



*FIRST SUPPLEMENT DATED 21 OCTOBER 2014
TO THE BASE PROSPECTUS DATED 16 JUNE 2014*

*Santander International Debt, S.A.
Unipersonal
(incorporated with limited liability in Spain)
and*

*Santander Issuances, S.A. Unipersonal
(incorporated with limited liability in Spain)
guaranteed by*

*Banco Santander, S.A.
(incorporated with limited liability in Spain)*

€32,000,000,000 Programme for the Issuance of Debt Instruments

This First Supplement is dated 21 October 2014

This document constitutes a Supplement to the Base Prospectus dated 16 June 2014 for the purposes of Article 16 of the Prospectus Directive in and is prepared in connection with the € 32,000,000,000 Programme (the “Programme”) for the issuance of debt instruments of Santander International Debt, S.A.U. and Santander Issuances, S.A.U. (each, an “Issuer” and together the “Issuers”) and guaranteed by Banco Santander, S.A. (the “Guarantor”). The expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the Directive 2010/73/EU (“2010 PD Amending Directive”). The Base Prospectus has been approved on 21 June 2013, by the Central Bank of Ireland (the “CBI”), which is the Ireland competent authority for the purpose of the Prospectus Directive and relevant implementing measures in Ireland, as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Ireland for the purpose of giving information with regard to the issue of Instruments under the Programme during the period of twelve months after the date thereof.

This Supplement should be read in conjunction with the Base Prospectus dated 16 June 2014.

Each of the Issuers and the Guarantor accept responsibility for the information contained in this Supplement and confirms that, having taken all reasonable care to ensure that such in case, the information contained in this Supplement is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Supplement has been prepared for the purposes of: (i) incorporating by reference into the Base Prospectus certain information of the Guarantor’s audited Condensed Consolidated Financial Statements and Interim Directors’ Report for the six-month period ended 30 June 2014, together with Auditors’ Report (the “Financial Statements June 2014”) (as listed and defined in Schedule 1 hereto); (ii) incorporating by reference into the Base Prospectus certain information of the Santander International Debt, S.A., Unipersonal unaudited interim complete financial statements and explanatory notes for the six-month period ended 30 June 2014, including the Auditor’s Limited Review Report thereon (the “June 2014 Santander International Debt Financial Statements” or “SID June 2014 Financial Statements”) and certain information of the Santander Issuances, S.A., Unipersonal unaudited interim complete financial statements and explanatory notes for the six-month period ended 30 June 2014, including the Auditor’s Limited Review Report thereon (the “June 2014 Santander Issuances Financial Statements” or “Issuances June 2014 Financial Statements”) (as listed and defined in Schedule 2 hereto); (iii) updating the Summary of the Programme on page 2 of the Base Prospectus which shall be deemed updated and replaced with the Summary of the Programme in this supplement (as specified in Schedule 3 hereto); and (iv) updating the Form of Issue Specific Summary on page 250 of the Base Prospectus which shall be deemed updated and replaced with the Form of Issue Specific Summary in this supplement (as specified in Schedule 4 hereto).

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in the Base Prospectus, to which this Supplement relates.

This Supplement shall be published on the Irish Stock Exchange website (www.ise.ie)

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

If any documents which are incorporated by reference themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement or the Base Prospectus for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference or attached to this Supplement.

Save as disclosed in this Supplement to the Base Prospectus dated 21 June 2013, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus has arisen or been noted, as the case may be, since the publication of the Base Prospectus.

In accordance with Article 16, paragraph 2, of the Prospectus Directive, investors who have already agreed to purchase or subscribe for securities before this Supplement is published have the right, exercisable within a time limit of two working days after the publication of this Supplement, to withdraw their acceptances, which is 23 October 2014.

SCHEDULE 1

GUARANTOR'S FINANCIAL STATEMENTS FOR THE FIRST HALF 2014.

BANCO SANTANDER, S.A., has published the English language translation of its audited Condensed Consolidated Financial Statements and Interim Directors' Report for the six-month period ended 30 June 2014, together with Auditors' Report (the "Financial Statements June 2014"). By virtue of this Supplement the information contained in the following table is incorporated by reference in the Base Prospectus under paragraph 13.5.1 of the section denominated "Financial Information concerning the Guarantor's Assets and Liabilities, Financial Position and Profit and Losses" contained in page 106 of the Base Prospectus.

The table below sets out the relevant page references in the BANCO SANTANDER, S.A. English language translation of its "Financial Statements June 2014" where the following information incorporated by reference in the Base Prospectus can be found:

| <u>Information incorporated by Reference in the Base Prospectus</u> | Financial Statements June 2014 (Page References are to the electronic .pdf version of the document) |
|---|--|
| 1. Auditor's Report on Interim Condensed Consolidated Financial Statements. | A-1 and A-2 |
| 2. Condensed Consolidated Balance Sheets at 30 June 2014 (audited) and 31 December 2013. | A-3 |
| 3. Condensed Consolidated Income Statements for the 6 month periods ended 30 June 2014 (audited) and 30 June 2013. | A-4 |
| 4. Condensed Consolidated Statements of Recognised Income and Expense for the 6 months period ended 30 June 2014 (audited) and 30 June 2013 | A-5 |
| 5. Condensed Consolidated Statements of Changes in total equity for the 6 months period ended 30 June 2014 (audited) and 30 June 2013. | A-6 and A-7 |
| 6. Condensed Consolidated Statements of Cash Flows for the 6 months period ended 30 June 2014 (audited) and 30 June 2013. | A-8 |
| 7. Explanatory Notes to the half-yearly condensed consolidated financial statements for the six-month period ended 30 June 2014. | 2 to 62 |

The Guarantor's Financial Statements June 2014 have been published in the website of the Guarantor

(<http://www.santander.com/csgs/StaticBS?ssbinary=true&blobkey=id&SSURIsscontext=Satellite+Server&blobcol=urldata&SSURIsession=false&blobheadervalue1=application%2Fpdf&blobwhere=1278702406079&blobheadervalue2=inline%3Bfilename%3D253%5C614%5Cfinancial+statements+CNMV.pdf&blobheadervalue3=santander.wc.CFWCSancomQP01&SSURlapptype=BlobServer&blobtable=MungoBlobs&SSURicontainer=Default&blobheadervalue1=content-type&blobheadervalue2=Content-Disposition&blobheadervalue3=applID#satellitefragment>),

copy of such documents can be obtained from the Issuers, the Issue and Paying Agent and of the Paying Agents as described in "Documents on Display" on page 116 of the Base Prospectus. Any information not listed in the cross reference list but included in the document incorporated by reference is not relevant for the investor. The document

listed in this Supplement is added to the list of the documents set forth in the Base Prospectus on pages 118 to 125.

SCHEDULE 2

ISSUERS' INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014.

SANTANDER INTERNATIONAL DEBT, S.A. UNIPERSONAL (“Santander International Debt”) has published an English language translation of its unaudited interim complete financial statements and explanatory notes for the six-month period ended 30 June 2014, including the Auditor’s Limited Review Report thereon (the “June 2014 Santander International Debt Financial Statements” or “SID June 2014 Financial Statements”) and SANTANDER ISSUANCES, S.A. UNIPERSONAL (“Santander Issuances”) has published an English language translation of its unaudited interim complete financial statements and explanatory notes for the six-month period ended 30 June 2014, including the Auditor’s Limited Review Report thereon (the “June 2014 Santander Issuances Financial Statements” or “Issuances June 2014 Financial Statements”). By virtue of this Supplement the information contained in the following tables are incorporated by reference in the Base Prospectus under paragraph 13.5.1 of the Section denominated “Financial Information concerning the Issuer’s Assets and Liabilities, Financial Position and Profits and Losses” (Page 67 of the Base Prospectus).

The table below set out the relevant page references in the “June 2014 Santander International Financial Statements” where the following information incorporated by reference in the Base Prospectus can be found:

Santander International Debt

| Information Incorporated by Reference in this Base Prospectus | SID June 2014 Financial Statements (Page References are to the electronic <i>.pdf</i> version of the document) |
|--|--|
| 1. Auditor’s Report on Review on Interim Financial Statements for the six-month period ended 30 June 2014. | A-1 and A-2 |
| 2. Balance Sheets at 30 June 2014 and the comparative financial information of Santander International Debt at 31 December 2013. | A-3 |
| 3. Income Statements for the six months ended 30 June 2014 and the comparative financial information of Santander International Debt for the six months ended 30 June 2013. | A-4 |
| 4. Statements of changes in equity for the six month period ended 30 June 2014 and the six month period ended 30 June 2013 (presented for comparison purposes only). | A -5 and A-6 |
| 5. Cash Flow Statements for the six months ended 30 June 2014 and the comparative cash flow statements for Santander International Debt for the six months ended 30 June 2013. | A-7 |
| 6. Notes to the Interim Financial Statements for the six-month period ended 30 June 2014. | 1 to 39 |

The table below set out the relevant page references in the “June 2013 Santander Issuances Financial Statements” where the following information incorporated by reference in the Base Prospectus can be found:

Santander Issuances

| | |
|---|---|
| <p>Information Incorporated by Reference in this Base Prospectus</p> | <p>Issuances June 2014 Financial Statements (Page References are to the electronic <i>.pdf</i> version of the document)</p> |
| <ol style="list-style-type: none"> 1. Auditor's Report on Review Report on Interim Financial Statements for the six-month period ended 30 June 2014. 2. Balance Sheets at 30 June 2014 and the comparative financial information of Santander Issuances at 31 December 2013. 3. Income Statements for the six months ended 30 June 2014 and the comparative financial information of Santander Issuances for the six months ended 30 June 2013. 4. Statements of changes in equity for the six month period ended 30 June 2014 and the six month period ended 30 June 2013 (presented for comparison purposes only). 5. Cash Flow Statements for the six months ended 30 June 2014 and the comparative cash flow statements for Santander Issuances for the six months ended 30 June 2013. | <p>A-1 and A-2 A-3 A-4 A -5 and A-6 A-7</p> |
| <ol style="list-style-type: none"> 6. Notes to the Interim Financial Statements for the six-month period ended 30 June 2014. | <p>1 to 21</p> |

The June 2014 Santander International Debt Financial Statements and the June 2014 Santander Issuances Financial Statements have been published in the website of the Guarantor

(<http://www.santander.com/csgs/StaticBS?ssbinary=true&blobkey=id&SSURIsscontext=Satellite+Server&blobcol=urldata&SSURIsession=false&blobheadervalue1=application%2Fpdf&blobwhere=1278702947732&blobheadervalue2=inline%3Bfilename%3D661%5C159%5CIng+Sant+internac+debt.pdf&blobheadervalue3=santander.wc.CFWCSancomQP01&SSURIdapptype=BlobServer&blobtable=MungoBlobs&SSURIcontainer=Default&blobheadername1=content-type&blobheadername2=Content-Disposition&blobheadername3=appID#satellitefragment>;

and <http://www.santander.com/csgs/StaticBS?ssbinary=true&blobkey=id&SSURIsscontext=Satellite+Server&blobcol=urldata&SSURIsession=false&blobheadervalue1=application%2Fpdf&blobwhere=1278702951219&blobheadervalue2=inline%3Bfilename%3D14%5C153%5CIng+sant+issuances.pdf&blobheadervalue3=santander.wc.CFWCSancomQP01&SSURIdapptype=BlobServer&blobtable=MungoBlobs&SSURIcontainer=Default&blobheadername1=content-type&blobheadername2=Content-Disposition&blobheadername3=appID#satellitefragment>),

copy of such documents can be obtained from the Issuers, the Issue and Paying Agent and of the Paying Agents as described in "Documents on Display" on page 116 of the Base Prospectus. Any information not listed in the cross reference list but included in the documents incorporated by reference is not relevant for the investor. The document listed in this Supplement is added to the list of the documents set forth in the Base Prospectus on pages 118 to 125.

SCHEDULE 3

SUMMARY OF THE PROGRAMME

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A – E (A.1 – E.7). This Summary contains all the Elements required to be included in a summary for this type of securities and Issuers. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary of the programme because of the type of securities and Issuers, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary of the programme with the mention of not applicable.

