is unavailable, the Calculation Agent will:

- (i) request the relevant Financial Centre office of each of the four major banks selected by the Issuer in the market that are most closely connected with the Reference Rate (excluding the Calculation Agent) to provide a quotation of the Reference Rate at approximately the Relevant Time on the LIBOR Interest Determination Date offered to leading banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
- (ii) determine the arithmetic mean of such quotations.

If fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Relevant Financial Centre selected by the Issuer, at approximately 11.00 a.m. (local time in the Relevant Financial Centre) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time and the Rate of Interest for such Interest Period shall be the rate or (as the case may be) the arithmetic mean so determined.

If the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest will be the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period, substituting, where a different margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the margin relating to the relevant Interest Period in place of the margin relating to that last preceding Interest Period;

- (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. The Rate of Interest determined for any Interest Period by reference to EURIBOR shall be subject to a floor of zero to ensure that the Rate of Interest on any Interest Period for Floating Rate Notes is not negative. 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 arrear 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;

If such rate does not appear on that page or if that page is unavailable, the Calculation Agent will:

- (i) request the Relevant Financial Centre office of each of the four major banks selected by the Issuer in the market that are most closely connected with the Reference Rate (excluding the Calculation Agent) to provide a quotation of the Reference Rate at approximately the Relevant Time on the EURIBOR Interest Determination Date offered to leading banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
- (ii) determine the arithmetic mean of such quotations.

If fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in such financial center(s) as the Issuer may select), at approximately 11.00 a.m. (Brussels time) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time and the Rate of Interest for such Interest Period shall be the rate or (as the case may be) the arithmetic mean so determined.

If the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest will be the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period, substituting, where a different margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the margin relating to the relevant Interest Period in place of the margin relating to that last preceding Interest Period.

- (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.

The Rate of Interest determined for any Interest Period according to ISDA Determination shall be subject to a floor of zero to ensure that the Rate of Interest on any Interest Period for Floating Rate Notes is not negative.

- (d) in the case of a Note which specifies SONIA as the Reference Rate in the Final Terms, the Rate of Interest will, subject as provided below, be Compounded Daily SONIA plus or minus (as specified in the relevant Final Terms) the Margin, all as determined by the Calculation Agent.

If "**Screen Rate Determination**" is specified in the relevant Final Terms as the manner in which the Rate of Interest (the Screen Rate) is to be determined and the Final Terms specify that the Reference Rate is SONIA, the Rate of Interest for each Interest Period will as provided below, be Compounded Daily SONIA, where:

"**Compounded Daily SONIA**" means with respect to an Interest Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Period (with the daily Sterling Overnight Index Average (SONIA) as reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the SONIA Interest Determination Date (as specified in the Final Terms), as follows, and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005 being rounded up.

where:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{SONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

"**d**" is the number of calendar days in the relevant Observation Period;

"**d₀**" is the number of London Banking Days in the relevant Observation Period;

"**i**" is a series of whole numbers from one to d₀, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in the relevant Observation Period;

"**London Banking Day**" or "**LBD**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**n_i**", for any London Banking Day "i", means the number of calendar days from and including such London Banking Day "i" up to but excluding the following London Banking Day;

"**Observation Period**" means the period from and including the date falling "p" London Banking Days prior to the first day of the relevant Interest Period and ending on, but excluding, the date falling "p" London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" London Banking Days prior to such earlier date, in any, on which the Notes become due and payable);

"**p**" means the number of London Banking Days by which an Observation Period precedes an Interest Period, as specified in the applicable Final Terms (or, if no such number is specified, five London Banking Days);

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

the "**SONIA reference rate**", means, in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average (SONIA) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (in each case on the London Banking Day immediately following such London Banking Day); and

"**SONIA_i**" means, in respect of any London Banking Day "i", the SONIA reference rate for that day.

If, in respect of any London Business Day in the relevant Observation Period, the Calculation Agent determines that the SONIA reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be:

- (i) (A) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; plus (B) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days on which the SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate, or
 - (ii) if such Bank Rate is not available, the SONIA reference rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Business Day on which the SONIA reference rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors).
- (e) 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; at the Relevant Time specified in the relevant Final Terms on each SONIA 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 11(a); (B) if the Reference Rate is EURIBOR, the rate which is determined in accordance with the provisions of paragraph 11(b); (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 11(c); (D) if the Reference Rate is SONIA, the rate which is determined in accordance with the provisions of paragraph (d). 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, or if the Global Note is denominated in Sterling, 365 days, 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;
- (f) 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;
- (g) 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
- (h) 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*).
- (i) If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate (subject to the terms of this paragraph (i)), failing which an Alternative Rate (in accordance with paragraph (i), and, in either case, an Adjustment Spread if any (in accordance with paragraph (i) and any Benchmark Amendments (in accordance with paragraph (i))).

An Independent Adviser appointed pursuant to this paragraph (i) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agent, or the Holders for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this paragraph (i).

If (a) the Issuer is unable to appoint an Independent Adviser; or (b) the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this paragraph (i) prior to the relevant LIBOR Interest Determination Date, EURIBOR Interest Determination Date or SONIA Interest Determination Date, as applicable, the Rate of Interest applicable to the next succeeding Reset Period or Interest Period, as applicable, shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period, respectively. For the avoidance of doubt, this paragraph (i) shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this paragraph (i).

If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines that:

- (i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in paragraph (i) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof), as applicable, for all future payments of interest on the Notes (subject to the operation of this paragraph (i)); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in paragraph (i)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof), as applicable, for all future payments of interest on the Notes (subject to the operation of this paragraph (i)).

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

If any Successor Rate, Alternative Rate and in, either case, the applicable Adjustment Spread is determined in accordance with this paragraph (i) and the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these terms and conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “Benchmark Amendments”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with paragraph (i), without any requirement for the consent or approval of Holders, vary these terms and conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Notwithstanding any other provision of this paragraph (i), the Calculation Agent or any Paying Agent is not obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this paragraph (i) to which, in the sole opinion of the Calculation Agent or the relevant Paying Agent, as the case may be, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Calculation Agent or the relevant Paying Agent (as applicable) in the Agency Agreement and/or these terms and conditions.

In connection with any such variation in accordance with this paragraph (i), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this paragraph (i) will be notified promptly by the Issuer to the Calculation Agent, the Paying Agents and the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Holders of the same, the Issuer shall deliver to the Issuing and Paying Agent, the Calculation Agent and the Paying Agents a certificate signed by two authorised signatories of the Issuer:

- (i) confirming (a) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this paragraph (i); and
- (ii) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Issuing and Paying Agent shall display such certificate at its offices, for inspection by the Holders at all reasonable times during normal business hours.

Each of Issuing and Paying Agent, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Issuing and Paying Agent's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Issuing and Paying Agent, the Calculation Agent, the Paying Agents and the Holders.

Notwithstanding any other provision of this paragraph (i), if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this paragraph (i), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, willful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, willful default or fraud) shall not incur any liability for not doing so.

Without prejudice to the obligations of the Issuer under the foregoing paragraphs, the Original Reference Rate and the fallback provisions provided for herein will continue to apply unless and until a Benchmark Event has occurred. Upon the occurrence of a Benchmark Event, this paragraph (h) shall prevail.

As used in this paragraph (h):

“Adjustment Spread” means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (ii) the Issuer, following consultation with the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Issuer determines that no such spread is customarily applied);
- (iii) the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); (or if the Issuer determines that no such industry standard is recognised or acknowledged)
- (iv) if no such spread, formula or methodology can be determined in accordance with (i) to (iii) above, the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines to be appropriate, having regard to the objective, so far as is reasonably practicable in the circumstances and solely for the purposes of this subclause (iv) only, of reducing or eliminating any economic prejudice or benefit (as the case may be) to the Holders.

“Alternative Rate” means an alternative benchmark or screen rate which the Issuer following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines in accordance with paragraph (i) is customarily applied in the international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

“Benchmark Event” means:

- (i) the Original Reference Rate ceasing to exist or ceasing to be published for a period of at least 5 Business Days in relation to a Rate of Interest of Floating Rate Notes; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (vi) it has become unlawful for the Issuing and Paying Agent, Calculation Agent, the Issuer or other party to calculate any payments due to be made to any holder using the Original Reference Rate;

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Issuing and Paying Agent, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Issuing and Paying Agent, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer.

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof), as applicable, on the Notes.

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

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

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

12. 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 Euro, on or prior to the relevant payment date; and
- (b) 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.]