SECTION A – INTRODUCTION AND WARNINGS

| Element | |
|---------|---|
| A.1 | <p>This summary of the programme should be read as an introduction to the Base Prospectus and the applicable Final Terms. Any decision to invest in any Securities should be based on a consideration of this Base Prospectus as a whole, including any documents incorporated by reference and the applicable Final Terms. Where a claim relating to information contained in the Base Prospectus and the applicable Final Terms is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus and the applicable Final Terms before the legal proceedings are initiated. No civil liability will attach to the Issuer or the Guarantor in any such Member State solely on the basis of this summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus and the applicable Final Terms or, if following the implementation of the relevant provisions of Directive 2010/73/EU in the relevant Member State, it does not provide, when read together with the other parts of this Base Prospectus and the applicable Final Terms, key information (as defined in Article 2.1(s) of the Prospectus Directive) in order to aid investors when considering whether to invest in the instruments.</p> |
| A.2 | <p>Certain Tranches of Securities with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a “Public Offer”.</p> <p>[Issue specific summary:</p> <p><i>Consent:</i> Subject to the conditions set out below, the Issuer consents to the use of this Base Prospectus in connection with a Public Offer of Instruments by the relevant Dealer(s) specified in the Final Terms [and/or] [names of specific financial intermediaries listed in final terms] (each an “Authorised Offeror”) and that publishes on its website the following statement (with the information in square brackets being completed with the relevant information):</p> <p><i>"We, [insert legal name of financial intermediary], refer to the [insert title of relevant Instruments] (the "Instruments") described in the Final Terms dated [insert date] (the "Final Terms") published by [Santander International Debt, S.A.U./Santander Issuances, S.A.U.] (the "Issuer"). We hereby accept the offer by the Issuer of its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Instruments in [insert Ireland, Germany or any other relevant Member State] (the "Offer") subject to the conditions to such consent, as specified in the Base Prospectus, and we are using the Base Prospectus in connection with the Offer accordingly".</i></p> <p><i>Offer period:</i> The Issuer's consent referred to above is given for Public Offers of Instruments during [the period of twelve months from the date of approval of the Base Prospectus] / [the period from [Insert, for example, one business day after satisfaction of all regulatory requirements of such Member State(s)] until [specify date or a formula such as "the Issue Date" or "the date which falls [●] Business Days thereafter"]] (the "Offer Period").</p> <p><i>Conditions to consent:</i> The conditions to the Issuer's consent [(in addition to the conditions referred to above)] are that such consent (a) is only valid during the Offer Period; (b) only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of Instruments in [specify Ireland, Germany or each Relevant Member State in which the particular Tranche of Instruments can be offered] and (c) [specify any other conditions applicable to the Public Offer of the particular Tranche, as set out in the Final</p> |

Terms].

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY INSTRUMENTS IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH INSTRUMENTS TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE INVESTOR MUST LOOK TO THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE AUTHORISED OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION. NONE OF THE ISSUER, THE GUARANTOR AND ANY DEALER (EXCEPT WHERE SUCH DEALER IS THE RELEVANT AUTHORISED OFFEROR) HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

SECTION B – ISSUERS AND GUARANTOR

| Element | |
|-------------|---|
| B.1 | Legal and commercial name of the Issuers Santander International Debt, S.A.U. (“ Santander International ”) and Santander Issuances, S.A.U. (“ Santander Issuances ”) (each an “ Issuer ” and together the “ Issuers ”). |
| B.2 | Domicile / legal form / legislation / country of incorporation The registered office address of each of the Issuers is Ciudad Grupo Santander, Avenida de Cantabria s/n, 28660 Boadilla del Monte, Madrid, Spain. Each of the Issuers was incorporated in Spain as a limited liability company (<i>sociedad anónima</i>) for an unlimited duration and is subject to the Consolidated Text of Law on Limited Liability Companies 1/2010 dated 2 July (<i>Texto Refundido de la Ley de Sociedades de Capital</i>) (“ Spanish Corporations Law ”). Each of the Issuers is a wholly-owned subsidiary of Banco Santander, S.A. (the “ Guarantor ”). Santander International Debt, S.A.U. was incorporated in Spain by a public deed on 21 April 2004 and registered in the Mercantile Registry of Madrid on 5 May 2004. Santander Issuances, S.A.U. was incorporated in Spain by a public deed executed on 27 February 2004 and registered in the Mercantile Registry of Madrid on 2 March 2004. |
| B.4b | Trend information The global financial services sector is likely to remain competitive with a large number of financial service providers and alternative distribution channels. Additionally, consolidation in the sector (through mergers, acquisitions or alliances) is likely to occur as other major banks look to increase their market share, combine complementary businesses or strengthen their balance sheets. In addition, regulatory changes will take place in the future that we expect will increase the overall level of regulation in the markets. The following are the most important trends, uncertainties and events that are reasonably likely to have a material adverse effect on the Santander Group or that would cause the disclosed financial information not to be indicative of its future operating results or its financial condition: <ul style="list-style-type: none">• a continued downturn in the Spanish and the United Kingdom real estate markets, and a corresponding increase in mortgage defaults, which could impact the Group’s none performing loans and decrease consumer confidence and disposable income;• uncertainties relating to economic growth expectations and interest rates cycles, especially in the United States, Spain, the United Kingdom, other European countries, Brazil and other Latin American countries, and the impact they may have over the yield curve and exchange rates;• the continued effect of the global economic slowdown on Europe and the US and fluctuations in local interest and exchange rates;• continued changes in the macroeconomic environment, such as sustained unemployment above historical levels, could further deteriorate the quality of the Group’s customers’ credit;• increases in the Group’s cost of funding, as a result of the fragility of the Spanish, Portuguese, Irish and Greek economies, further downgrades in our rating or otherwise, could adversely affect the Group’s net interest margin as a consequence of timing differences in the repricing of the Group’s assets and liabilities;• the effects of withdrawal of significant monetary and fiscal stimulus programs and uncertainty over government responses to growing public deficits;• continued instability and volatility in the financial markets; |

| | |
|-------------|---|
| | <ul style="list-style-type: none"> • a drop in the value of the euro relative to the US dollar, the sterling pound or Latin American currencies; • inflationary pressures, particularly in Latin America, because of the effect they may have in relation to increases of interest rates and decreases of growth; • increased consolidation of the global financial services sector, which could further reduce the Group's spreads; • although it is foreseeable that entry barriers to domestic markets in Europe will eventually be lowered, the Group's possible plans of expansion into other markets could be affected by regulatory requirements of the national authorities of these countries; • acquisitions or restructurings of businesses that do not perform in accordance with the Group's expectations or that subject the Group to previously unknown risks; • increased regulation, government intervention and new laws prompted by the financial crisis which could change the Group's industry and require it to modify its businesses or operations; and • the risk of further reductions in liquidity and increases of credit spreads as a consequence of the crisis in the financial markets, which could affect not only the Group's cost of funding but also the value of its proprietary portfolios and the assets under the management of the Group. |
| B.5 | <p>Description of the Group</p> <p>Both the Issuers and the Guarantor are part of Santander Group (or, the “Group”). The Issuers are instrumental companies of the Guarantor which is the parent entity of the Santander Group. As of 31 December 2013, the Group was made up of 712 companies that consolidate by the global integration method. In addition, another 191 companies are either affiliate, multi-group or listed companies in which the Group has more than 5% of its share capital. From these 191 companies, the following are remarkable because of the results they have obtained: Santander Consumer USA Inc., Attijariwafa Bank Société Anonyme, Olivant Investments Switzerland S.A., Federal Reserve Bank of Boston and Zurich Santander Insurance América, S.L.</p> |
| B.9 | <p>Profit forecast or estimate</p> <p>Not Applicable – no profit forecasts or estimates have been made in the Base Prospectus.</p> |
| B.10 | <p>Audit report qualifications</p> <p>Not Applicable – no qualifications are contained in any audit report included in the Base Prospectus.</p> |
| B.12 | <p>Selected historical key financial information¹</p> <p>The summarised financial statements of the Issuers as of, and for each of the years ended, 31 December 2012 and 31 December 2013 and as of, <u>and for the sixth months periods ended 30 June 2014 and 2013</u>, has been extracted without any adjustment from, and is qualified by reference to and should be read in conjunction with, the Issuers' financial statements in respect of those dates and periods:</p> |

¹ Wording amended (as underlined) by virtue of the First Supplement.

| | | As at and for the year ended (in thousand euro) | |
|------------|---|---|-------------------------|
| | | 31 December 2013 | 31 December 2012 |
| | Santander International Debt | | |
| | Total Assets | 22,217,635 | 27,744,214 |
| | Deposits at Banco Santander..... | 21,743,952 | 27,335,692 |
| | Debt instruments..... | 22,196,447 | 27,723,761 |
| | Share Capital..... | 180 | 180 |
| | Profit/(Loss)..... | 2,414 | 865 |
| | | | |
| | | As at and for the year ended (in thousand euro) | |
| | | 31 December 2013 | 31 December 2012 |
| | Santander Issuances | | |
| | Total Assets | 9,753,082 | 9,873,939 |
| | Deposits at Banco Santander..... | 9,666,330 | 9,755,947 |
| | Subordinated debt instruments..... | 9,678,599 | 9,767,669 |
| | Share Capital..... | 60 | 60 |
| | Profit/(Loss)..... | 283 | 561 |
| | | | |
| | | As at and for the six months period ended June 2014 (in thousand euro) | |
| | | 30 June 2014 | 31 December 2013 |
| | Santander International Debt | | |
| | Total Assets | 23,142,026 | 22,217,635 |
| | Deposits at Banco Santander..... | 22,734,821 | 21,743,952 |
| | Debt instruments..... | 23,123,532 | 22,196,447 |
| | Share Capital..... | 180 | 180 |
| | Profit/(Loss)..... | 432 | 2,414 |
| | | | |
| | | As at and for the six months period ended June 2014 (in thousand euro) | |
| | | 30 June 2014 | 31 December 2013 |
| | Santander Issuances | | |
| | Total Assets | 9,921,750 | 9,753,082 |
| | Deposits at Banco Santander..... | 9,783,485 | 9,666,330 |
| | Subordinated debt instruments..... | 9,796,255 | 9,678,599 |
| | Share Capital..... | 60 | 60 |
| | Profit/(Loss)..... | 106 | 283 |
| | | | |
| | ¹ Wording amended (as underlined) by virtue of the First Supplement. | | |
| | Statements of no significant or material adverse change | | |
| | There has been no significant change in the financial position of the Issuers <u>since 30 June 2014</u> ² and there has been no material adverse change in the prospects of the Issuers since 31 December 2013. | | |
| B.1 | Events impacting the Issuers' solvency | | |
| 3 | Not Applicable – There are no recent events particular to the Issuers which are to a material extent relevant to the evaluation of the Issuers' solvency. | | |
| B.1 | Dependence upon other group entities | | |
| 4 | Both the Issuers and the Guarantor are part of Santander Group. The Issuers are instrumental companies of the Guarantor which is the parent entity of the Santander Group. Each Issuer's sole business is raising debt to be on-lent to the Guarantor and other members of the Group on an arm's length basis. Each Issuer is accordingly dependent upon the Guarantor and other members of the Group servicing such loans. | | |
| B.1 | Principal activities | | |
| 5 | The Issuers' businesses consist on the following: Santander International Debt, S.A.U.: the exclusive object of the company is to issue ordinary or senior debt with the guarantee of the Guarantor. | | |

² Wording amended (as underlined) by virtue of the First Supplement.

| | |
|------------------------|---|
| | Santander Issuances, S.A.U.: the exclusive object of the company is to issue subordinated debt with the guarantee of the Guarantor. |
| B.1 6 | Controlling shareholders The Issuers are wholly and directly owned subsidiaries of the Guarantor. |
| B.1 7 | Credit ratings The Issuers have not been assigned any credit rating by any rating agency. Tranches of Instruments may be rated or unrated and, if rated, such ratings will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Instruments will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "CRA Regulation") will be disclosed in the relevant Final Terms |
| B.1 8 | Description of the Guarantee The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by Santander International under the Senior Instruments, receipts and coupons on an unsubordinated basis. Such obligations constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and, upon the insolvency of the Guarantor (and unless they qualify as subordinated claims pursuant to Article 92 of the Insolvency Law or equivalent legal provision which replaces it in the future, and subject to any applicable legal and statutory exceptions), rank <i>pari passu</i> and rateably without preference among such obligations of the Guarantor in respect of Senior Instruments and at least <i>pari passu</i> with all other unsubordinated and unsecured indebtedness and monetary obligations involving or otherwise related to borrowed money of the Guarantor, present and future. Its obligations in that respect are contained in the senior guarantee. The Guarantor will unconditionally and irrevocably guarantee, on a subordinated basis, the due and punctual payment of all the sums expressed to be payable by Santander Issuances under the relevant Subordinated Instruments. Such obligations of the Guarantor constitute direct, unconditional, subordinated and unsecured obligations which, upon de insolvency of the Guarantor (and unless they qualify as subordinated claims pursuant to Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provisions which replace them in the future, and subject to any applicable legal and statutory exceptions), shall rank <i>pari passu</i> with all other present and future subordinated obligations of the Guarantor other than those subordinated obligations pursuant to Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provision which replace them in the future, other subordinated obligations of the Guarantor prescribed by law or which are expressed to rank junior to the Guarantor's obligations under the subordinated guarantee. |
| B.1 9 | Information about the Guarantor |
| | B.1 Legal and commercial name of the Guarantor The legal name of the Guarantor is Banco Santander, S.A. and operates under the trading name of "Santander". |
| | B.2 Domicile / legal form / legislation / country of incorporation The Guarantor is domiciled in Spain and has its registered office at Paseo de Pereda, 9-12, Santander. The principal operating headquarters of the Guarantor are located at Ciudad Grupo Santander, Avda. de Cantabria s/n, 28660 Boadilla del Monte, Madrid. The telephone number of the principal operating headquarters of the Bank is +34 91 259 6520. The Guarantor was incorporated in Spain and has the legal form of a public limited liability company (<i>sociedad anónima</i>) and is subject to the Spanish Corporations Law. Its activities are subject to special Spanish legislation governing credit institutions in general and to the supervision, control and regulation of the Bank of Spain in particular. |
| | B.4b Trend information See Element B.4b above. |
| | B.5 Description of the Group See Element B.5 above. |
| | B.9 Profit forecast or estimate Not Applicable - No profit forecasts or estimates have been made in the Base Prospectus |
| | B.10 Audit report qualifications |