13. This Note shall not be validly issued unless manually authenticated by Citibank, N.A., London Branch as Issuing and Paying Agent.
14. The status of this Definitive Note, the exercise of the Bail-in Power by the Relevant Resolution Authority, 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 in connection 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 out of or in connection 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 14(a) (*English courts*) is for the benefit of the bearer only. As a result, nothing in this paragraph 14 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.
15. If this Note has been admitted to listing on the official list of the Irish Stock Exchange plc (“**Euronext Dublin**”) and to trading on the regulated market of Euronext Dublin (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 Euronext Dublin (and/or of the relevant listing authority, stock exchange and/or quotation system).
16. 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.
17. **Bail-in**
- (a) *Acknowledgement:* Notwithstanding any other term of this Global Note or any other agreement, arrangement or understanding between the Issuer and the bearer, by its subscription and/or purchase and holding of this Global Note, each bearer (which for the purposes of this paragraph 23 includes each holder of a beneficial interest in this Global Note) acknowledges, accepts, consents to and agrees:
- (i) to be bound by the effect of the exercise of the Bail-in Power by the Relevant Resolution Authority, which may include and result in any of the following, or some combination thereof:
- the reduction of all, or a portion, of the Amounts Due on a permanent basis;
 - the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or another person (and the issue to the bearer of this Global Note of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of this Global Note, in which case the bearer agrees to accept in lieu of its rights under this Global Note

- any such shares, other securities or other obligations of the Issuer or another person;
- the cancellation of this Global Note or Amounts Due;
 - the amendment or alteration of the maturity of this Global Note or amendment of the Amount of Interest payable on this Global Note, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and
- (ii) that the terms of this Global Note are subject to, and may be varied, if necessary, to give effect to, the exercise of the Bail-in Power by the Relevant Resolution Authority.
- (b) *Payment of Interest and Other Outstanding Amounts Due:* No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Bail-in Power by the Relevant Resolution Authority with respect to the Issuer unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer under the laws and regulations in effect in the Kingdom of Spain and the European Union applicable to the Issuer or other members of the Consumer Group.
- (c) *Notice to bearer:* Upon the exercise of any Bail-in Power by the Relevant Resolution Authority with respect to this Global Note, the Issuer will make available a written notice to the bearer as soon as practicable regarding such exercise of the Bail-in Power. The Issuer will also deliver a copy of such notice to the Paying Agents for information purposes.
- (d) *Duties of the Paying Agents:* Upon the exercise of any Bail-in Power by the Relevant Resolution Authority, (a) the Issuing and Paying Agent shall not be required to take any directions from *bearer*, and (b) the Agency Agreement shall impose no duties upon the Issuing and Paying Agent whatsoever, with respect to the exercise of any Bail-in Power by the Relevant Resolution Authority.
- (e) *Proration:* If the Relevant Resolution Authority exercises the Bail-in Power with respect to less than the total Amounts Due, unless any of the Paying Agents is otherwise instructed by the Issuer or the Relevant Resolution Authority, any cancellation, write-off or conversion made in respect of this Global Note pursuant to the Bail-in Power will be made on a pro-rata basis.
- (f) *Conditions Exhaustive:* The matters set forth in this paragraph 17 shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer and any holder of a Note.

For the purposes of this paragraph 17:

“**Amounts Due**” means the principal amount or outstanding amount, together with any accrued but unpaid interest, and additional amounts as described in paragraph 3, if any, due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of the Bail-in Power by the Relevant Resolution Authority.

“**Bail-In Power**”: means any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Spain, relating to the resolution of credit entities and/or transposition of the European Bank Recovery and Resolution Directive (Directive 2014/59/EU), including, but not limited to (i) Law 11/2015; (ii) Royal Decree 1012/2015, of 6 November, implementing Law 11/2015, as amended or superseded; (iii) the SRM Regulation; and (iv) any other instruments, rules or standards made or implemented in connection with either (i), (ii) or (iii), pursuant to which any obligation of a regulated entity (or other affiliate of such regulated entity) can be reduced, cancelled, modified, transferred or converted into shares, other securities, or other obligations of such regulated entity or any other person (or suspended for a temporary period).

“**Relevant Resolution Authority**” means the Fund for Orderly Bank Restructuring (*Fondo de Reestructuración Ordenada Bancaria*), the Single Resolution Board or any other entity with the authority to exercise any the resolution tools and powers contained in Law 11/2015 and the SRM Regulation from time to time.

"**SRM Regulation**" means Regulation (EU) No. 806/2014 of the European Parliament and the Council of 15th July, 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the Single Resolution Mechanism and the Single Resolution Fund and amending Regulation (EU) No. 1093/2010, as amended or replaced from time to time.

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

Signed on behalf of:

CITIBANK, N.A., LONDON BRANCH

SANTANDER CONSUMER FINANCE, S.A.

without recourse, warranty or liability and for authentication purposes only

By:
(*Authorised Signatory*)

By:
(*Authorised Signatory*)

[By:
(*Authorised Signatory*)]²

By:
(*Authorised Signatory*)

² Include second authentication block if the currency of this Note is Sterling.

**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 20%	Net Amount Paid	Notation on behalf of Issuing and Paying Agent
_____	_____	_____	_____	_____	_____	_____
-	-	-	-	-	-	-
_____	_____	_____	_____	_____	_____	_____
-	-	-	-	-	-	-
_____	_____	_____	_____	_____	_____	_____
-	-	-	-	-	-	-
_____	_____	_____	_____	_____	_____	_____
-	-	-	-	-	-	-
_____	_____	_____	_____	_____	_____	_____
-	-	-	-	-	-	-

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.

MIFID II product governance / Professional investors and Eligible Counterparties only target market – Solely for the purposes of [the/each] manufacturer’s product approval process in respect of a particular Note issue, the target market assessment in respect of any of the Notes to be issued off this programme has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU, as amended (“**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

PRIIPs Regulation / Prohibition of Sales to EEA and UK Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to and, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”) or in the United Kingdom (“**UK**”). For these purposes, (a) a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EC of the European Parliament and of the Council of EU of 20 January 2016 (as amended or superseded, “**IDD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 of the European Parliament and of the Council of the EU of 14 June 2017 (as amended or superseded, the “**Prospectus Regulation**”); and (b) the expression “offer” includes the communication in any form and by any means of sufficient information on terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”) – In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined the classification of the Notes to be [capital markets products other than] prescribed capital markets products (as defined in the CMP Regulations 2018) and [Excluded]/ [Specified] Investment Products (as defined in the Monetary Authority of Singapore (the “**MAS**”) Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]³

[Amounts payable under the Notes may be calculated by reference to [specify benchmark (as this term is defined in the Benchmark Regulation)] which is provided by [legal name of the benchmark administrator]. As at the date of this Final Terms, [legal name of the benchmark administrator] [appears / does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (“**Benchmark Regulation**”).]

[As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation apply, such that [legal name of the benchmark administrator] is not currently required to obtain authorization or registration (or, if located outside the EU, recognition, endorsement or equivalence).]

³ Legend to be included on front of the Final Terms if the Notes do not constitute prescribed capital markets products as defined under the CMP Regulations 2018.

Santander Consumer Finance, S.A.

EUR 10,000,000,000 Euro-Commercial Paper Programme (the “Programme”)

(LEI: 5493000LM0MZ4JPMGM90)

Issue of [Aggregate Principal Amount of Notes] [Title of Notes]

PART A – CONTRACTUAL TERMS

This document constitutes the Final Terms (as referred to in the Information Memorandum dated 19 June 2020 (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 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 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 offices of the Issuing and Paying Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom. The Information Memorandum has been published on the websites of the Issuer (<https://www.santanderconsumer.es>) and of Euronext Dublin (<https://www.ise.ie/>).

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. | Issuer: | Santander Consumer Finance, S.A. |
| 2. | Type of Note: | Euro commercial paper |
| 3. | Series No: | [] |
| 4. | Dealer(s) | [] |
| 5. | Specified Currency: | [] |
| 6. | 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 (if applicable) 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 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.]⁴
- (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)
- (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/SONIA] [Not applicable]
- (iv) Manner in which the Rate(s) if Interest is/are to be determined: [Screen Rate Determination / ISDA Determination]
- (v) Screen Rate Determination:
- Reference Rate: [SONIA]
 - SONIA Interest Determination Date(s): / London Banking Days prior to the end of each Interest Period]
 - “p”
 - Relevant Screen Page

⁴ 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.

- Relevant Time
- (vi) 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]*⁵
- (vii) [ISDA Benchmarks Supplement]: [Applicable / Not applicable]
- (viii) Margin(s): +/- % . 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. Relevant Financial Centre [Specify / the Financial Centre in Section 1.5 of the ISDA Definitions for the Specified Currency]
16. Listing and admission to trading: [Ireland (Euronext Dublin). 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 Euronext Dublin with effect from .][other]
17. Ratings: The Notes to be issued under the Programme have been rated:
- [S&P:
- [Fitch:

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.

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.