Not Applicable - No qualifications are contained in any audit report included in the Base Prospectus

B.12 Selected historical key financial information

The summarised consolidated financial statements of the Group as of, and for each of the years ended, 31 December 2013 and 31 December 2012 and as of, and for the six months period ended 30 June 2014 and 2013³, has been extracted without any adjustment from, and is qualified by reference to and should be read in conjunction with, the Guarantor's consolidated financial statements in respect of those dates and periods:

a) Summarised Consolidated Balance Sheet of the Group for the years ended 31 December 2013 and 31 December 2012

| ASSETS | 2013 | 2012 (*) | LIABILITIES AND EQUITY | 2013 | 2012 (*) |
|---|---------|----------|---|------------------|------------------|
| CASH AND BALANCES WITH CENTRAL BANKS | 77,103 | 118,488 | FINANCIAL LIABILITIES HELD FOR TRADING: | 94,673 | 143,242 |
| | | | Deposits from central banks | 3,866 | 1,128 |
| | | | Deposits from credit institutions | 7,468 | 8,292 |
| FINANCIAL ASSETS HELD FOR TRADING: | 115,289 | 177,917 | Customer deposits | 8,500 | 8,897 |
| Loans and advances to credit institutions | 5,503 | 9,843 | Marketable debt securities | 1 | 1 |
| Loans and advances to customers | 5,079 | 9,162 | Trading derivatives | 58,887 | 109,743 |
| Debt instruments | 40,841 | 43,101 | Short positions | 15,951 | 15,181 |
| Equity instruments | 4,967 | 5,492 | Other financial liabilities | - | - |
| Trading derivatives | 58,899 | 110,319 | | | |
| | | | OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS: | 42,311 | 45,418 |
| OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS: | 31,381 | 28,356 | Deposits from central banks | 2,097 | 1,014 |
| Loans and advances to credit institutions | 13,444 | 10,272 | Deposits from credit institutions | 9,644 | 10,862 |
| Loans and advances to customers | 13,196 | 13,936 | Customer deposits | 26,484 | 28,638 |
| Debt instruments | 3,875 | 3,460 | Marketable debt securities | 4,086 | 4,904 |
| Equity instruments | 866 | 688 | Subordinated liabilities | - | - |
| | | | Other financial liabilities | - | - |
| AVAILABLE-FOR-SALE FINANCIAL ASSETS: | 83,799 | 92,266 | FINANCIAL LIABILITIES AT AMORTISED COST: | 863,114 | 959,321 |
| Debt instruments | 79,844 | 87,724 | Deposits from central banks | 9,788 | 50,938 |
| Equity instruments | 3,955 | 4,542 | Deposits from credit institutions | 76,534 | 80,732 |
| | | | Customer deposits | 572,853 | 589,104 |
| LOANS AND RECEIVABLES: | 714,484 | 756,858 | Marketable debt securities | 171,390 | 201,064 |
| Loans and advances to credit institutions | 56,017 | 53,785 | Subordinated liabilities | 16,139 | 18,238 |
| | | | Other financial liabilities | 16,410 | 19,245 |
| Loans and advances to customers | 650,581 | 696,014 | CHANGES IN THE FAIR VALUE OF HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK | 87 | 598 |
| Debt instruments | 7,886 | 7,059 | | | |
| | | | HEDGING DERIVATIVES | 5,283 | 6,444 |
| HELD-TO-MATURITY INVESTMENTS | - | - | LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE | 1 | 2 |
| CHANGES IN THE FAIR VALUE OF HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK | 1,627 | 2,274 | LIABILITIES UNDER INSURANCE CONTRACTS | 1,430 | 1,425 |
| HEDGING DERIVATIVES | 8,301 | 7,936 | PROVISIONS: | 14,475 | 16,148 |
| NON-CURRENT ASSETS HELD FOR SALE | 4,892 | 5,700 | Provision for pensions and similar obligations | 9,126 | 10,353 |
| INVESTMENTS: | 5,536 | 4,454 | Provisions for taxes and other legal contingencies | 2,727 | 3,100 |
| Associates | 1,829 | 1,957 | Provisions for contingent liabilities and commitments | 693 | 617 |
| Jointly controlled entities | 3,707 | 2,497 | Other provisions | 1,929 | 2,078 |
| INSURANCE CONTRACTS LINKED TO PENSIONS | 342 | 405 | TAX LIABILITIES: | 6,079 | 7,765 |
| REINSURANCE ASSETS | 356 | 424 | Current | 4,254 | 5,162 |
| TANGIBLE ASSETS: | 13,654 | 13,860 | Deferred | 1,825 | 2,603 |
| Property, plant and equipment- | 9,974 | 10,315 | OTHER LIABILITIES | 8,283 | 7,962 |
| For own use | 7,787 | 8,136 | TOTAL LIABILITIES | 1,035,736 | 1,188,325 |
| Leased out under an operating lease | 2,187 | 2,179 | EQUITY | | |
| Investment property | 3,680 | 3,545 | SHAREHOLDERS' EQUITY: | 84,740 | 81,334 |
| INTANGIBLE ASSETS: | 26,241 | 28,062 | Share capital | 5,667 | 5,161 |
| Goodwill | 23,281 | 24,626 | Registered | 5,667 | 5,161 |
| Other intangible assets | 2,960 | 3,436 | Less: Uncalled capital | - | - |
| | | | Share premium | 36,804 | 37,412 |
| TAX ASSETS: | 26,819 | 27,053 | Reserves | 38,121 | 37,153 |
| Current | 5,751 | 6,111 | Accumulated reserves (losses) | 37,858 | 36,898 |
| Deferred | 21,068 | 20,942 | Reserves (losses) of entities accounted for using the equity method | 263 | 255 |
| OTHER ASSETS | 5,814 | 5,547 | Other equity instruments | 193 | 250 |
| Inventories | 80 | 173 | Equity component of compound financial instruments | - | - |
| Other | 5,734 | 5,374 | Other | 193 | 250 |
| | | | Less: Treasury shares | (9) | (287) |
| | | | Profit for the year attributable to the Parent | 4,370 | 2,295 |
| | | | Less: Dividends and remuneration | (406) | (650) |
| | | | VALUATION ADJUSTMENTS | (14,152) | (9,474) |
| | | | Available-for-sale financial assets | 35 | (249) |
| | | | Cash flow hedges | (233) | (219) |
| | | | Hedges of net investments in foreign operations | (1,874) | (2,957) |
| | | | Exchange differences | (8,768) | (8,013) |
| | | | Non-current assets held for sale | - | - |
| | | | Entities accounted for using the equity method | (446) | (152) |
| | | | Other valuation adjustments | (2,866) | (2,884) |

³ Wording amended (as underlined) by virtue of the First Supplement.

| | | | | | |
|---------------------|------------------|------------------|-------------------------------------|------------------|------------------|
| | | | NON-CONTROLLING INTERESTS | 9,314 | 9,415 |
| | | | Valuation adjustments | (1,541) | (308) |
| | | | Other | 10,855 | 9,723 |
| | | | TOTAL EQUITY | 79,902 | 81,275 |
| TOTAL ASSETS | 1,115,638 | 1,269,600 | TOTAL LIABILITIES AND EQUITY | 1,115,638 | 1,269,600 |
| | | | MEMORANDUM ITEMS: | | |
| | | | CONTINGENT LIABILITIES | 41,049 | 45,033 |
| | | | CONTINGENT COMMITMENTS | 172,797 | 216,042 |

(*) Presented for comparison purposes only.

b) Summarized consolidated Balance Sheet of the Group for the six month period ended 30 June 2014 and for the year ended 31 December 2013⁴.

| ASSETS | 30/06/14 | 31/12/13 (*) | LIABILITIES AND EQUITY | 30/06/14 | 31/12/13 (*) |
|---|------------------|------------------|---|------------------|------------------|
| CASH AND BALANCES WITH CENTRAL BANKS | 83,877 | 77,103 | FINANCIAL LIABILITIES HELD FOR TRADING | 96,621 | 94,673 |
| FINANCIAL ASSETS HELD FOR TRADING | 130,773 | 115,289 | OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS | 50,446 | 42,311 |
| OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | 30,421 | 31,381 | FINANCIAL LIABILITIES AT AMORTISED COST | 914,107 | 863,114 |
| AVAILABLE-FOR-SALE FINANCIAL ASSETS | 90,637 | 83,799 | CHANGES IN THE FAIR VALUE OF HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK | 70 | 87 |
| LOANS AND RECEIVABLES | 755,264 | 714,484 | HEDGING DERIVATIVES | 6,497 | 5,283 |
| HELD-TO-MATURITY INVESTMENTS | - | - | LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE | 1 | 1 |
| CHANGES IN THE FAIR VALUE OF HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK | 1,384 | 1,627 | LIABILITIES UNDER INSURANCE CONTRACTS | 1,602 | 1,430 |
| HEDGING DERIVATIVES | 6,333 | 8,301 | PROVISIONS | 15,205 | 14,475 |
| NON-CURRENT ASSETS HELD FOR SALE | 5,208 | 4,892 | TAX LIABILITIES: | 8,190 | 6,079 |
| INVESTMENTS: | 3,603 | 5,536 | Current | 4,846 | 4,254 |
| Associates | 1,927 | 1,829 | Deferred | 3,344 | 1,825 |
| Jointly controlled entities | 1,676 | 3,707 | OTHER LIABILITIES | 9,588 | 8,283 |
| INSURANCE CONTRACTS LINKED TO PENSIONS | 344 | 342 | TOTAL LIABILITIES | 1,102,327 | 1,035,736 |
| REINSURANCE ASSETS | 359 | 356 | SHAREHOLDERS' EQUITY: | 87,035 | 84,740 |
| TANGIBLE ASSETS: | 17,028 | 13,654 | Share capital | 5,889 | 5,667 |
| Property, plant and equipment | 13,730 | 9,974 | Share premium | 36,537 | 36,804 |
| Investment property | 3,298 | 3,680 | Reserves | 41,652 | 38,121 |
| INTANGIBLE ASSETS: | 29,374 | 26,241 | Other equity instruments | 338 | 193 |
| Goodwill | 26,663 | 23,281 | Less: Treasury shares | (137) | (9) |
| Other intangible assets | 2,711 | 2,960 | Profit for the period attributable to the Parent | 2,756 | 4,370 |
| TAX ASSETS: | 26,576 | 26,819 | Less: Dividends and remuneration | - | (406) |
| Current | 4,794 | 5,751 | VALUATION ADJUSTMENTS: | (11,857) | (14,152) |
| Deferred | 21,782 | 21,068 | Available-for-sale financial assets | 911 | 35 |
| OTHER ASSETS | 6,862 | 5,814 | Cash flow hedges | (76) | (233) |
| | | | Hedges of net investments in foreign operations | (2,940) | (1,874) |
| | | | Exchange differences | (6,580) | (8,768) |
| | | | Non-current assets held for sale | - | - |
| | | | Entities accounted for using the equity method | (221) | (446) |
| | | | Other valuation adjustments | (2,951) | (2,866) |
| | | | NON-CONTROLLING INTERESTS | 10,538 | 9,314 |
| | | | Valuation adjustments | (1,008) | (1,541) |
| | | | Other | 11,546 | 10,855 |
| | | | EQUITY | 85,716 | 79,902 |
| TOTAL ASSETS | 1,188,043 | 1,115,638 | TOTAL LIABILITIES AND EQUITY | 1,188,043 | 1,115,638 |
| | | | MEMORANDUM ITEMS: | | |
| | | | CONTINGENT LIABILITIES | 44,695 | 41,049 |
| | | | CONTINGENT COMMITMENTS | 199,599 | 172,797 |

⁴ Wording amended (as underlined) by virtue of the First Supplement.

(*) Presented for comparison purposes only

c) **Condensed Consolidated Income Statement of the Group for the years ended 31 December 2013 and 31 December 2012**

Condensed consolidated statements of income

Millions of euros

| | 2013 | 2012 |
|--|---------------|---------------|
| Interest and similar income | 51,447 | 58,791 |
| Interest expense and similar charges | (25,512) | (28,868) |
| NET INTEREST INCOME | 25,935 | 29,923 |
| Income from equity instruments | 378 | 423 |
| Share of results of entities accounted for using the equity method | 500 | 427 |
| Fee and commission income | 12,473 | 12,732 |
| Fee and commission expense | (2,712) | (2,471) |
| Gains/(losses) on financial assets & liabilities, net | 3,234 | 3,329 |
| Exchange differences (net) | 160 | (189) |
| Other operating income | 5,903 | 6,693 |
| Other operating expenses | (6,194) | (6,583) |
| GROSS INCOME | 39,677 | 44,284 |
| Administrative expenses | (17,451) | (17,801) |
| Staff costs | (10,069) | (10,306) |
| Other general administrative expenses | (7,382) | (7,495) |
| Depreciation & amortisation charge | (2,392) | (2,183) |
| Provisions (net) | (2,182) | (1,478) |
| Impairment losses on financial assets, net | (11,227) | (18,880) |
| PROFIT FROM OPERATIONS | 6,425 | 3,942 |
| Impairment losses on non-financial assets (net) | (503) | (508) |
| Gains/(losses) on disposal of assets not classified as non-current assets h | 2,152 | 906 |
| Negative difference on business combinations | — | — |
| Gains/(losses) on disposal of non-current assets held for sale not classified as discontinued operations | (422) | (757) |
| PROFIT BEFORE TAX | 7,652 | 3,582 |
| Income tax | (2,113) | (590) |
| PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS | 5,539 | 2,993 |
| Profit/(loss) from discontinued operations, net | (15) | 70 |
| CONSOLIDATED PROFIT FOR THE YEAR | 5,524 | 3,063 |
| Profit attributable to the parent | 4,370 | 2,295 |
| Profit attributable to non-controlling interests | 1,154 | 768 |

d) **Condensed Consolidated Income Statement of the Group for the periods ended 30 June 2014 and 2013⁵**

| | (Debit) Credit | |
|--|-------------------------|-----------------------------|
| | 01/01/14 to 30/06/14 | 01/01/13 to 30/06/13 (*) |
| INTEREST AND SIMILAR INCOME | 26,580 | 26,373 |
| INTEREST EXPENSE AND SIMILAR CHARGES | (12,218) | (13,000) |
| NET INTEREST INCOME | 14,362 | 13,373 |
| INCOME FROM EQUITY INSTRUMENTS | 251 | 204 |
| SHARE OF RESULTS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD | 108 | 268 |
| FEE AND COMMISSION INCOME | 6,034 | 6,350 |
| FEE AND COMMISSION EXPENSE | (1,300) | (1,302) |
| GAINS/LOSSES ON FINANCIAL ASSETS AND LIABILITIES (net) | 1,328 | 1,419 |
| EXCHANGE DIFFERENCES (net) | (50) | 429 |
| OTHER OPERATING INCOME | 2,944 | 3,261 |
| OTHER OPERATING EXPENSES | (3,066) | (3,392) |
| GROSS INCOME | 20,611 | 20,610 |
| ADMINISTRATIVE EXPENSES | (8,721) | (8,827) |
| Staff costs | (4,999) | (5,129) |
| Other general administrative expenses | (3,722) | (3,698) |
| DEPRECIATION AND AMORTISATION CHARGE | (1,165) | (1,169) |
| PROVISIONS (net) | (1,506) | (1,178) |

⁵ Wording amended (as underlined) by virtue of the First Supplement.

| | | | |
|---|--------------|--------------|--------------------|
| IMPAIRMENT LOSSES ON FINANCIAL ASSETS (net) | (5,369) | (6,013) | |
| PROFIT FROM OPERATIONS | 3,850 | 3,423 | |
| IMPAIRMENT LOSSES ON OTHER ASSETS (net) | (831) | (206) | |
| GAINS/(LOSSES) ON DISPOSAL OF ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE | 2,302 | 708 | |
| GAINS FROM BARGAIN PURCHASES ARISING IN BUSINESS COMBINATIONS | - | - | |
| GAINS/(LOSSES) ON NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS | (85) | (213) | |
| PROFIT BEFORE TAX | 5,236 | 3,712 | |
| INCOME TAX | (1,948) | (891) | |
| PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS | 3,288 | 2,821 | |
| PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS (net) | - | (14) | |
| CONSOLIDATED PROFIT FOR THE PERIOD | 3,288 | 2,807 | |
| <i>Profit attributable to the Parent</i> | 2,756 | 2,255 | |
| <i>Profit attributable to non-controlling interests</i> | 532 | 552 | |
| EARNINGS PER SHARE: | | | |
| <i>From continuing and discontinued operations:</i> | | | |
| <i>Basic earnings per share (euros)</i> | 0.24 | 0.21 | |
| <i>Diluted earnings per share (euros)</i> | 0.24 | 0.21 | |
| <i>From continuing operations:</i> | | | |
| <i>Basic earnings per share (euros)</i> | 0.24 | 0.21 | |
| <i>Diluted earnings per share (euros)</i> | 0.24 | 0.21 | |
| (*) Presented for comparison purposes only | | | |
| Statements of no significant or material adverse change⁶ | | | |
| There has been no significant change in the financial position of the Santander Group (including the Guarantor) <u>since 30 June 2014</u> and there has been no material adverse change in the prospects of the Guarantor <u>since 30 June 2014</u> . | | | |
| B.13 Events impacting the Guarantor's solvency | | | |
| Not Applicable - There are no recent events particular to the Guarantor which are to a material extent relevant to an evaluation of its solvency. | | | |
| B.14 Dependence upon other Group entities | | | |
| The Guarantor is the Parent Company of the Santander Group. The Guarantor is not dependent upon any other entity in the Group. | | | |
| B.15 The Guarantor's Principal activities | | | |
| The Guarantor and its consolidated subsidiaries are a financial group operating through a network of offices and subsidiaries across Spain, the United Kingdom and other European countries, Brazil and other Latin American countries and the US, offering wide range of financial products. At 31 December 2013, the Santander Group operated through 6,160 branch offices in Continental Europe 1,157 branches in the United Kingdom, 5,904 branches in Latin America and 706 branches in the United States. | | | |
| B.16 Controlling shareholders | | | |
| The Guarantor is not aware of any person which exerts or may exert control over the Guarantor within the terms of Article 4 of Law 24/1988, of 28 July, of the Securities Market (<i>Law 24/1988 of 28 July of the Securities Market</i>). | | | |
| B.17 Credit ratings | | | |
| In accordance with the last available public information, the Guarantor has been rated by the rating agencies as follows: | | | |
| Rating Agency | Short | Long | Perspective |
| Fitch Ratings (1) | F2 | A- | Stable |
| Moody's (2) | P-2 | Baa1 | Stable |
| Standard & Poor's (3) | A-2 | BBB+ | Stable |
| DBRS (4) | R-1 (Low) | A | Negative |
| Scope Ratings (5) | | A | Stable |
| GBB-Rating (6) | | A+ | Stable |

⁶ Wording amended (as underlined) by virtue of the First Supplement.

- (1) Fitch Ratings España, S.A.U. (**Fitch Ratings**)
- (2) Moody's Investor Service España, S.A. (**Moody's**)
- (3) Standard & Poor's Credit Market Services Europe Limited (**Standard & Poor's**)
- (4) DBRS Ratings Limited (**DBRS**)
- (5) Scope Ratings GmbH (**Scope Ratings**)
- (6) GBB-Rating Gesellschaft für Bonitätsbeurteilung GmbH (**GBB-Rating**)

The Instruments issued under the Programme have been rated by the rating agencies as follows:

| Rating Agency | Short-term Senior Instruments | Long-term Senior Instruments | Subordinated Instruments |
|----------------------------------|-------------------------------|------------------------------|--------------------------|
| Fitch Ratings (1) | F2 | A- | - |
| Moody's (2) | P-2 | Baa1 | Baa2 |
| Standard & Poor's (3) | A-2 | BBB+ | BBB |

SECTION C – SECURITIES

| Element | |
|------------|---|
| C.1 | <p>Type and class of the Securities</p> <p>The Issuers may issue under the Programme debt instruments up to an aggregate principal amount of EUR 32,000,000,000 (the "Instruments"). Such Instruments may be issued on a continuing basis and will be placed by one or more dealers appointed under the Programme from time to time by the Issuers, which appointment may be for a specific issue or on an on-going basis. Under the Programme, the Issuers may issue fixed, reset or floating rate Instruments, including by reference to an index (equity and inflation indices). The Instruments may be senior Instruments (which are Instruments that can only be issued by Santander International and which specify their status as senior) ("Senior Instruments") or subordinated Instruments (being those Instruments that can only be issued by Santander Issuances and which specify their status as subordinated) ("Subordinated Instruments") in each case guaranteed by the Guarantor.</p> <p>Instruments may be issued with any maturity subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. The Instruments will be constituted by virtue of the relevant public deed of issuance to be executed before a Spanish Notary Public and registered with the Mercantile Registry of Madrid on or prior to the issue date.</p> <p>Instruments will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Instruments of each Series will all be subject to identical terms except that the issue dates and the amount of the first payment of interest may be different in respect of different Tranches.</p> <p>Instruments may be issued in registered form, without interest coupons ("Registered Instruments"), or in bearer form, with or without interest coupons ("Bearer Instruments"). Bearer Instruments will, unless otherwise specified, only be sold outside the United States to non-U.S. persons in reliance on Regulation S and will, unless otherwise specified in the applicable Final Terms, initially be represented by a Temporary Global Instruments without interest coupons attached, deposited: (a) in the case of a global instrument 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, with or on behalf of a Common Depositary located outside the United States for Euroclear S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"), together with Euroclear, the "ICSDs"; or (b) in the case of a global instrument which is intended to be issued in new global note form (a "New Global Note" or "NGN"), as specified in the relevant Final Terms, with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.</p> <p>Interests in a Temporary Global Instrument will be exchangeable (i) for interests in a permanent global Instrument in bearer form, without coupons (a "Permanent Global Instrument"), or (ii) in whole but not in part for definitive Instruments in bearer form (each, a "Definitive Instrument"), following certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations. Bearer Instruments may be exchangeable for Registered Instruments. Registered Instruments will not be exchangeable for Bearer Instruments.</p> <p>The security identification number (ISIN) of the instruments will be set out in the relevant final terms.</p> |

| | |
|-----|--|
| C.2 | <p>Currency of the Securities</p> <p>The Instruments may be denominated in any currency subject to compliance with all applicable legal and/or regulatory requirements and/or central bank requirements.</p> |
| C.5 | <p>Restrictions on free transferability</p> <p>The Instruments may not be transferred prior to the issue date. Selling restrictions apply to offers, sales or transfers of the Instruments under the applicable laws in various jurisdictions. A purchaser of the Instruments is required to make certain agreements and representations as a condition to purchasing the Instruments. For each issue of securities a minimum tradeable amount could be set out in the relevant Final Terms.</p> <p>With regards to Spain, the Instruments may not be offered, sold or distributed, nor may any subsequent resale of Instruments be carried out in Spain, except in circumstances which do not constitute a public offer of securities in Spain within the meaning of the Spanish Securities Market Law (<i>Law 24/1988 of 28 July of the Securities Market</i>), as amended and restated, or without complying with all legal and regulatory requirements under Spanish securities laws. No publicity or marketing of any kind shall be made in Spain in relation to the Instruments.</p> |
| C.8 | <p>Description of the rights attaching to the Securities</p> <p>Status:</p> <p>The Senior Instruments, being Instruments that can only be issued by Santander International, and the receipts and coupons relating to them, constitute direct, unconditional, unsubordinated and unsecured obligations of Santander International and, upon the insolvency of Santander International (and unless they qualify as subordinated claims pursuant to Article 92 of Law 22/2003 (<i>Ley Concursal</i>) of 9 July 2003 (the "Insolvency Law" or "Law 22/2003") or equivalent legal provision which replaces it in the future, and subject to any applicable legal and statutory exceptions), rank <i>pari passu</i> and rateably without preference among themselves and the payment obligations of Santander International under the Senior Instruments, receipts and coupons related to them rank at least <i>pari passu</i> with all other unsecured and unsubordinated indebtedness and monetary obligations involving or otherwise related to borrowed money of Santander International, present or future.</p> <p>The Subordinated Instruments, being Instruments that can only be issued by Santander Issuances, constitute direct, unconditional, subordinated and unsecured obligations of Santander Issuances and, upon the insolvency of Santander Issuances (and unless they qualify as subordinated claims pursuant to Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provisions which replace them in the future, and subject to any applicable legal and statutory exceptions) rank without preference or priority among themselves together with all other subordinated obligations of Santander Issuances other than those subordinated obligations pursuant to Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provisions which replace them in the future, other subordinated obligations prescribed by law or which are expressed to rank junior to the Subordinated Instruments.</p> <p>Guarantees:</p> <p>The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by Santander International under the Senior Instruments, receipts and coupons on an unsubordinated basis. Such obligations constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and, upon the insolvency of the Guarantor (and unless they qualify as subordinated claims pursuant to Article 92 of the Insolvency Law or equivalent legal provision which replaces it in the future, and subject to any applicable legal and statutory exceptions), rank <i>pari passu</i> and rateably without preference among such obligations of the Guarantor in respect of Senior Instruments and at least <i>pari passu</i> with all other unsubordinated and unsecured indebtedness and monetary obligations involving or otherwise related to borrowed money of the Guarantor, present and future. Its obligations in that respect are contained in the senior guarantee.</p> <p>The Guarantor will unconditionally and irrevocably guarantee, on a subordinated basis, the due and punctual payment of all the sums expressed to be payable by Santander Issuances under the relevant Subordinated Instruments. Such obligations of the Guarantor constitute direct, unconditional, subordinated and unsecured obligations which, upon de insolvency of the Guarantor (and unless they qualify as subordinated claims pursuant to Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provisions which replace them in the future, and subject to any applicable legal and statutory exceptions), shall rank <i>pari passu</i> with all other present and future subordinated obligations of the Guarantor other than those subordinated obligations</p> |

pursuant to Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provision which replace them in the future, other subordinated obligations of the Guarantor prescribed by law or which are expressed to rank junior to the Guarantor's obligations under the subordinated guarantee.