- [Moody's: []]
- [Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*
- [Not Applicable]
18. Clearing System(s): Euroclear Bank SA/NV [./and] Clearstream Banking S.A.
19. Issuing and Paying Agent: Citibank, N.A., London Branch
20. Listing Agent: [Matheson/[Not applicable]/[Give name]]
21. ISIN: []
22. Common code: []
23. Any clearing system(s) other than or in addition to Euroclear Bank, SA/NV, Clearstream Banking, société anonyme and the relevant identification number(s): [Not applicable/give name(s) and number(s)]
24. New Global Note: [Yes][No][Not applicable.]
25. Intended to be held in a manner which would allow Eurosystem eligibility:
- [Yes. [Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday 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]
- [No. Whilst the designation is specified as “No” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.].] [Include this text if “No” selected in which case the Notes must be issued in CGN form]]
26. Relevant Benchmark(s): [[Specify benchmark] is provided by [administrator legal name]][repeat as necessary]. As at the date hereof, [[administrator legal name]][appears]/[does not appear]][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36

(Register of administrators and benchmarks) of the Benchmark Regulation]/[As far as the Issuer is aware, as at the date hereof, [specify benchmark] does not fall within the scope of the Benchmark Regulation]/ [Not Applicable]

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 EUR 10,000,000,000 Euro-Commercial Paper Programme of Santander Consumer Finance, S.A.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of **SANTANDER CONSUMER FINANCE, S.A.**

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 a conflict of interest, 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 is 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. YIELD⁷

Indication of yield: []

4. Floating Rate Notes only – HISTORIC INTEREST RATES

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

5. [Additional Selling Restriction for placements of Notes in Japan] JAPAN

[In the case where the Japanese offerees are limited to Qualified Institutional Investors only, and therefore the Issuer relies upon the Qualified Institutional Investor private placement exemption (the Issuer must appoint its attorney in Japan):

[The Notes have not been and will not be registered in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**FIEA**”) in reliance upon the exemption from the registration requirements since the offering constitutes the private placement to qualified institutional investors only.

A transferor of the Notes shall not transfer or resell them except where a transferee is a qualified institutional investor under Article 10 of the Cabinet Office Ordinance concerning Definitions provided in Article 2 of the Financial Instruments and Exchange Act of Japan (the Ministry of Finance Ordinance No. 14 of 1993, as amended).]

[In the case where the Japanese offerees are fewer than 50, and therefore the Issuer relies upon the small number private placement exemption:

[The Notes have not been and will not be registered in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**FIEA**”) in reliance upon the exemption from the registration requirements since the offering constitutes the small number private placement.

[A transferor of the Notes shall not transfer or resell the Notes except where the transferor transfers or resells all the Notes *en bloc* to one transferee.]

[Replace second paragraph above with the following if, in addition to fewer than 50 offerees, the numbers of the notes to be sold in Japan is fewer than 50:

[The Note is not permitted to be divided into any unit less than the minimum denomination.]

⁷ To be marked “Not applicable” in the case of discount notes for which a discount rate is applicable.

REGULATION

The following is a summary of the most relevant aspects of the regulatory framework applicable to the Consumer Group, as well as the main factors that have directly or indirectly affected or are currently affecting its operations in a significant way.

In addition, see “Risk Factors”, which includes the specific and significant factors that the Consumer Group believes could significantly affect its operations.

MiFID II/MiFIR

On 3 January 2018, the regulatory framework for markets and financial Notes saw the implementation of MiFID II and Regulation (EU) 600/2014 of the European Parliament and of the Council of 15 May 2014 (“**MiFIR**”). The MiFID II/MiFIR framework introduces a substantial number of regulations, basically intended to strengthen the system with stricter requirements for transparency and protection of investment service clients.

The transposition of MiFID II into Spanish law was completed in 2018 by Royal Decree Law 14/2018 of 28 September 2018 and Royal Decree 1464/2018 of 21 December 2018, although the provisions of the latter entered into force in April 2019. In this regard, the Issuer has completed its adaptation to the investment service regulations of the transposed MiFID II.

In addition, the Issuer has adapted to the regulatory framework of information transparency of banking services and Directive 2015/849 on the prevention of money laundering and the financing of terrorism and its most recent implementing regulations, which were established by Royal Legislative Decree 11/2018 of 31 August 2018.

The Consumer Group must also continue to adapt to the framework resulting from the transposition of Directive 2017/828 as regards the encouragement of long-term shareholder engagement and to the fifth EU Directive 2018/43 on the prevention of money laundering and terrorist financing although, in both cases, their transposition into Spanish law is still pending.

Capital, liquidity and funding requirements

As a Spanish financial institution, the Issuer is subject to the Capital Requirements Regulation (Regulation (EU) No 575/2013) (“**CRR**”) and the Capital Requirements Directive (Directive 2013/36/EU) (“**CRD IV**”), through which the EU began implementing the Basel III capital reforms from 1 January 2014. While the CRD IV required national transposition, the CRR was directly applicable in all the EU member states. This regulation is complemented by several binding technical standards and guidelines issued by the European Banking Authority (“**EBA**”), directly applicable in all EU member states, without the need for national implementation measures either. The implementation of the CRD IV into Spanish law has taken place through Royal Decree Law 14/2013, Law 10/2014, Royal Decree 84/2015, Bank of Spain Circular 2/2014 and Bank of Spain Circular 2/2016.

Credit institutions, such as the Issuer, are required, on a standalone and consolidated basis, to hold a minimum amount of regulatory capital of 8% of risk weighted assets (of which at least 4.5% must be CET1 capital and at least 6% must be Tier 1 capital). In addition to the minimum regulatory capital requirements, the CRD IV also introduced five new capital buffer requirements that must be met with CET1 capital: (1) the capital conservation buffer for unexpected losses, requiring additional CET1 of 2.5% of total risk weighted assets; (2) the institution-specific counter-cyclical capital buffer (consisting of the weighted average of the counter-cyclical capital buffer rates that apply in the jurisdictions where the relevant credit exposures are located), which may require as much as additional CET1 capital of 2.5% of total risk weighted assets or higher pursuant to the requirements set by the competent authority; (3) the G-SIIs buffer requiring additional CET1 of between 1% and 3.5% of risk weighted assets; (4) the other systemically important institutions buffer, which may be as much as 2% of risk weighted assets; and (5) the CET1 systemic risk buffer to prevent systemic or macro prudential risks of at least 1% of risk weighted assets (to be set by the competent authority). Entities are required to comply with the “combined buffer requirement” (broadly, the combination of the capital conservation buffer, the institution-specific counter-cyclical buffer and the higher of (depending on the institution) the systemic risk buffer, the G-SIIs buffer and the other systemically important institutions (“**O-SII**”) buffer, in each case as applicable to the institution).

As of the date of this Information Memorandum, the Issuer is required to maintain a conservation buffer of additional CET1 capital of 2.5% of risk weighted assets and a countercyclical buffer estimated to be around 0.40%. In particular:

- (a) The Bank of Spain has not required us to maintain the systemic risk buffer.
- (b) The G-SIIs buffer applies to those institutions included in the list of global systemically important banks, which is updated annually by the Financial Stability Board (the “**FSB**”). We have not been classified as a G-SII by the FSB nor by the Bank of Spain so, unless otherwise indicated by the FSB or by the Bank of Spain in the future, it will not be required to maintain the G-SII buffer.
- (c) Likewise, the D-SII buffer applies to those institutions deemed to be of local systemic importance, domestic systemically important banks; we have not been considered a D-SII during 2019 and, thus, we will not be required to maintain a D-SII buffer during this period.
- (d) The percentages of the institution-specific countercyclical buffer are revised each quarter. The Bank of Spain agreed in September 2019 to maintain the institution-specific countercyclical buffer applicable to credit exposures in Spain at 0% for the fourth quarter of 2019. However, it is worth mentioning that the institution-specific CCB rate is calculated as the weighted average of the CCB rates that apply in those countries where the relevant credit exposures of the Issuer are located⁸.

Article 104 of the CRD IV, as implemented by Article 68 of Law 10/2014, and similarly Article 16 of MREL, also contemplate that in addition to the minimum Pillar 1 capital requirements and any applicable capital buffer, supervisory authorities may impose further Pillar 2 capital requirements to cover other risks, including those risks incurred by the individual institutions due to their activities not considered to be fully captured by the minimum capital requirements under the CRD IV and CRR. This may result in the imposition of additional capital requirements on the Issuer and/or the Consumer Group pursuant to this Pillar 2 framework.

The ECB clarified in its “Frequently asked questions on the 2016 EU-wide stress test” (July 2016) that the institutions specific Pillar 2 capital will consist of two parts: Pillar 2 requirement and Pillar 2 guidance. Pillar 2 requirements are binding and breaches can have direct legal consequences for banks, while Pillar 2 guidance is not directly binding and a failure to meet Pillar 2 guidance does not automatically trigger legal action, even though the ECB expects banks to meet Pillar 2 guidance. Following this clarification and the ones contained in the “EBA Pillar 2 Roadmap” (April 2017) and the New Banking Regulations, the Pillar 2 guidance is not relevant for the purposes of triggering the automatic restriction of the distribution and calculation of the Maximum Distributable Amount but, in addition to certain other measures, competent authorities will be entitled to impose further Pillar 2 capital requirements where an institution repeatedly fails to follow the Pillar 2 capital guidance previously imposed.