Deed of covenant: The Instruments have the benefit of a deed of covenant dated 16 June 2014.

Taxation: All amounts payable in respect of the Instruments, the receipts and coupons, the senior guarantee and the subordinated guarantee by one of the Issuers or the Guarantor will be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Spain or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, subject to Condition 7 "*Taxation*" the relevant Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the holder of any Instrument or coupon of such amounts as would have been received by them had no such withholding or deduction been required.

Under Spanish Law 13/1985 and Royal Decree 1065/2007, each as amended, each Issuer and the Guarantor is required to provide to the Spanish tax authorities certain information relating to the Instruments. If Citibank, N.A., London Branch. (the "**Issue and Paying Agent**") fails to provide the relevant Issuer or, as the case may be, the Guarantor with the required information, the relevant Issuer or the Guarantor (as the case may be) will be required to withhold tax and may pay income in respect of the relevant Instruments net of the Spanish withholding tax applicable to such payments, generally at the rate of 19% (exceptionally, during the tax period 2014 the withholding tax rate applicable is 21%).

None of the Issuers, the Guarantor, Banco Santander, S.A. and Morgan Stanley & Co. International plc. (the "**Arrangers**"), Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities Ltd., Merrill Lynch International, Nomura International plc, Société Générale, The Royal Bank of Scotland plc, UBS Limited and Crédit Agricole Corporate and Investment Bank (all these dealers together with the Arrangers, the "**Dealers**") or the European clearing systems assumes any responsibility therefor.

Events of Default:

For Senior Instruments this includes non-payment, breach of other obligations, winding up, cessation of business, insolvency proceedings and arrangements with creditors of the relevant Issuer or the Guarantor and if the senior guarantee ceases to be a valid and binding obligation of the Guarantor.

For Subordinated Instruments this includes non-payment or winding-up of the relevant Issuer or the Guarantor.

Governing law:

The issue of the Instruments, including their legal nature (*obligaciones u otros valores que reconozcan o creen deuda*), the status of the Instruments, the status of the guarantee in respect of the Instruments, the capacity of the Issuers, the relevant corporate resolutions and, when required, the appointment of the Commissioner and the constitution of the Syndicates of Holders of the Instruments will be governed by Spanish law.

The terms and conditions of the Instruments, the Issue and Paying Agency Agreement, the Deed of Covenant and, save for, in each case, the status of the guarantee, the Deed of Senior Guarantee and any Deed of Subordinated Guarantee and all non-contractual obligations arising out of or in connection with the terms and conditions of the Instruments, the Issue and Paying Agency Agreement, the Deed of Covenant, the Deed of Senior Guarantee and any Deed of Subordinated Guarantee, are governed by English law.

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| C.9 | Payment Features |
| | <p>The issue date of the Instruments will be specified in the Final Terms and may not exceed the date of validity of this Base Prospectus. The nominal interest rate that will be received by investors will be set out in the relevant Final Terms and shall be the result of applying the terms and conditions specific to the relevant issue. Applicable interest payment dates will be specified in the Final Terms. Instruments may be issued with any maturity and may be redeemable at par or at such other redemption amount as may be specified in the relevant Final Terms, in each case subject to compliance with all applicable legal, regulatory and/or central bank requirements. Early redemption will be permitted for taxation reasons, but otherwise early redemption will be permitted only to the extent specified in the relevant Final Terms and in accordance with all applicable legal, regulatory and/or central bank requirements. The interest payment component of CMS-Linked Instruments, Equity Index-Linked Instruments and Inflation-Linked Instruments, will be determined by reference to the index specified in the relevant Final Terms. The syndicate of Holders shall be entrusted with the defence of the rights and interests of Holders.</p> |
| | [Issue specific summary: |
| Issue Price: | [[●] per cent of the Aggregate Nominal Amount/[●] per Instrument] |
| Issue Date: | [●] |
| Calculation Amount: | [●] |
| Maturity Date : | [●] |
| Set out relevant payment features below, completing or, where not relevant, deleting the following provisions: | |
| A. For variable interest rate Instruments, any of the following Interest Payment Options may apply: | |
| <i>Interest Payment Option 1</i> | |
| $Calculation Amount * Rate of Interest$ | |
| <i>Interest Payment Option 2</i> | |
| (1) | <i>If the Barrier Condition is satisfied:</i> |
| $Calculation Amount * Rate of Interest_{n=1}$; or | |
| (2) | <i>If the Barrier Condition is not satisfied:</i> |
| $Calculation Amount * Rate of Interest_{n=2}$ | |
| <i>Interest amounts if any become due on the relevant Interest Payment Date(s) specified below. [The yield of the Instruments is [●]. The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.(insert if Fixed Rate Instruments only)]</i> | |
| Set out the relevant definitions from the below, completing or, where not relevant, deleting the following provisions: | |
| For these purposes: | |
| <i>"Asset" means [insert the relevant definition of Asset] [in relation to the relevant Asset Class, a Single Asset or a constituent of a Basket Asset].</i> | |
| <i>"Asset Class" means [shares] [and] [/] [equity index(ices)] [and] [/] [exchange traded funds] [and] [/] [inflation index(ices)] [and] [/] [Fixed Income Benchmark (s)].</i> | |
| <i>"Asset Early" [means the] [Max] [Min] [Asset Level] [on the relevant [Scheduled Observation Date] [Valuation Date] [Calculation Date]] [Average Level] [Observation Level] [is][as specified in the table below: insert table] [,] [Barrier].</i> | |
| <i>"Asset Early Performance" means the [Early Performance] [Early Performance (Call Spread)] [Early Performance (Rolling Lookback)] [Early Weighted Performance] of the [Asset] [Early Laggard] [Early Outperformer].</i> | |
| <i>"Asset Final" means [the] [Max] [Min] [Asset Level on the Final Valuation Date] [Average Level] [,] [Observation Level].</i> | |
| <i>"Asset Final Performance" means the [Final Performance] [Final Performance (Call Spread)] [Final Performance (Lookback)] [Final Performance (Temporis)] [Final Weighted Performance] [Enhanced Weighted Performance] [Upside Performance] [Downside Performance] [Weighted Performance] of the [Asset] [Final Laggard] [Final Outperformer].</i> | |
| <i>"Asset Initial" means [the] [Max] [Min] [Asset Level on the Initial Valuation Date] [Average Level] [Observation Level] [,] [Barrier].</i> | |
| <i>"Asset Level" means the [Opening Level] [Closing Level] [Intraday Level] [Observation Level] [observation level] of the relevant Asset.</i> | |

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| "Asset Lookback" [means the] [Asset Level [on the relevant [Scheduled Observation Date] [Valuation Date] [Calculation Date]] [Average Level], [is as specified in the table below: insert table]. |
| "Average Level" means the arithmetic average of each [Opening Level] [Closing Level] [Intraday Level] [Observation Level] observed by the Determination Agent on each Averaging Date. |
| "Averaging Date" means each of [●]. |
| "Barrier" means [[●] per cent.] [n * [●] per cent.] [Asset Initial * [●] per cent.] [Asset Initial * n * [●] per cent.] [Asset Early * [●] per cent.] [Asset Early * n * [●] per cent.] [Asset Lookback * [●] per cent.] [Asset Lookback * n * [●] per cent.]. |
| "Barrier (Early)" means: |
| (a) where Barrier Condition Early (European) is applicable: [[●] per cent.] [n * [●] per cent.]; or |
| (b) where Barrier Condition Early (Bermudan) is applicable: [[●] per cent.] [n * [●] per cent.]; or |
| (c) where Barrier Condition Early (American) is applicable: [Asset Initial * [●] per cent.] / [Asset Initial * [●] per cent. * n]. |
| "Barrier (Final)" means: |
| (a) where Barrier Condition Final (European) is applicable, [●] per cent.; or |
| (b) where Barrier Condition Final (American) is applicable, Asset Initial * [●] per cent. |
| "Barrier Condition" shall mean [Barrier Condition Early] [Barrier Condition Final]. |
| "Barrier Condition Early" shall mean [Barrier Condition Early (European)] [Barrier Condition Early (Bermudan)] [Barrier Condition Early (American)]. |
| "Barrier Condition Early (American)" shall be deemed satisfied if the Determination Agent determines that on [each] [any] [Scheduled Observation Date] [Valuation Date] [Calculation Date] [related to the relevant Barrier Early Calculation Date] the Asset Level of [each] [any] [the] [Basket] Asset is at [all] [the] [any] time[s] greater than [or equal to] Barrier (Early). |
| "Barrier Condition Early (Bermudan)" shall be deemed satisfied if the Determination Agent determines that on any [Scheduled Observation Date] [Valuation Date] [Calculation Date] [during the Observation Period], Asset Early Performance is greater than [or equal to] Barrier (Early). |
| "Barrier Condition Early (European)" shall be deemed satisfied if the Determination Agent determines that on [the relevant] [each] [Scheduled Observation Date] [Valuation Date] [Calculation Date], Asset Early Performance is greater than [or equal to] Barrier (Early). |
| "Barrier Condition Final" shall mean [Barrier Condition Final (European)] [Barrier Condition Final (American)]. |
| "Barrier Condition Final (American)" shall be deemed satisfied if the Determination Agent determines that on [each] [any] [Scheduled Observation Date] [Valuation Date] [Calculation Date] the Asset Level of [each] [any] [the] [Basket] Asset is [at] [all] [any] [time[s]] greater than [or equal to] Barrier (Final). |
| "Barrier Condition Final (European)" shall be deemed satisfied if the Determination Agent determines that on the Final Valuation Date the Asset Final Performance is greater than [or equal to] Barrier (Final). |
| "Barrier Early Calculation Date" means [date to be specified] [each Scheduled Observation Date] [Valuation Date] [Calculation Date]. |
| "Barrier Return" shall mean an amount determined by the Determination Agent in accordance with the following methodology:- |
| (a) if Asset Final Performance is greater than [or equal to] the Barrier, [●] per cent. |
| (b) if Asset Final Performance is less than [or equal to] the Barrier: Max[(Cap [+/-] (Participation * Asset Final Performance)), Floor] |
| "Basket Asset" means an Asset that is a constituent of a basket of Assets. |
| "Cap" means [●] per cent. |
| "Closing Level" means, the closing level of the relevant Asset. |
| "Downside Performance" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Determination Agent in accordance with the following formula: |