In addition to the above, the EBA published on 19 December 2014 its final guidelines for common procedures and methodologies in respect of its SREP. Included in this were the EBA’s proposed guidelines for a common approach to determining the amount and composition of additional Pillar 2 capital requirements implemented on 1 January 2016. Under these guidelines (and until CRDV (as defined below) is implemented in Spain), national supervisors must set a composition requirement for the Pillar 2 additional capital requirements to cover certain specified risks of at least 56% CET1 capital and at least 75% Tier 1 capital. The guidelines also contemplate that national supervisors should not set additional capital requirements in respect of risks which are already covered by capital buffer requirements and/or additional macro-prudential requirements; and, accordingly, the above “combined buffer requirement” is in addition to the minimum Pillar 1 capital requirement and to the additional Pillar 2 capital requirement. Therefore capital buffers would be the first layer of capital to be eroded pursuant to the applicable stacking order, as set out in the “Opinion of the EBA on the interaction of Pillar 1, Pillar 2 and combined buffer requirements and restrictions on distributions” published on 16 December 2015. In this regard, under Article 141 of the CRD IV, Member States of the EU must require that an institution that fails to meet the “combined buffer

⁸ For more information, please visit:

https://www.bde.es/f/webbde/GAP/Secciones/SalaPrensa/NotasInformativas/19/presbe2019_62en.pdf

requirement” or the Pillar 2 capital requirements described above, will be prohibited from paying any “discretionary payments” (which are defined broadly by the CRD IV as payments relating to CET1, variable remuneration and payments on Additional Tier 1 capital instruments), until it calculates its applicable restrictions and communicates them to the regulator and, once completed, such institution will be subject to restricted “discretionary payments”. The restrictions will be scaled according to the extent of the breach of the “combined buffer requirement” and calculated as a percentage of the profits of the institution since the last distribution of profits or “discretionary payment”. Such calculation will result in a “Maximum Distributable Amount” in each relevant period. As an example, the scaling is such that in the bottom quartile of the “combined buffer requirement”, no “discretionary distributions” will be permitted to be paid. Articles 43 to 49 of Law 10/2014 and Chapter II of Title II of Royal Decree 84/2015 implement the above provisions in Spain. In particular, Article 48 of Law 10/2014 and Articles 73 and 74 of Royal Decree 84/2014 deal with restrictions on distributions. Furthermore, pursuant to the New Banking Regulations (as defined below), the calculation of the Maximum Distributable Amount, as well as consequences of, and pending, such calculation could also take place as a result of the breach of MREL and a breach of the minimum leverage ratio buffer requirement.

In addition to the above, the CRR also includes a requirement for institutions to calculate a leverage ratio (“**LR**”), report it to their supervisors and to disclose it publicly from 1 January 2015 onwards. More precisely, Article 429 of the CRR requires institutions to calculate their LR in accordance with the methodology laid down in that article. In January 2014, the Basel Committee finalised a definition of how the LR should be prepared and set an indicative benchmark (namely 3% of Tier 1 capital). Such 3% Tier 1 LR has been tested during a monitoring period until the end of 2017 although the Basel Committee had already proposed the final calibration at 3% Tier 1 LR. Accordingly, the CRR (as amended by the New Banking Regulations) contains a binding 3% Tier 1 LR requirement, and which institutions must meet in addition and separately to their risk-based requirements from June 2021 onwards. Moreover, the New Banking Regulations include a leverage ratio buffer for G-SIIs to be met with Tier 1 capital and set at 50% of the applicable risk weighted G-SIIs buffer. Any breach of this leverage ratio buffer would also result in a requirement to determine the Maximum Distributable Amount and restrict discretionary payments to such Maximum Distributable Amount, as well as the consequences of such calculation as specified above.

On 9 November 2015, the Financial Stability Board (the “**FSB**”) published its final principles and term sheet containing an international standard to enhance the loss absorbing capacity of G-SIIs. The final standard consists of an elaboration of the principles on loss absorbing and recapitalisation capacity of G-SIIs in resolution and a term sheet setting out a proposal for the implementation of these proposals in the form of an internationally agreed standard on total loss absorbing capacity (“**TLAC**”) for G-SIIs. Once implemented in the relevant jurisdictions, these principles and terms will form a new minimum TLAC standard for G-SIIs, and in the case of G-SIIs with more than one resolution group, each resolution group within the G-SII. The FSB did a review of the technical implementation of the TLAC principles and term sheet in June 2019. The TLAC principles and term sheet established a minimum TLAC requirement to be determined individually for each G-SII at the greater of (a) 16% of risk weighted assets as of 1 January 2019 and 18% as of 1 January 2022, and (b) 6% of the Basel III Tier 1 leverage ratio exposure measure as of 1 January 2019, and 6.75% as of 1 January 2022. Under the FSB TLAC standard, capital buffers stack on top of the 16% risk weighted assets TLAC requirement.

Furthermore, Article 45 of the European Bank Recovery and Resolution Directive (Directive 2014/59/EU) (“**BRRD**”) provides that Member States shall ensure that institutions meet, at all times, the MREL. The MREL shall be calculated as the amount of own funds and eligible liabilities expressed as a percentage of the total liabilities and own funds of the institution. The EBA was in charge of drafting regulatory technical standards on the criteria for determining MREL (the “**MREL RTS**”). On 3 July 2015 the EBA published the final draft MREL RTS. In application of Article 45(2) of the BRRD, the current version of the MREL RTS is set out in a Commission Delegated Regulation (EU) No. 2016/1450 that was adopted by the Commission on 23 May 2016 (the “**MREL Delegated Regulation**”).

The MREL requirement was scheduled to come into force by January 2016. However, article 8 of the MREL Delegated Regulation gave discretion to resolution authorities to determine appropriate transitional periods to each institution.

The European Commission committed to review the existing MREL rules with a view to provide full consistency with the TLAC standard by considering the findings of a report that the EBA was required to provide to the European Commission under Article 45(19) of the BRRD. On 14 December 2016, the EBA published its final report on the implementation and design of the MREL framework where it stated that,

although there was no need to change the key principles underlying the MREL Delegated Regulation, certain changes would be necessary with a view to improve the technical soundness of the MREL framework and implement the TLAC standard as an integral component of the MREL framework. On 16 January 2019, the SRB published its policy statement on MREL for the second wave of resolution plans of the 2018 cycle, which will serve as a basis for setting binding MREL targets.

Loss absorbing powers by the Relevant Resolution Authority

The BRRD (which has been implemented in Spain through Law 11/2015 and Royal Decree 1012/2015) is designed to provide authorities with tools to intervene sufficiently early and quickly in unsound or failing institutions so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

See *“Risk Factors – General risks relating to the Notes – Risks related to early intervention and resolution - Law 11/2015 enables a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any action under Law 11/2015 could materially affect the value of any debt securities”* for additional information.

New Banking Regulations

On 23 November 2016, the European Commission published, among others, a proposal for a European Regulation amending CRR, two European Directives amending the CRD IV and the BRRD and a proposal for a European Regulation amending Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a SRM and a SRF and amending Regulation (EU) No 1093/2010 (the **“SRM Regulation”**). On 27 June 2019, Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending CRD IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (**“CRD V”**); Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC (**“BRRD II”**); Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending CRR as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) 648/2012 (**“CRR II”**); and Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (**“SRMR II”**, and, together with CRD V, BRRD II and CRR II, the **“New Banking Regulations”**) entered into force. However, most of the provisions of CRR II are not applicable until 28 June 2021 and SRMR II is not applicable until 28 December 2020. The deadline for transposing into local laws both CRD V and BRRD II is 18 months from their entry into force. Until CRD V and BRRD II are transposed into Spanish law, it is uncertain how they will affect the Bank or the investors. In addition, there is also uncertainty as to how CRD V, BRRD II, CRR II and SRMR II will be implemented by the relevant authorities.

The New Banking Regulations cover multiple areas, including the Pillar 2 framework, the leverage ratio, mandatory restrictions on distributions, permission for reducing own funds and eligible liabilities, macroprudential tools, a new category of “non-preferred” senior debt that should only be bailed-in after junior ranking Notes but before other senior liabilities, changes to the definitions of Tier 2 and Additional Tier 1 Notes, the MREL framework and the integration of the TLAC standard into EU legislation as mentioned above.

Additionally, with regard to the European Commission’s proposal to create a new asset class of “non-preferred” senior debt, on 27 December 2017, Directive 2017/2399 amending Directive 2014/59/EU as regards the ranking of unsecured debt Notes in insolvency hierarchy was published in the Official Journal of the EU which sets forth a harmonised national insolvency ranking of unsecured debt Notes to facilitate the issuance by credit institutions of senior “non-preferred” Notes. Before that, Royal Decree-Law 11/2017, of 23 June, approving urgent measures on financial matters (**“RDL 11/2017”**) created in Spain the new asset class of senior-non preferred debt.

One of the main objectives of the New Banking Regulations is to implement the TLAC standard and to integrate the TLAC requirement into the general MREL rules (the “**TLAC/MREL Requirements**”) thereby avoiding duplication from the application of two parallel requirements. As mentioned above, although TLAC and MREL pursue the same regulatory objective, there are, nevertheless, some differences between them in the way they are constructed. The New Banking Regulations integrate the TLAC standard into the existing MREL rules and to ensure that both requirements are met with largely similar Notes, with the exception of the subordination requirement, which will be partially institution-specific and determined by the resolution authority. Under these New Banking Regulations, resolution entities and, potentially, subsidiaries which are credit institutions but not resolution entities themselves would continue to be subject to an institution-specific MREL requirement, which may be higher than the Pillar 1 TLAC/MREL Requirements for G-SIIs contained in the New Banking Regulations.

The Issuer received on 28 November 2019 formal notification from the Bank of Spain of its binding minimum requirement for own funds and eligible liabilities (“**MREL**”) for the Issuer at a sub-consolidated level, as determined by the Single Resolution Board (SRB). This MREL requirement has been set at 14.98% of total liabilities and own funds (TLOF), which as a reference of risk weighted assets at 31 December 2017 would be 22.35%, and shall be met all times from 28 of November 2019 onwards. As of the date hereof, the Issuer already complies with the MREL requirement, with an estimated figure for 2020 above 30% in terms of RWA. The Issuer is part of the resolution group headed by Banco Santander, S.A., which is the resolution entity of the resolution group to which the Issuer belongs.

Institutions that are subsidiaries of a resolution entity and that are not themselves resolution entities are required to hold sufficient amounts of internal MREL, being eligible debt instruments within the group that would be issued or subscribed for internally, in a sufficient amount to sustain the resolution strategy. There may therefore also be a requirement for internal MREL to be issued from the Issuer, as the subsidiary of a resolution entity, within the group and up ultimately to Banco Santander, S.A., the resolution entity.

Additionally, the Basel Committee is currently in the process of reviewing and issuing recommendations in relation to risk asset weightings which may lead to increased regulatory scrutiny of risk asset weightings in the jurisdictions who are members of the Basel Committee.

On 7 December 2017, the Basel Committee’s oversight body, the Group of Central Bank Governors and Heads of Supervision (“**GHOS**”) published the finalisation of the Basel III post-crisis regulatory reform agenda. This review of the regulatory framework covers credit, operational and credit valuation adjustment (“**CVA**”) risks, introduces a floor to the consumption of capital by internal ratings-based methods (“**IRB**”) and the revision of the calculation of the leverage ratio. The main features of the reform are: (i) a revised standard method for credit risk, which will improve the soundness and sensitivity to risk of the current method; (ii) modifications to the IRB methods for credit risk, including input floors to ensure a minimum level of conservatism in model parameters and limitations to its use for portfolios with low levels of non-compliance; (iii) regarding the CVA risk, and in connection with the above, the removal of any internally modelled method and the inclusion of a standardised and basic method; (iv) regarding the operations risk, the revision of the standard method, which will replace the current standard methods and the advanced measurement approaches (AMA); (v) the introduction of a leverage ratio buffer for G-SIIs; and (vi) regarding capital consumption, it establishes a minimum limit on the aggregate results (output floor), which prevents the risk weighted assets of the banks generated by internal models from being lower than the 72.5% of the risk weighted assets that are calculated with the standard methods of the Basel III framework. In August 2019 the EBA advised the European Commission on the introduction of the output floor and concluded that the revised framework should be implemented by using the floored risk weighted assets as a basis for all the capital layers, including the systemic risk buffer and the Pillar 2 capital requirement.

The GHOS have extended the implementation of the revised minimum capital requirements for market risk until January 2023, to coincide with the implementation of the reviews of credit, operational and CVA risks.

In reaction to the COVID-19 outbreak, on 12 March 2020 the ECB announced temporary measures expected to provide capital relief to banks in support of the economy. These measures include the permission to (i) operate temporarily below the level of capital defined by "Pillar 2" capital guidance, the "capital conservation buffer" and the LCR and (ii) use capital instruments that do not qualify as CET1 (for example Additional Tier 1 instruments and Tier 2 instruments) to meet "Pillar 2" capital requirements. Also on that date, the EBA announced its decision to postpone the EU-wide stress test exercise to 2021 to allow banks to prioritise operational continuity and has announced that flexibility will guide supervisory approaches. In addition, on 28 April 2020 the EU Commission adopted a banking package proposing a few

amendments to the EU's banking prudential rules (including adapting the timeline of the application of international accounting standards on banks' capital or treating more favourably public guarantees granted during this crisis) in order to maximise the ability of banks to lend and absorb losses related to COVID-19. The Commission also proposed to advance the date of application of several agreed measures that incentivise banks to finance employees, SMEs and infrastructure projects.

Deposit Guarantee Fund ("DGF") and Single Resolution Fund ("SRF")

The Consumer Group belongs to the DGF, which is aimed at guaranteeing the return of guaranteed deposits when the depository institution has been declared bankrupt (*concurso de acreedores*) or when deposits are not returned, provided an agreement has not been reached to commence a resolution process of the institution up to the limit contemplated in Royal Decree-Law 16/2011, of 14 October 2011, creating the Deposit Guarantee Fund for Credit Institutions. The standard annual contribution to be made by institutions to the fund is determined by the DGF Management Committee, pursuant to the provisions of Bank of Spain Circular 5/2016 of 27 May on the calculation method to ensure that the contributions by member institutions of the Deposit Guarantee Fund are proportional to their risk profile, as amended by Circular 1/2018 of 31 January 2018.

In addition, in March 2014, the European Parliament and the Council reached a political agreement on the creation of the second pillar of the banking union, the Single Resolution Mechanism ("SRM"). The main objective of the SRM is to ensure that all possible bankruptcies that occur in the future in the banking union are managed efficiently, at a minimum cost to taxpayers and the actual economy. The SRM's scope of activity is identical to that of the SSM, being a central authority.

The regulations governing the banking union are aimed at ensuring that the banks and their shareholders (primarily) and, if required, the bank's creditors (partly), are those that finance resolutions. Nevertheless, another source of finance must also be available, if the contributions by shareholders and bank creditors are insufficient. This is the Single Resolution Fund ("SRF"), administered by the Single Resolution Board ("SRB"), which is the ultimate entity responsible for deciding whether or not the resolution of the bank should be initiated, while the operating decisions are made in conjunction with the national resolution authorities. The regulations establish that banks must contribute to the SRF for eight years.

The SRB calculates the contributions to be made by each entity to the SRF, in accordance with the provisions of Regulation (EU) 806/2014 of the European Parliament and of the Council of 15 July 2014. The calculation is based on:

- (a) contributions that are calculated in proportion to the individual entity's liabilities, excluding net worth and guaranteed deposits, with respect to the total liabilities minus net worth and guaranteed deposits of all the authorised entities in the participating Member States («annual base contribution»); and
- (b) contributions that are calculated according the entity's risk profile («risk-adjusted contribution»).

The expense accounted for in financial years 2019 and 2018 for contributions by the Issuer to the Deposit Guarantee Fund and the SRF amounted to EUR 56.7 million and EUR 57.5 million, respectively.

Non-performing exposures

On 15 March 2018, the ECB published its supervisory expectations on prudent levels of provision for non-performing loans ("NPLs"). The document was published as a subsequent addendum (the "Addendum") to the ECB's guidance on non-performing loans for credit institutions of 20 March 2017, which clarified the ECB's supervisory expectations with regard to the identification, measurement, management and write-off of NPLs. The ECB states that the Addendum sets out what it considers to be prudential provisioning of non-performing exposures, in order to avoid an excessive build-up of non-covered aged NPLs on banks' balance sheets in the future, which would require specific supervisory measures.

In this respect, the ECB states that it will assess any differences between banks' practices and the prudential provisioning expectations laid out in the Addendum at least annually and will link the supervisory expectations in this Addendum to new NPLs classified as such from 1 April 2018 onwards. In addition, banks will therefore be asked to inform the ECB of any differences between their practices and the prudential provisioning expectations, as part of the SREP supervisory dialogue, as from early 2021. This could ultimately result in the ECB requiring banks to apply specific adjustments to their net worth

calculations when the accounting treatment applied by the bank is not considered prudent from a supervisory perspective which, in turn, could have an impact on the banks' capital position.