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| $\frac{\text{AssetInitial} - \text{AssetFinal}}{\text{AssetInitial}}$ |
| <p>"Early Laggard" shall mean in relation to the [Scheduled Observation Date],[Valuation Date],[Calculation Date], the Asset with the lowest calculated Early Performance, as determined by the Determination Agent in respect of the relevant date. For the avoidance of doubt, if two or more [Basket] Assets have the same Early Performance as of the [Scheduled Observation Date] [Valuation Date] [Calculation Date], the Determination Agent shall select any such [Basket] Asset as the Early Laggard acting in good faith and in a commercially reasonable manner.</p> |
| <p>"Early Outperformer" shall mean in relation to the [Scheduled Observation Date] [Valuation Date] [Calculation Date], the Asset with the highest calculated Early Performance, as determined by the Determination Agent in respect of the relevant date. For the avoidance of doubt, if two or more [Basket] Assets have the same Early Performance as of the [Scheduled Observation Date] [Valuation Date] [Calculation Date], the Determination Agent shall select any such [Basket] Asset as the Early Outperformer acting in good faith and in a commercially reasonable manner.</p> |
| <p>"Early Performance" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Determination Agent in accordance with the following formula:</p> |
| $\frac{\text{AssetEarly}}{\text{AssetInitial}}$ |
| <p>"Early Performance (Call Spread)" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Determination Agent in accordance with the following formula:</p> |
| $\frac{\text{AssetEarly}}{\text{AssetInitial}} - 1$ |
| <p>"Early Performance (Rolling Lookback)" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Determination Agent in accordance with the following formula:</p> |
| $\frac{\text{AssetEarly}}{\text{AssetLookback}} - 1$ |
| <p>"Early Weighted Performance" means an amount (expressed as a percentage) determined by the Determination Agent being the sum of the values obtained by applying the following formula to each Basket Asset:</p> |
| $W \times \frac{\text{AssetEarly} - \text{AssetInitial}}{\text{AssetInitial}}$ |
| <p>"Enhanced Weighted Performance" means an amount (expressed as a percentage) determined by the Determination Agent being the sum of the values obtained by applying the following formula to each Basket Asset: $W * \text{Upside Performance}$</p> |
| <p>"ETF" means (in respect of an ETF Share) an Exchange Traded Fund.</p> |
| <p>"ETF Issuer" means, in respect of an Exchange Traded Fund, the entity specified in the applicable Final Terms as the issuer of that Exchange Traded Fund.</p> |
| <p>"ETF Share" means, in respect of an Exchange Traded Fund, the share, unit or other interest or unit of holding in the ETF Issuer (including, without limitation, any debt security) issued to or held by an investor in respect of the relevant Exchange Traded Fund.</p> |
| <p>"Exchange Traded Fund" means each fund that is specified in the applicable Final Terms as an ETF.</p> |
| <p>"Final Laggard" shall mean the Asset with the lowest [calculated Downside Performance] [calculated Final Performance] [calculated Upside Performance] [Observation Level] as determined by the Determination Agent in respect of the relevant date. For the avoidance of doubt, if two or more Assets in the Basket have the same [Downside Performance as of the Final Valuation Date] [Final Performance as of the Final Valuation Date] [Upside Performance as of the Final Valuation Date] [Observation Level], the Determination Agent shall select any such Asset as the Final Laggard acting in good faith and in a commercially reasonable manner.</p> |
| <p>"Final Outperformer" shall mean the Asset with the highest [calculated Downside Performance] [calculated Final Performance] [calculated Upside Performance] [Observation Level], as determined by the Determination Agent in respect of the relevant date. For the avoidance of doubt, if two or more Assets in the Basket have the same [Downside Performance as of the Final Valuation Date] [Final Performance as of the Final Valuation Date] [Upside Performance as of the Final Valuation Date] [Observation Level], the Determination Agent shall select any such Asset as the Final Outperformer acting in good faith and in a commercially reasonable manner.</p> |

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| <i>"Final Performance" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Determination Agent in accordance with the following formula:</i> |
| $\frac{\text{AssetFinal}}{\text{AssetInitial}}$ |
| <i>"Final Performance (Call Spread)" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Determination Agent in accordance with the following formula:</i> |
| $\frac{\text{AssetFinal}}{\text{AssetInitial}} - 1$ |
| <i>"Final Performance (Lookback)" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Determination Agent in accordance with the following formula:</i> |
| $\frac{\text{AssetFinal}}{\text{Max}[(\text{Participation} \times \text{AssetInitial}), \text{Observation Level}]}$ |
| <i>"Final Performance (Temporis)" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Determination Agent in accordance with the following formula:</i> |
| $\frac{\text{AssetFinal} - \text{AssetLookback}}{\text{AssetInitial}}$ |
| <i>"Final Valuation Date" means [●].</i> |
| <i>"Final Weighted Performance" means an amount (expressed as a percentage) determined by the Determination Agent being the sum of the values obtained by applying the following formula to each Basket Asset:</i> |
| $W \times \frac{\text{AssetFinal} - \text{AssetInitial}}{\text{AssetInitial}}$ |
| <i>"Fixed Income Benchmark" shall mean the relevant Rate of Interest specified as such in the applicable Final Terms.</i> |
| <i>"Floor" means [●] per cent.</i> |
| <i>"i" shall mean the corresponding number related to a defined term within the Conditions as specified herein.</i> |
| <i>"Initial Valuation Date" means [●].</i> |
| <i>"Interest Payment Date(s)" means [●].</i> |
| <i>"Intraday Level" means the intraday level of the relevant Asset.</i> |
| <i>"Max" followed by a series of amounts inside brackets, means whichever is the greater of the amounts separated by a comma inside those brackets.</i> |
| <i>"Min" followed by a series of amounts inside brackets, means whichever is the lesser of the amounts separated by a comma inside those brackets.</i> |
| <i>"n" shall mean the corresponding number related to a defined term within the Conditions as specified herein.</i> |
| <i>"Observation Days" means the total number of [calendar days] [Business Days] [Scheduled Observation Dates] [Valuation Dates] [Calculation Dates] in the [Interest Period] [Observation Period].</i> |
| <i>"Observation Level" means [the Opening Level] [the lowest Closing Level observed on each Scheduled Observation Date] [the highest Closing Level observed on each Scheduled Observation Date] [the level of the Asset][the Rate of Interest] observed by the Determination Agent on the relevant [Initial Valuation Date] [Scheduled Observation Date] at [insert time] [the level of the relevant Asset scheduled to be published by the Inflation Index Sponsor for the Reference Month of [●] where the relevant Asset Class is an Inflation Index]</i> |
| <i>"Observation Period" means [●].</i> |
| <i>"Opening Level" means the opening level of the relevant Asset.</i> |
| <i>"Paid Interest" means, in respect of an Instrument, the sum of all interest paid in respect of that Instrument from (and including) the Issue Date to (and including) the immediately preceding Specified Interest Payment Date, if any.</i> |
| <i>"Participation" means [●] per cent.</i> |
| <i>"Range Condition" shall be deemed satisfied in respect of any day if the Asset Level for such day observed by the Determination Agent is greater than [or equal to] [●] [per cent.] per annum and less than [or equal to] [●] [per cent.] [per annum.]</i> |
| <i>"Range Days" means the actual number of [calendar days] [Business Days] [Scheduled Observation Dates]</i> |

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| [Valuation Dates] [Calculation Dates] in the [Interest Period] [Observation Period] on which the Range Condition is satisfied. |
| "Rate of Interest" shall mean in connection with the relevant Coupon Payout [Insert one of:] |
| [[●] per cent.] [per annum]; |
| Screen Rate Determination; |
| ISDA Determination; |
| (n * [●] per cent.); |
| [(n * [●] per cent.)] – Paid Interest; |
| Max(Floor, Min(Cap, Participation * Asset Early [Performance] + [●] per cent.)) [+/- Barrier Return]; |
| $\left([●] \text{ per cent} \times \frac{\text{RangeDays}}{\text{Observation Days}} \right)$; or |
| [the applicable percentage rate specified in the table below: insert table.] |
| "Scheduled Observation Date" means [insert date(s)] [each Scheduled Trading Day in the Observation Period]. |
| "Single Asset" means a single Asset. |
| "t" shall mean the corresponding number related to a defined term within the Conditions as specified herein. |
| "Trade Date" means [●]. |
| "Upside Performance" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Determination Agent in accordance with the following formula: |
| $\frac{\text{AssetFinal} - (\text{Barrier} * \text{AssetInitial})}{\text{AssetInitial}}$ |
| "Valuation Date" means [specify date(s)] [each Scheduled Trading Day in the Observation Period] [subject to adjustment]. |
| "W" means the weighting in respect of the relevant Basket Asset, as specified in the table below: insert table: |
| "Weighted Performance" means an amount (expressed as a percentage) determined by the Determination Agent being the sum of the values obtained by applying the following formula to each Basket Asset: |
| W * Final Performance |
| The above provisions are subject to adjustment as provided in the conditions of the Instruments to take into account events in relation to the Asset(s) or the Instruments. This may lead to adjustments being made to the Instruments or in some cases the Instruments being terminated early at an early redemption or cancellation amount. |
| B. Equity Index-Linked Interest Instruments: |
| The below provisions are subject to adjustment as provided in the conditions of the Instruments: |
| PART I – European Call |
| Structure 1: |
| Single Share Index Linked Instruments: |
| The following Interest Amount per Calculation Amount will be payable on the Interest Payment Date: |
| (a) if the Final Price of the Share Index is higher than Strike Price, the following Coupon A: |
| Calculation Amount $\times \left(\frac{\text{Final Price} - \text{Strike Price}}{\text{Initial Price}} \right)$ |
| (b) if the Final Price of the Share Index is equal to or lower than the Strike Price, Coupon B (which may be zero). |
| Definitions: |
| "Coupon B" means an amount equal to the product of (i) Calculation Amount and (ii) the Coupon B Percentage. |
| "Coupon B Percentage" has the meaning given in the relevant Final Terms. |
| "Final Price" means the Official Closing Level of the Share Index on the Final Price Date. |
| "Final Price Date" has the meaning given in the relevant Final Terms. |
| "Initial Price" means the Official Closing Level of the Share Index on Initial Price Date. |
| "Initial Price Date" has the meaning given in the relevant Final Terms. |
| "Official Closing Level" means, on any day, the official closing level of the Share Index. |
| "Strike Price" means a percentage of the Initial Price as specified in the relevant Final Terms. |
| [Share Index Basket Linked Instruments: |

The following Interest Amount per Calculation Amount will be payable on the Interest Payment Date:

- (a) If the Final Price of all the Indices comprised in the Basket is higher than the relevant Strike Price, the following Coupon A:

$$\text{Calculation Amount} \times \left(\frac{\text{Final Price}_{(a)} - \text{Strike Price}_{(a)}}{\text{Initial Price}_{(a)}} \right)$$

Where:

"Final Price_(a)" is the Final Price of the Share Index of the Basket with the lowest Depreciation Ratio.

"Initial Price_(a)" is the Initial Price of the Share Index of the Basket with the lowest Depreciation Ratio.

"Strike Price_(a)" is the Strike Price of the Share Index of the Basket with the lowest Depreciation Ratio.

"Depreciation Ratio" means

$$\left(\frac{\text{Final Price}}{\text{Initial Price}} \right)$$

- (b) Otherwise, Coupon B (which may be zero).

Definitions:

"Basket" means each and every Share Index specified in the Final Terms.

"Coupon B" means an amount equal to the product of (i) Calculation Amount and (ii) the Coupon B Percentage.

"Coupon B Percentage" has the meaning given in the relevant Final Terms.

"Final Price" means, for each Share Index comprised in the Basket, the Official Closing Level of the Share Index on the Final Price Date.

"Final Price Date" has the meaning given in the relevant Final Terms.

"Initial Price" means, for each Share Index comprised in the Basket, the Official Closing Level of the Share Index on Initial Price Date.

"Initial Price Date" has the meaning given in the relevant Final Terms.

"Official Closing Level" means, on any day, the official closing level of the Share.

"Strike Price" means a percentage of the Initial Price as specified in the Final Terms.

PART 2 – European Call Up & Out

Structure 2:

Single Share Index Linked Instruments:

The following Interest Amount per Calculation Amount will be payable on the Interest Payment Date:

- (a) if, from the Initial Price Date, included, to the Final Price Date, included, the Official Closing Level of the Share Index is at any point equal to or higher than Barrier A, Coupon A; or
- (b) if, from the Initial Price Date, included, to the Final Price Date, included, the Official Closing Level of the Share Index has never been equal to or higher than Barrier A:

- (i) if the Final Price of the Share Index is higher than the Initial Price, the following Coupon B:

$$\text{Calculation Amount} \times \left(\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}} \right)$$

- (ii) if the Final Price of the Share Index is equal to or lower than the Initial Price, Coupon C (which may be zero).

Definitions:

"Barrier A" means a percentage of the Initial Price as specified in the Final Terms.

"Coupon A Percentage" has the meaning given in the relevant Final Terms.

"Coupon A" means an amount equal to the product of (i) Calculation Amount and (ii) the Coupon A Percentage.

"Coupon C Percentage" has the meaning given in the relevant Final Terms.

"Coupon C" means an amount equal to the product of (i) Calculation Amount and (ii) the Coupon C Percentage.

"Final Price Date" has the meaning given in the relevant Final Terms.

"Final Price" means the Official Closing Level of the Share Index on the Final Price Date.

"Initial Price Date" has the meaning given in the relevant Final Terms.

"Initial Price" means the Official Closing Level of the Share Index on Initial Price Date.

"Official Closing Level" means, on any day, the official closing price of the Index.

PART 3 – Call Spread

Structure 3:

Share Index Basket Linked Instruments

The following Interest Amount per Calculation Amount will be payable on the Interest Payment Date:

$$\text{Calculation Amount} \times \text{Min} \left(\text{Cap Level}; \left(\frac{\sum_{i=1}^J \frac{\text{Final Price}_i - \text{Initial Price}_i}{\text{Initial Price}_i}}{J} \right) \right)$$

Where:

"Final Price_i" is the Final Price of the Share Index_i.

"Initial Price_i" is the Initial Price of the Share Index_i.

"J" is the total number of Shares comprised in the Basket.

Definitions:

"Basket" means each and every Share Index specified in the applicable Final Terms.

"Cap Level" has the meaning given to it in the relevant Final Terms.

"Final Price" means, for each Share Index comprised in the Basket, the Official Closing Level on the Final Price Date.

"Final Price Date" has the meaning given to it in the relevant Final Terms.