In connection with the measures announced by the ECB measures to ensure that its directly supervised banks can continue to fulfil their role to fund households and corporations amid the COVID-19-related economic shock to the global economy, on 20 March 2020 it announced additional measures introducing supervisory flexibility regarding the treatment of NPLs, in particular to allow banks to fully benefit from guarantees and moratoriums put in place by public authorities to tackle the current distress. In light of the current scenario, the EBA has also issued a statement regarding the prudential framework in relation to the classification of loans in default, classification of exposures under the definition of forbearance or as defaulted under distressed restructuring, and their accounting treatment. In particular, the EBA clarified that generalised payment delays due to legislative initiatives and addressed to all borrowers do not lead to any automatic classification in default, forborne or unlikelihood to pay (individual assessments of the likelihood to pay should be prioritized) and clarified the requirements for public and private moratoria, which if fulfilled, are expected to help avoid the classification of exposures under the definition of forbearance or as defaulted under distressed restructuring.

Financial Transactions Tax

The draft Bill of the law to set up a financial transactions tax ("**Financial Transactions Tax**") in Spain (which was published in the Official Gazette of the Spanish Parliament/121/000002 on 28 February 2020) envisages imposing an indirect tax on the acquisition of shares in Spanish companies that are admitted to trading on a Spanish market, or that of another EU State subject to regulation pursuant to the MiFID II or on a market considered as equivalent by such Directive in a third country (as well as on purchases for consideration of negotiable securities constituted by certificates of deposit representing such shares) with a market capitalisation value greater than EUR 1,000 million.

The taxable base, as a general rule, is comprised of the amount of consideration of the taxable transaction, excluding certain transaction costs (arising from market infrastructure prices, brokerage commissions and other associated expenses) and the tax is accrued on the date the transaction is performed (at a trading venue) or against a registry entry (for transactions that do not take place at a trading venue). When the acquisition of shares is the result of the execution or settlement of convertible bonds or debentures, the calculation of the taxable base is subject to special rules. The rate applicable to the taxable base would be a fixed rate of 0.2%.

The taxpayer is the purchaser of the securities. However, the taxable person (regardless of the location of the establishment) is the financial intermediary that transmits or executes the acquisition order, either when acting on its own behalf (credit institution or investment services firm) or on behalf of third parties. In the former case, it will be liable for the tax in its capacity as the taxpayer; and in the latter, the person liable as the substitute of the taxpayer will be:

- the member of the market executing the acquisition, if the transaction takes place at a trading venue;
- the systematic internaliser, if the acquisition takes place within the scope of its activity (outside a trading venue);
- the financial intermediary receiving the order from the purchaser or that makes delivery by virtue of the execution or settlement of a financial instrument/contract, if the acquisition does not involve either a trading venue or systematic internaliser; and
- the institution providing the securities depository service on behalf of the purchaser, if the acquisition does not involve a trading venue or any of the persons or entities referred to above.

The entry into force of the Financial Transactions Tax is within three months of its publication in the Official State Gazette and, if the Bill of Law on the Financial Transactions Tax is confirmed and passed by the Spanish Parliament, it could potentially have a major impact on credit institutions and investment service companies in scenarios in which they acquire assets on their own account or on behalf of third parties (as a financial intermediary, in this case for compliance obligations). On the other hand, the divergence of the implementation of this regime in the EU is seen as likely to create disadvantageous regimes, depending on the final characteristics of the Financial Transactions Tax, which will have an impact

on both market operations (e.g. relocation of trading venues affected, decrease in liquidity) and on the very dynamics of the financial instruments affected (e.g. replacement by non-taxed financial instruments).

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

Whilst the Notes are in global form and held within Euroclear Bank SA/NV or Clearstream Banking S.A. (together the “**ICSDs**”), in all but the most remote circumstances it is not expected that the withholding tax imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (“**FATCA**”) will affect the amount of any payment received by the ICSDs (see Taxation - FATCA). However, FATCA may affect payments received by financial institutions which participate in the ICSDs or by custodians and intermediaries in the subsequent payment chain leading to the ultimate investor if any such participant, custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or to an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose their custodians or other intermediaries with care (to ensure that each is compliant with FATCA and other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer’s obligations under the Notes are discharged once it has paid the ICSDs or their agents and the Issuer therefore has no responsibility for any amount deducted under FATCA from payments made thereafter to participants, custodians, intermediaries, or ultimate investors.

PSD2

Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market (the “**PSD2 Directive**”) has been fully transposed into Spanish law, which took place after the deadline for PSD2 transposition (13 January 2018); notwithstanding the additional transitional period until 31 December 2020 in relation to the requirements on security measures (mainly due to their potential negative impact on electronic commerce)) by means of Royal Decree-Law 19/2018 of 23 November 2018 on payment services and other urgent measures in financial matters, Royal Decree 736/2019 of 20 December 2019 on the legal regime for payment services and payment institutions and Order ECE/1263/2019 of 26 December 2019 on transparency of conditions and information requirements applicable to payment services. The PSD2 Directive essentially regulates (a) transparency conditions and (b) the rights and obligations in contracts between payment service providers and users, applying its regime to the objective scope of payment services provided by credit institutions, payment service entities and electronic money institutions. In addition, it provides for a set of precautionary measures (prohibition of surcharges for the use of payment Notes at commercial establishments or online, unconditional right to the return for direct debits in euros, reduction of liability for unauthorised payments), security requirements (protection of consumer financial data and enhanced security requirements for electronic payments).

In particular, the new payment services introduced by PSD2 feature the services of (a) payment initiation; and (b) account information. Both services involve access by third parties (suppliers to third parties) to payment service users' accounts held with credit institutions. This means the opening up of the payment market to these new competitors (“**third-party providers**”), who can operate directly through the payment service user's account at their credit institution, without having to open an account themselves to operate. This PSD2 Directive regime and the operational and technological efforts made to adapt it, together with the introduction of the so-called “open banking”, will have a substantial impact on the business model for payment services offered by credit institutions, by allowing third parties not related to credit institutions to access their infrastructure, for the purposes of obtaining account information and initiating payment services with bank customers/potential new users of third-party payment services, subject to specific limitations under Articles 66, 67 et seq. In essence, this leads to an increase in the regulatory cost of adaptation of credit institutions, a strengthening of their technological systems for operational and integration purposes and an intensification of competition in the payment services sector, represented mainly by non-credit institution providers subject to a less onerous regulatory regime or, directly, not subject to a prudential supervision regime.

New accounting framework

The Bank of Spain Circular 4/2017 of 27 November 2017 to credit institutions on public and confidential financial reporting rules and standard financial statements ("**Circular 4/2017**"), which repealed the former Bank of Spain Circular 4/2004 of 22 December 2004, after successive amendments, adapts the accounting system of Spanish credit institutions to the changes resulting from the adoption of International Financial Reporting Standards (IFRS) - IFRS 9 and IFRS 15, applicable as from 1 January 2018, in relation to the accounting criteria applicable to financial Notes and ordinary revenue.

Annex IX of Circular 4/2017 ("**Annex IX**") develops the general framework for credit risk management in accounting terms, essentially maintaining the amendments introduced by Circular 4/2016, of 27 April 2016 and mainly regulates the policies for the granting, modifying, evaluating, monitoring and controlling of transactions, which include their accounting and the estimation of credit risk loss hedging. In addition, a generally stricter regime is introduced for revaluation, mainly with respect to the general procedures of valuation and monitoring of real estate collateral and the valuation of properties used as collateral for mortgage loans (supplemented by the application of automatic methods to obtain Automated Valuation Model valuations and specific criteria applicable to valuations performed by valuation companies, with strict requirements).

Adaptation to the accounting criteria of IFRS 9 and IFRS 15 since 2018 has had a substantial influence on the accounting plans of credit institutions, mainly due to the effects of the impairment of financial assets, which are subject to new classification criteria and the move from the "incurred losses" model to the "expected credit losses" model, applicable to financial assets measured at amortised cost and to financial assets valued at fair value, with changes in other overall results. This has had a significant impact on credit institutions' provisioning models, leading to accounting adjustments/reduced reserves, in addition to the major regulatory costs that credit institutions had to bear in 2018.

IFRS 9

International Financial Reporting Standard 9 ("**IFRS 9**") addresses the classification, measurement and recognition of financial assets and financial liabilities. The full version of IFRS 9 was published in July 2014 and replaces guideline IAS 39 on classification and measurement of financial Notes. IFRS 9 maintains, although it simplifies, the mixed measurement model and establishes three main measurement categories for financial assets: amortised cost, at fair value with changes in profit and loss and fair value with changes in other comprehensive income. The basis of classification depends on the entity's business model and the characteristics of the financial asset's contractual cash flows. Investments in equity Notes are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other non-recyclable comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

In relation to financial liabilities, there have been no changes with respect to classification and valuation, except for the recognition of changes in the entity's own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss. Under IFRS 9, there is a new model for losses resulting from impaired value, the expected credit loss model, which replaces the incurred loss model of IAS 39 and will result in recognition of losses earlier than under IAS 39.