"Initial Price" means the maximum Official Closing Level of all the Share Indices comprised in the Basket during the Initial Price Determination Period.

"Initial Price Determination Period" has the meaning given to it in the relevant Final Terms.

"Official Closing Level" means on any day, the official closing level of a Share Index.

C. Inflation-Linked Interest Instruments:

The below provisions are subject to adjustment as provided in the Terms and Conditions of the Instruments:

Inflation Linked interest payment based on a fixed rate of interest:

$$\text{Fixed Rate of Interest} \times [(I_T/I_0) + \text{Margin}]$$

Inflation Linked interest payment based on a fixed rate of interest and subject to a minimum interest rate:

$$\text{Max} [\text{Floor}; \text{Fixed Rate of Interest} \times [(I_T/I_0) + \text{Margin}]]$$

Inflation Linked interest payment plus a Margin:

$$(I_T/I_0) + \text{Margin}$$

Inflation Linked interest payment plus a Margin subject to a minimum interest rate:

$$\text{Max} [\text{Floor}; (I_T/I_0) + \text{Margin}]$$

Inflation Linked interest payment based on a fixed rate of interest and subject to a maximum interest rate:

$$\text{Min} [\text{Cap}; \text{Fixed Rate of Interest} \times [(I_T/I_0) + \text{Margin}]]$$

Inflation Linked interest payment plus a Margin subject to a maximum interest rate:

$$\text{Min} [\text{Cap}; (I_T/I_0) + \text{Margin}]$$

Definitions:

"Cap" has the meaning given to it in the relevant Final Terms;

"Fixed Rate of Interest" has the meaning given to it in the relevant Final Terms;

"I₀" means Inflation Index observation level for Reference Month T_{start};

"I_T" means Inflation Index observation level for Reference Month T;

"Floor" has the meaning given to it in the relevant Final Terms;

"Margin" has the meaning given to it in the relevant Final Terms;

"Reference Month T_{start}" has the meaning given to it in the relevant Final Terms;

"Reference Month T" has the meaning given to it in the relevant Final Terms;

"T" has the meaning given to it in the relevant Final Terms; and

"T_{start}" has the meaning given to it in the relevant Final Terms.

C.10 Derivative component on interest

The Issuers may issue Instruments with a derivative component on the interest payment.

Instruments can bear fixed rates, reset rates, floating rates, variable interest rates and also with interest determined by reference to an index (such as CMS-Linked Instruments, Equity Index-Linked Instruments and Inflation-Linked Instruments).

The Share Index or the Inflation Index that may be used as reference to calculate the interest payment under the Instruments will not be composed, published or announced by the Issuer, the Guarantor, or any legal entity belonging to

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| | the Guarantor's group or by someone acting in association with or on behalf of the Issuer or the Guarantor. However, the relevant Share Index may be composed by shares of the Guarantor or of entities belonging to the Guarantor's group or of someone acting in association with or on behalf of the Issuer or the Guarantor. |
| | [Issue specific summary: |
| | <i>[Not applicable – The Instruments do not have a derivative component in the interest payment] / [The interests of the Instruments are determined by reference [to an Equity or Inflation index]. [The Share Index or the Inflation Index that may be used as reference to calculate the interest payment under the Instruments will not be composed, published or announced by the Issuer, the Guarantor, or any legal entity belonging to the Guarantor's group or by someone acting in association with or on behalf of the Issuer or the Guarantor. However, the relevant Share Index may be composed by shares of the Guarantor or of entities belonging to the Guarantor's group or of someone acting in association with or on behalf of the Issuer or the Guarantor.]</i> |
| C.11 | Listing and Admission to trading Each Series may be listed on the official list of the Irish Stock Exchange and traded on the regulated market of the Irish Stock Exchange and/or any other listing authority, stock exchange and/or quotation system (each, a "Stock Exchange") (as may be agreed between the relevant Issuer, the Guarantor and the relevant Dealer and specified in the relevant Final Terms) or may be unlisted. Under Spanish law, unlisted Instruments are subject to a different tax regime than that applicable to listed Instruments and, if issued under the Programme, such Instruments will be the subject of a supplement to the Base Prospectus. |
| C.15 | Description of how the value of the Securities is affected by the value of the underlying Asset The following table sets out illustrative values of the amounts payable per Instrument on the relevant Interest Payment Date. The value of the Underlying will only affect the interest payments but not the principal amounts. [Issue specific summary [This Element C.15 only to be included where the Securities are derivative securities for the purpose of Commission Regulation (EC) No. 809/2004 (as amended)]: <i>[insert table]</i> <i>These Instruments are derivative securities and their value may go down as well as up.]</i> |
| C.16 | Expiration Date or Maturity Date of the Instruments [Issue specific summary [This Element C.16 only to be included where the Instruments are derivative securities for the purpose of Commission Regulation (EC) No. 809/2004 (as amended)]: <i>[The Maturity Date of the Securities is [●], subject to adjustment] [or, if earlier the date on which the [Call] [Put] Option is exercised], subject to adjustment.]</i> |
| C.17 | Settlement procedures of the Instruments The Instruments will be settled on the Maturity Date at the relevant amount per Instrument. [For the purposes of the Issue specific summary: This Element C.17 only to be included where the Securities are derivative securities for the purpose of Commission Regulation (EC) No. 809/2004 (as amended)] |
| C.18 | Description of how the return on derivative securities takes place [Issue specific summary [This Element C.18 only to be included where the Instruments are derivative securities for the purpose of Commission Regulation (EC) No. 809/2004 (as amended)]: <i>For variable interest Instruments, the return is illustrated in item C.10 above.</i> <i>These Instruments are derivative securities and their value may go down as well as up.]</i> |

SECTION D – RISKS

| Element | |
|------------|---|
| D.2 | Key risks regarding the Issuers and the Guarantor Each Issuer is a finance vehicle established by the Guarantor for the purpose of issuing Instruments under the Programme and on-lending the proceeds within the Santander Group. Each Issuer is therefore dependent upon other members of the Group paying interest on and repaying their loans in a timely fashion. Should any Group member fail to pay interest on or repay any loan in a timely fashion this could have a material adverse effect on the ability of the relevant Issuer to fulfil its obligations under Instruments issued under the Programme. The main risks relating to the Santander Group operation are, amongst others: <ul style="list-style-type: none"> • Because the Group's loan portfolio is concentrated in Continental Europe, the United Kingdom and Latin America, adverse changes affecting the economies of Continental Europe, the United Kingdom or certain Latin America countries could adversely affect the Group's financial condition. • The Group is vulnerable to disruptions and volatility in the global financial markets. |

- The Group may suffer adverse effects as a result of the ongoing economic and sovereign debt tensions in the Eurozone.
- Exposure to sovereign debt could have a material adverse effect on the Group.
- The Group growth, asset quality and profitability in Latin America may be adversely affected by volatile macroeconomic and political conditions.
- The Group is exposed to risk of loss from legal and regulatory proceedings.
- The Group is subject to substantial regulation which could adversely affect its business and operations.
- The Group may not be able to detect money laundering and other illegal or improper activities fully or on timely basis, which could expose the Group to additional liability and could have a material adverse effect on it.
- Changes in taxes and other assessments may adversely affect the Group.
- Changes in accounting standards could impact reported earnings.
- The Group financial statements are based in part on assumptions and estimates which, if inaccurate, could cause material misstatement of the results of the Group operations and financial position.
- Disclosure controls and procedures over financial reporting may not prevent or detect all errors or acts of fraud.
- Liquidity and funding risks are inherent in the Group's business and could have a material adverse effect on the Group.
- Credit, market and liquidity risk may have an adverse effect on the Group's credit ratings and its cost of funds. Any downgrading in the Group's credit rating would likely increase its cost of funding, require the Group to post additional collateral or take other actions under some of the Group's derivative contracts and adversely affect its margins and results of operations.
- Failure to successfully implement and continue to improve the Group's risk management policies, procedures and methods, including its credit risk management system, could materially and adversely affect the Group, and the Group may be exposed to unidentified or unanticipated risks.
- If the Group is unable to effectively control the level of non-performing or poor credit quality loans in the future, or if the Group's loan loss reserves are insufficient to cover future loan losses, this could have a material adverse effect on the Group.
- The Group's loan and investment portfolios are subject to risk of prepayment, which could have a material adverse effect on the Group.
- The value of the collateral securing the Group's loans may not be sufficient, and the Group may be unable to realize the full value of the collateral securing its loan portfolio.
- The Group is subject to counterparty risk in its banking business.
- The Group's financial results are constantly exposed to market risk. The Group is subject to fluctuations in interest rates and other market risks, which may materially and adversely affect the Group.
- Market conditions have resulted and could result in material changes to the estimated fair values of the Group's financial assets. Negative fair value adjustments could have a material adverse effect on the Group's operating results, financial condition and prospects.
- The Group is subject to market, operational and other related risks associated with the Group's derivative transactions that could have a material adverse effect on the Group.
- The financial problems faced by the Group's customers could adversely affect the Group.
- Changes in the Group's pension liabilities and obligations could have a material adverse effect on the Group.
- The Group depends in part upon dividends and other funds from subsidiaries.
- Increased competition and industry consolidation may adversely affect the Group's results of operations.
- The Group's ability to maintain its competitive position depends, in part, on the success of new products and services the Group offers its clients and the Group's ability to continue offering products and services from third parties, and the Group may not be able to manage various risks its faces as the Group expands its range of products and services that could have a material adverse effect on the Group.
- If the Group is unable to manage the growth of its operations this could have an adverse impact on its profitability.
- The Group relies on recruiting, retaining and developing appropriate senior management and skilled personnel.
- The Group relies on third parties for important products and services.
- Damage to the Group's reputation could cause harm to the Group's business prospects.
- The Group engages in transactions with its subsidiaries or affiliates that others may not consider to be on an arm's-length basis.
- Any failure to effectively improve or upgrade the Group's information technology infrastructure and management

| | |
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| | <p>information systems in a timely manner could have a material adverse effect on the Group.</p> <ul style="list-style-type: none"> • Risks relating to data collection, processing and storage systems are inherent in the Group business. • Failure to protect personal information could adversely affect the Group. |
| D.3 | Key risks regarding the Securities |
| | <p>There are also risks associated with the Instruments and with the markets. These risks may include, amongst others:</p> <ul style="list-style-type: none"> • Taxation in Spain: Under Spanish Law, payments of income in respect of the listed Instruments will not be subject to Spanish withholding tax provided that the relevant Issuer or the Guarantor receives certain information concerning the Instruments. If such information is not received by the relevant Issuer or the Guarantor, as the case may, it will be required to apply Spanish withholding tax to any payment of interest in respect of the relevant Instruments, or income arising from the payment of Instruments issued below par; • The US Hiring Incentives to Restore Employment Act withholding may affect payments on the Instruments; • U.S. Foreign Account Tax Compliance Act Withholding; • Withholding under the EU Savings Directive; • The implementation of the EU Crisis Management Directive could materially affect the value of any Instruments. • The temporary Commissioner (which owes certain obligations to the Syndicate of Holders (as described in the Issue and Paying Agency Agreement) will be appointed by the relevant Issuer and may also be an employee or officer of such Issuer or of the Guarantor; • The Spanish Insolvency Law, provides, among other things, that: (i) any claim may become subordinated if it is not reported to the insolvency administrators (administradores concursales) within a certain period, (ii) provisions in a contract granting one party the right to terminate by reason only of the other's insolvency may not be enforceable, and (iii) interest (other than interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security) shall cease to accrue as from the date of the declaration of insolvency and any amount of interest accrued up to such date (other than any interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security) shall become subordinated. In addition, recent amendments to the Insolvency Law have been implemented which, in certain instances, have the effect of modifying or impairing creditors' rights; • Prospective investors should make their own evaluations to determine whether an investment in the Instruments is appropriate in their particular circumstances and should consult with their legal, business and tax advisers accordingly; • Instruments issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market; • Instruments may be redeemable at the relevant Issuer's option in certain circumstances. If such option is exercised, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Instruments. • Because the Global Instruments 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 relevant Issuer and/or the Guarantor; • Instruments subject to optional redemption by the Issuers, which is likely to limit their market value. • In accordance with applicable Spanish Bank of Spain regulations, the Subordinated Instruments may not be early redeemed due to the non-payment of the Subordinated Instruments, or of other debts of the Issuer or of any members of its group. • The Group may issue Instruments with interest determined by reference to an inflation or equity index (each, a Relevant Index). Potential investors should be aware that the market price of such Instruments may be volatile and that they may receive no interest. In addition, potential investors should be aware that: (i) a Relevant Index may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices; (ii) if a Relevant Index is applied to Instruments in conjunction with a multiplier greater than one (or contains some other leverage factor) the effect of changes in the Relevant Index on interest payable likely will be magnified; and (iii) the timing of changes in a Relevant Index may affect the actual yield to investors. • The Issuers may issue Instruments 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 its interest payments. • The Issuers may issue Inverse Floating Rate Instruments which have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Instruments typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise |

comparable terms).