IFRS 9 relaxes the requirements for effective hedging. Under IAS 39, hedging must be highly effective, both prospectively and retrospectively. IFRS 9 replaces this process by requiring an economic relationship between the hedged item and the hedging instrument and that the hedged ratio is the same as that actually used by the entity for its risk management. Contemporaneous documentation is still required, but is different from that prepared under IAS 39. Finally, extensive information is required, including a reconciliation between the initial and final amounts of the provision for expected credit losses, assumptions and data, and a reconciliation on transition between the categories of the original classification under IAS 39 and the new classification categories under IFRS 9.

IFRS 9 is effective for annual periods that commence as of 1 January 2018. IFRS 9 is applied retrospectively, although the comparative figures do not have to be re-stated.

Insolvency Law

Certain provisions in the Insolvency Law may negatively affect holders of Notes in general. Among other things, the Insolvency Law provides 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 bilateral contract granting one party the right to terminate by reason only of the other's insolvency may not be enforceable, and (iii) accrual of unsecured interest (whether ordinary or default interest) shall be suspended from the date of the declaration of insolvency and any amount of interest accrued up to such date shall become subordinated. In the case of secured ordinary interests, (i) these shall be deemed as specially privileged, and (ii) interests shall keep accruing after the declaration of insolvency up to the limit of the secured amount, and only if a contingent credit for secured ordinary interests that may accrue after the declaration of insolvency is included in the statement of claim to be sent to the insolvency administrator (as per the Supreme Court judgment dated 20 February 2019). In the case of secured default interests, (i) these shall be deemed as specially privileged, and (ii) these shall not accrue after the declaration of insolvency, in accordance with the Spanish Supreme Court judgment dated 11 April 2019 and article 152.2 of the Recast Insolvency Law. Any payments of interest in respect of debt securities will be subject to the subordination provisions of Article 92.3 of the Insolvency Law.

Last, Royal Legislative Decree 1/2020, of 5 May, approving a recast insolvency law (*Real Decreto Legislativo 1/2020, de 5 de mayo, por el que se aprueba el texto refundido de la Ley Concursal*) has been published on 7 May 2020 (the “**Recast Insolvency Law**”). The purpose of the Recast Insolvency Law is to clarify and harmonise the Spanish Insolvency Law which has been amended several times, giving rise to certain doubts and inconsistencies. The Recast Insolvency Law will come into effect on 1 September 2020. It cannot be ruled out that the Recast Insolvency Act (which will now have 752 articles instead of the 242 articles in the current Insolvency Law) could eventually include changes (or could eventually give rise to a change in the interpretation of insolvency courts) with respect to the current Insolvency Law provisions which have been described in this Information Memorandum.

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. In particular, this tax section does not address the Spanish tax consequences applicable to "look-through" entities (such as trusts or estates) that may be subject to the tax regime applicable to such non-Spanish entities under the Spanish Non-Resident Income Tax ("NRIT") rules and regulations, to individuals who acquire the Notes by reason of employment or to pension funds or collective investment in transferrable securities (UCITS). Prospective investors who are in any doubt as to their position should consult with their own professional advisers.

This summary is based on Spanish tax law, along with any administrative pronouncements, judicial decisions, all as of the date hereof, changes to any of which may affect the tax consequences described herein, possibly with retroactive effect.

In addition, investors should note that the appointment by an investor in Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax or withholding tax implications. Investors should consult their own tax advisors in relation to the tax consequences for them of any such appointment.

The proposed financial transactions tax ("FTT" or "Financial Transaction Tax")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common Financial Transactions Tax in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

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

However, the Financial Transactions Tax proposal remains subject to negotiation between Participating Member States. It may therefore be altered prior to any implementation, the timing of which, remains unclear. Additional EU Member States may decide to participate.

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

In addition to the above, a draft Bill on the Spanish Financial Transactions Tax was published in the Official Gazette of the Spanish Parliament. For more information on the Spanish Financial Transactions Tax, see "*Regulation – Financial Transactions Tax*".

Taxation in Spain

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws

of those countries. This summary is based upon the law as in effect on the date of this Information Memorandum and is subject to any change in law that may take effect after such date.

1. 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 One of Law 10/2014, of 26 June, on regulation, supervision and solvency of credit entities and Royal Decree 1065/2007, of 27 July, as amended, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes;
- (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 as amended by Law 26/2014, of 27 November, 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**”), Law 27/2014, of 27 November, of the CIT Law, and Royal Decree 634/2015, of 10 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 as amended by Law 26/2014, of 27 November, 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, in particular, exempt from Transfer Tax and Stamp Duty, in accordance with the Consolidated Text of such tax promulgated by Royal Legislative Decree 1/1993, of 24 September, and exempt from Value Added Tax, in accordance with Law 37/1992, of 28 December, regulating such tax.

2. Individuals with Tax Residency in Spain

(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 obtained by individuals who are resident in Spain 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 IIT Law, and therefore must be included in the investor’s IIT savings taxable base pursuant to the provisions of the aforementioned law, and taxed according to the then-applicable rate. The savings taxable base will be taxed at the rate of 19%, for taxable income up to EUR 6,000, 21% for taxable income between EUR 6,000 and EUR 50,000, and 23% for taxable income exceeding EUR 50,000.

Income from the transfer of the Notes shall generally be computed as the difference between the amounts obtained in the transfer, redemption or reimbursement of the Notes and their acquisition or subscription value. Costs and expenses effectively borne on the acquisition and/or disposal of the Notes shall be taken into account, insofar as adequately evidenced, in calculating the income.

Negative income derived from the transfer of the Notes, in the event that the Beneficial Owner had acquired other homogeneous securities within the two months prior or subsequent to such transfer or exchange, shall be included in his or her IIT base as and when the remaining homogeneous securities are transferred.

When calculating the net income, expenses related to the management and deposit of the Notes will be deductible, excluding those pertaining to discretionary or individual portfolio management.

According to Section 44.5 of Royal Decree 1065/2007, of 27 July, as amended, and in the opinion of the Issuer, the Issuer will pay interest without withholding to individual Beneficial Owners who are resident for tax purposes in Spain **provided that** the information about the Notes required by Exhibit 1 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. 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 19% which would be made by the depositary or custodian.

Withheld amounts may be credited against individuals' final IIT liability.

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

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

In accordance with Article 3 of Royal Decree-Law 18/2019, of 27 December, a full exemption on Net Wealth Tax will apply in 2021 unless such is revoked again.

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

3. **Legal Entities with Tax Residency 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 in accordance with the rules for this tax. The current general tax rate of 25%, however, does not apply to all corporate income tax payers and, for instance, does not apply to banking institutions which would be subject to a tax rate of 30%.

In accordance with Section 44.5 of Royal Decree 1065/2007, of 27 July as amended, and in the opinion of the Issuer, there is no obligation to withhold on income derived from the redemption and repayment of the Notes and interest 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 1 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 19%, withholding that would 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 therefore, the exemption of withholding as regards income obtained by Spanish resident corporate investors from financial assets listed on an official OECD market, contained in Section 61(s) of the CIT regulations, is not applicable.

Withheld amounts may be credited against Beneficial Owners' final CIT liability.

(b) **Net 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.

4. **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, generally, the same as those previously set out for Spanish CIT taxpayers.

See "*Taxation in Spain—Legal Entities with Tax Residency in Spain—Corporate Income Tax (*Impuesto sobre Sociedades*)*".

(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, as amended ("**Section 44**"). If these information obligations are not complied with in the manner indicated, the Issuer will withhold 19% and the Issuer will not pay additional amounts.

Beneficial Owners not resident in Spain for tax purposes and entitled to exemption from NRIT but where the Issuer does not timely receive the information about the Notes in accordance with the procedure described in detail under "*—Information about the Notes in Connection with Payments*" 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*)**

Non-Spanish resident individuals whose properties and rights located in Spain, or that can be exercised within the Spanish territory exceed EUR 700,000 would be subject to Wealth Tax, the applicable rates ranging between 0.2% and 2.5%.

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to Net Wealth Tax would generally not be subject to such tax.

In accordance with Article 3 of Royal Decree-Law, 28/2019, of 27 December, a full exemption on Net Wealth Tax will apply in 2021 unless such exemption is revoked again.

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

(a) **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.

If the provisions of the foregoing paragraph do not apply, such individuals will be subject to inheritance and gift tax in accordance with Spanish legislation. As such, prospective investors should consult their tax advisers.

However, if the deceased, heir or the donee are resident in an EU or European Economic Area Member State, depending on the specific situation, the applicable rules will be those corresponding to the relevant autonomous regions according to the law.

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

5. **Foreign Account Tax Compliance Act (“FATCA”)**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the Issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions.

Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply to foreign passthru payments before the date that is two years after the publication of the final regulations defining “foreign passthru payment” and Notes that have a fixed term and are not treated as equity for U.S. federal income tax purposes, issued on or prior to the date that is six (6) months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding on foreign passthru payments unless materially modified after such date. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding. Prospective purchasers should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

6. **Tax Rules for Notes not Listed on a Multilateral Trading Facility, Regulated Market or any Organised Market in an OECD Country**

6.1 ***Withholding on Account of IIT, CIT and NRIT***

If the Notes are not listed on a multilateral trading facility, regulated market or any other organised market in an OECD country on any Payment Date, payments to Beneficial Owners in respect of the Notes will be subject to withholding tax at the current rate of 19% except in the case of Beneficial Owners 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 Beneficial Owners (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 Beneficial Owners; and in both (a) and (b) cases, the Beneficial Owner provides the Issuer with a valid and in-force certificate of tax residency duly issued by the tax authorities of its country of residency within the meaning of the relevant double tax treaty before any payment is made or due (whichever occurs first). For these purposes, the certificate of tax residency shall be issued within one year as of the date of payment or if it refers to a specific period, it will only be valid for that period.

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

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

7. **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 the information described in Exhibit 1 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, as amended (“**Section 44**”).

In accordance with Section 44 paragraph 5, the following information with respect to the Notes must be submitted to the Issuer before the close of business on the Business Day (as defined in the Terms and Conditions of the 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 Issuing 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 Issuing and Paying Agent must certify the information above about the Notes by means of a certificate, the form of which is attached as Exhibit 1 of this Information Memorandum.

In light of the above, the Issuer and the Issuing 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 instruct the Issuing and Paying Agent to withhold tax at the then-applicable rate (as at the date of this

Information Memorandum 19%) from any payment in respect of the relevant Notes. The Issuer will not pay any additional amounts with respect to any such withholding.

If, before the tenth day of the month following the month in which interest is paid, the Issuing and Paying Agent provides such information, the Issuer will instruct the Issuing and Paying Agent to immediately transfer the relevant withholding tax (currently, 19%) deducted in respect of the relevant payment pursuant to the above by way of reimbursement of the amounts withheld on the relevant payment date and completion of the corresponding payment in respect of payments under the Notes. If the Issuing and Paying Agent fails or for any reason is unable to provide such information to the Issuer by the tenth day of the month following the month in which interest is paid, the Issuing and Paying Agent shall immediately return (but in any event no later than the tenth day of the month immediately following the relevant payment) to the Issuer any remaining amount of the withholding tax (currently, 19%) deducted in respect of the relevant payment, and investors will have to apply directly to the Spanish tax authorities for any refund to which they may be entitled.

Prospective Beneficial Owners should note that none of the Issuer or the Dealers accepts any responsibility relating to the procedures established for the collection of information concerning the Notes. Accordingly, none the Issuer or the Dealers will be liable for any damage or loss suffered by any Beneficial Owner who would otherwise be entitled to an exemption from Spanish withholding tax but whose income payments are nonetheless paid net of Spanish withholding tax because these procedures prove ineffective. Moreover, the Issuer will not 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 1. 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 1 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, tal y como ha sido modificado.

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, as amended, 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.

USE OF PROCEEDS

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

SUBSCRIPTION AND SALE

1. General

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

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

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in a supplement to this Information Memorandum.

2. *PRIIPs Regulation / Prohibition of Sales to EEA and UK Retail Investors*

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area ("EEA") or in the United Kingdom ("UK"). For these purposes, (a) a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EC of the European Parliament and of the Council of EU of 20 January 2016 (as amended or superseded, "IDD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 of the European Parliament and of the Council of the EU of 14 June 2017 (as amended or superseded, the "Prospectus Regulation"); and (b) the expression "offer" includes the communication in any form and by any means of sufficient information on terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

3. United States of America

Each Dealer understands that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S. Each Dealer represents and agrees that it has not offered or sold, and will not offer or sell, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S. Terms used above have the meaning given to them by Regulation S. Each Dealer also represents and agrees that it has offered and sold the Notes, and will offer and sell the Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date (the "distribution compliance period"), only in accordance with Rule 903 of Regulation S. Each Dealer agrees that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"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 (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

Each Dealer also represents and agrees that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and that it and they have complied and will comply with the offering restrictions requirement of Regulation S. Terms used above have the meaning given to them by Regulation S.

4. **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 would not apply to the Issuer 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.

5. **Japan**

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 represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

6. **Singapore**

Each of the Dealers has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"). Accordingly, each of the Dealers has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes

or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA, except:

- (i) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Notification under Section 309B(1)(c) of the SFA - Unless otherwise stated in the applicable Final Terms, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

7. Kingdom of Spain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that the Notes may not be offered, sold or distributed in Spain, except in circumstances which do not require the registration of a prospectus in Spain or without complying with all legal and regulatory requirements under Spanish securities laws. 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.

8. Republic of France

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has only offered or sold and will only offer or sell, directly or indirectly, Notes in France to qualified investors (*investisseurs qualifiés*) as defined in

Article L.411-2 1° of the French *Code monétaire et financier* and it has only distributed or caused to be distributed and will only distribute or cause to be distributed in France to such qualified investors this Information Memorandum, the relevant Final Terms or any other offering material relating to the Notes

9. **Norway**

In no circumstances may an offer of Notes be made in the Norwegian market without the Notes being registered in the Norwegian Central Securities Depository (*Verdipapirsentralen*) (the “VPS”) in dematerialised form or in another central securities depository which is properly authorised and recognised by the Financial Supervisory Authority of Norway (Nw. Finansilsynet) as being entitled to register the Notes pursuant to Regulation (EU) No 909/2014, to the extent such Notes shall be registered, according to the Norwegian Central Securities Depositories Act (Nw. Verdipapirsentralloven 2019) and ancillary regulations.

10. **Kingdom of Sweden**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy or sell the Notes or distribute this Information Memorandum or any other document in relation to any such offer, invitation or sale in the Kingdom of Sweden, except, in compliance with the laws of the Kingdom of Sweden and only under circumstances where such offer, invitation or sale does not require the publication or registration of an information memorandum in Sweden.

11. **Denmark**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold and will not offer, sell or deliver any of the Notes directly or indirectly in the Kingdom of Denmark unless in compliance with the Danish Consolidated Act No. 931 of 6 September 2019 on Capital Markets as amended and Executive Orders issued thereunder and in compliance with the Executive Order No. 1580 of 17 December 2018 on investor protection in connection with securities trading, issued pursuant to the Danish Consolidated Act No. 937 of 6 September 2019 on Financial Business, all as amended, supplemented or replaced from time to time.

12. **Switzerland**

The offering of the Notes in Switzerland is exempt from requirement to prepare and publish a prospectus under the Swiss Financial Services Act (“FinSA”). The Information Memorandum does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the Notes.

13. **Taiwan**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, it has not offered, sold or delivered, and will not offer, sell or deliver, at any time, directly or indirectly, any Notes in Taiwan or to a Taiwan person/entity, except where such sale is made in accordance with the laws and regulations of Taiwan.

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. 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 Euronext Dublin after 19 June 2020. The admission of the Notes to trading on the regulated market of Euronext Dublin 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 Euronext Dublin will be so admitted to listing and trading upon submission to Euronext Dublin of the relevant Final Terms and any other information required by Euronext Dublin, 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

Save as set out in this Information Memorandum in sections “*Risk Factors - Macro-Economic and Political Risks*” and “*Risk Factors - Risks Relating to the Issuer and the Consumer Group Business*”, since 31 December 2019 there has been no significant change in the financial position or financial performance of the Issuer and/or the Consumer Group nor any material adverse change in the prospects of the Issuer and/or the Consumer Group.

Litigation

Save as disclosed in the 2019 Annual Report, there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Information Memorandum, a significant effect on the financial position or profitability of the Issuer and its subsidiaries.

Material Contracts

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

Auditors

The consolidated annual accounts of the Issuer have been audited without qualification as of and for the years ended 31 December 2019 and 31 December 2018 by the external audit firm PricewaterhouseCoopers Auditores, S.L. of Torre PwC, Paseo de la Castellana, 259-B, Madrid, registered under number S0242 in the Official Register of Auditors (*Registro Oficial de Auditores de Cuentas*) with tax identification number (CIF) B-79 031290, and member of the *Instituto de Censores Jurados de Cuentas de España*, appointed auditor of the Issuer from 1 January 2016.

The audited consolidated annual accounts of the Issuer as of and for each of the years ended 31 December 2019 and 2018 have been filed with the Spanish securities market regulator (*Comisión Nacional del Mercado de Valores*).

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, United Kingdom, at the registered office of the Issuer and at <https://www.santanderconsumer.es> for the life of this Information Memorandum:

1. the *estatutos* (by-laws) of the Issuer;
2. the audited consolidated financial statements of the Issuer for the years ended 31 December 2019 and 2018, incorporated by reference herein;
3. this Information Memorandum, together with any supplements thereto;
4. the Agency Agreement;
5. the Deed of Covenant; and
6. 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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