- The Issuers may issue Fixed/Floating Rate Instruments. Such Instruments may bear interest at a rate that may convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the relevant Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Instruments since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing.
- The Issuers may issue Instruments at a substantial discount or premium from their principal amount. The market values of such Instruments tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities.
- The investment in Equity Index-Linked Interest Instruments and Inflation Linked Interest Instruments entails certain risks and it is only suitable for certain potential kind of investors.
- The terms of Equity Index-Linked Interest Instruments and Inflation Linked Interest Instruments differ from those of ordinary debt securities and may not pay interest on maturity, depending on the performance of the relevant underlying Index or Share Index.
- The value of Equity Index-Linked Interest Instruments and Inflation Linked Interest Instruments may be influenced by unpredictable factors beyond the Issuer's and the Guarantor's control.
- There are certain considerations regarding the use of Equity Index-Linked Interest Instruments or Inflation Linked Interest Instruments as hedging instruments involving correlation risks.
- The effect of the liquidity of the relevant underlying Index or Share Index on Equity Index- Linked Interest Instruments and Inflation Linked Interest Instruments pricing.
- Exchange rates and exchange controls may affect the value or return of the Equity Index-Linked Interest Instruments or Inflation Linked Interest Instruments.
- Investors have no shareholder rights.
- Potential conflicts of interest between the investor and the Determination Agent.
- The Determination Agent may determine that a Market Disruption Event or a failure to open of an Exchange or Related Exchange has occurred or exists on a relevant date of valuation, and any consequential postponement of such date of valuation may have an adverse effect on the value of the Instruments.
- When determining the value and/or performance of the relevant underlying Indices or Share Indices in respect of a Series of Equity Index-Linked Interest Instruments or Inflation Linked Interest Instruments may provide for a cap or be subjected to a floor, such that any value and/or performance of the relevant underlying Index or Share Index (or individual basket components) in excess or below the applicable cap or floor, respectively, will not be taken into account for the purposes of the relevant determination.
- Santander Issuances' obligations under Subordinated Instruments will be unsecured and subordinated and will rank junior in priority of payment to all unsubordinated obligations of Santander Issuances. The Guarantor's obligations under the Subordinated Guarantee will be unsecured and subordinated and will rank junior in priority of payment to all unsubordinated obligations of the Guarantor.
- One or more independent credit rating agencies may assign credit ratings to the Instruments. The 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 Instruments. 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.

Additionally, the risks relating to investment in the Instruments depend on their features and may include, *inter alia*, risks relating to (but not limited to) operational/business risk, credit risk, liquidity risk, interest rate risk, regulatory risk, reputational risk, competition risk, unsecured obligations, market risk, hedging and potential conflicts of interest, tax liabilities, expenses and taxation, third party risk, structural risks relating to particular Instruments, including with respect to certain underlying, no claim against the reference item(s) to which the Instruments relate, exchange rate risks, settlement disruption, illegality and cancellation, time lag after redemption or exercise, settlement risk, possible illiquidity of Instruments, equity risk, underlying volatility risk, fund risk, failure to deliver due to illiquidity, inflation risk, modification, meetings, market disruption, optional redemption, a requirement to hold a minimum amount of Instruments, transfer restrictions and exchange, listing and legal regulation risk.

D.6 Risk Warning [Issue Specific Summary: This Element D.6 only to be included where the Instruments are derivative securities for the purpose of Commission Regulation (EC) No. 809/2004 (as amended)]

- the Instruments issued under this Base Prospectus, including Structured Instruments, cannot have a negative yield for the investor. The Structured Instruments return is linked to the performance of one or more underlying (such as indices, or baskets of indices);

- the Issue Price of the Instruments may be more than the market value of such Instruments as at the Issue Date, and the price of the Instruments in secondary market transactions; and
- if the relevant Instruments include leverage, potential holders of such Instruments should note that these Instruments will involve a higher level of risk. Investors should therefore only invest in leveraged Instruments if they fully understand the effects of leverage.

SECTION E – OFFER

| Element | |
|-------------|--|
| E.2b | <p>Use of proceeds</p> <p>The net proceeds of the issue of each tranche of Instruments will be used for the general funding purposes of the Group.</p> |
| E.3 | <p>Terms and conditions of the offer:</p> <p>Denomination: Instruments will be issued in such denominations as may be specified in the relevant Final Terms, subject to a minimum denomination of €1,000 (or, if the Instruments are denominated in a currency other than euro, the equivalent in another currency at the date of issue. For each issue of securities a minimum tradeable amount could be set out in the relevant Final Terms.</p> <p>Interest: Instruments are interest-bearing. Interest may accrue at a fixed, reset or floating rate or other variable rate and may vary during the lifetime of the relevant Series.</p> <p>Issue Price: Instruments may be issued at par or at a discount to par or a premium over par and on a fully paid basis, as specified in the relevant Final Terms. The issue price and the principal amount of the relevant tranche of Instruments will be determined before filing of the relevant Final Terms of each tranche on the basis of then prevailing market conditions.</p> <p>Maturity: Instruments may be issued with any maturity subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Subordinated Instruments qualifying as regulatory capital (<i>recursos propios</i>) in accordance with Bank of Spain requirements will have a maturity of not less than five years.</p> <p>Where Instruments have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Instruments is carried on from an establishment maintained by the relevant Issuer in the United Kingdom, such Instruments must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 by the relevant Issuer.</p> <p>Redemption: Instruments may be redeemable at par or at such other redemption amount as may be specified in the relevant Final Terms subject to compliance with all applicable legal and/or regulatory requirements. Early redemption will be permitted for taxation reasons, but otherwise early redemption will be permitted only to the extent specified in the relevant Final Terms.</p> <p>Any early redemption of Subordinated Instruments qualifying as regulatory capital (<i>recursos propios</i>) is subject to the prior consent of the Bank of Spain and may not take place within a period of five years from their date of issue or as otherwise permitted by the Bank of Spain and they may not be redeemed at the option of the holder of the relevant Instruments (the "Holder") prior to their stated maturity.</p> <p>Subordinated Instruments may not be redeemed at the option of the Holder prior to their stated maturity.</p> <p>Purchase: The Issuers and the Guarantor and any of their respective subsidiaries or any third party designated by any of them, may at any time purchase Instruments in the open market or otherwise and at any price provided that, in the case of Definitive Instruments, all unmatured Coupons appertaining thereto are purchased therewith.</p> <p>In the case of Subordinated Instruments which qualify as regulatory capital (<i>recursos propios</i>), the purchase of the Instruments by the Issuer or any of its subsidiaries shall take place in accordance with the requirements of Spanish law (including for this purpose Bank of Spain's regulations in so far as the Issuer seeks to maintain eligibility of such instruments as regulatory capital).</p> <p>Clearing Systems: Euroclear, Clearstream, Luxembourg and/or, in relation to any Instruments, any other clearing system as may be specified in the relevant Final Terms.</p> <p>Terms and conditions of the offer: If so specified in the relevant Final Terms, the Instruments may be offered to the public in a non-exempt offer in one or more specified Public Offer Jurisdictions.</p> <p>The terms and conditions of each offer of Instruments will be specified in the applicable Final Terms.</p> <p>An Investor intending to acquire or acquiring any Instruments in a non-exempt offer from an authorised offeror will do so, and offers and sales of such Instruments to an Investor by such authorised offeror will be made, in accordance with any</p> |

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| | terms and other arrangements in place between them. |
| E.4 | Description of any interest of natural and legal persons involved in the issue/offer that is material to the issue/offer including conflicting interests The relevant Dealers may be paid fees in relation to any issue of Instruments under the Programme. Any such Dealer and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and the Guarantor and their affiliates in the ordinary course of business. |
| E.7 | Expenses charged to the investor by the Issuer or an Offeror The expenses and taxes to be charged to the subscriber or purchaser of the Instruments will be specified in the relevant Final Terms. |

SCHEDULE 4

FORM OF ISSUE SPECIFIC SUMMARY

[Insert completed summary for the Instruments, unless minimum denomination is equal or greater than 100,000 Euro (or its equivalent in another currency)]

SECTION A – INTRODUCTION AND WARNINGS

| Element | |
|---------|--|
| A.1 | <p>This summary should be read as an introduction to the Base Prospectus and the Final Terms. Any decision to invest in the Instruments should be based on a consideration of the Base Prospectus as a whole, including any documents incorporated by reference and the Final Terms. Where a claim relating to information contained in the Base Prospectus and the Final Terms is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus and the Final Terms before the legal proceedings are initiated. No civil liability will attach to the Issuer or the Guarantor in any such Member State solely on the basis of this summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus and the Final Terms or, if following the implementation of the relevant provisions of Directive 2010/73/EU in the relevant Member State, it does not provide, when read together with the other parts of the Base Prospectus and the Final Terms, key information (as defined in Article 2.1(s) of the Prospectus Directive) in order to aid investors when considering whether to invest in the Instruments.</p> |
| A.2 | <p>Certain Tranches of Securities with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a “Public Offer”.</p> <p><i>Consent:</i> Subject to the conditions set out below, the Issuer consents to the use of the Base Prospectus in connection with a Public Offer of Instruments by [the relevant Dealer(s) specified in the Final Terms] [and/or] [names of specific financial intermediaries listed in final terms] ([each an][the] “Authorised Offeror”) and that publishes on its website the following statement [(with the information in square brackets being completed with the relevant information)]:</p> <p><i>"We, [insert legal name of financial intermediary], refer to the [insert title of relevant Instruments] (the "Instruments") described in the Final Terms dated [insert date] (the "Final Terms") published by [Santander International Debt, S.A.U./Santander Issuances, S.A.U.] (the "Issuer"). We hereby accept the offer by the Issuer of its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Instruments in [insert Ireland, Germany or any other relevant Member State] (the "Offer") subject to the conditions to such consent, as specified in the Base Prospectus, and we are using the Base Prospectus in connection with the Offer accordingly".</i></p> <p><i>Offer period:</i> The Issuer's consent referred to above is given for Public Offers of Instruments from [the period of twelve months from the date of approval of the Base Prospectus] / [the period from [Insert, for example, one business day after satisfaction of all regulatory requirements of such Member State(s)] until [specify date or a formula such as "the Issue Date" or "the date which falls [●] Business Days thereafter"]] (the "Offer Period").</p> <p><i>Conditions to consent:</i> The conditions to the Issuer's consent [(in addition to the conditions referred</p> |

to above)] are that such consent (a) is only valid during the Offer Period; [and] (b) only extends to the use of the Base Prospectus to make Public Offers of the relevant Tranche of Instruments in [*specify Ireland, Germany or each Relevant Member State in which the particular Tranche of Instruments can be offered*] [and (c)] [*specify any other conditions applicable to the Public Offer of the particular Tranche, as set out in the Final Terms*].

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY INSTRUMENTS IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH INSTRUMENTS TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE INVESTOR MUST LOOK TO THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE AUTHORISED OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION. NONE OF THE ISSUER, THE GUARANTOR AND ANY DEALER (EXCEPT WHERE SUCH DEALER IS THE RELEVANT AUTHORISED OFFEROR) HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

SECTION B – ISSUER AND GUARANTOR

| Element | |
|-------------|--|
| B.1 | <p>Legal and commercial name of the Issuer <i>[Santander International Debt, S.A.U./Santander Issuances, S.A.U.]</i></p> |
| B.2 | <p>Domicile / legal form / legislation / country of incorporation The registered office address of the Issuer is Ciudad Grupo Santander, Avenida de Cantabria s/n, 28660 Boadilla del Monte, Madrid, Spain.</p> <p>The Issuer was incorporated in Spain as a limited liability company (<i>sociedad anónima</i>) for an unlimited duration and is subject to the Consolidated Text of Law on Limited Liability Companies 1/2010 dated 2 July (<i>Texto Refundido de la Ley de Sociedades de Capital</i>) ("Spanish Corporations Law"). The Issuer is a wholly-owned subsidiary of Banco Santander, S.A. (the "Guarantor").</p> <p><i>[Santander International Debt, S.A.U. was incorporated in Spain by a public deed on 21 April 2004 and registered in the Mercantile Registry of Madrid on 5 May 2004] / [Santander Issuances, S.A.U. was incorporated in Spain by a public deed executed on 27 February 2004 and registered in the Mercantile Registry of Madrid on 2 March 2004].</i></p> |
| B.4b | <p>Trend information The global financial services sector is likely to remain competitive with a large number of financial service providers and alternative distribution channels. Additionally, consolidation in the sector (through mergers, acquisitions or alliances) is likely to occur as other major banks look to increase their market share, combine complementary businesses or strengthen their balance sheets. In addition, regulatory changes will take place in the future that we expect will increase the overall level of regulation in the markets.</p> <p>The following are the most important trends, uncertainties and events that are reasonably likely to have a material adverse effect on the Santander Group or that would cause the disclosed financial information not to be indicative of its future operating results or its financial condition:</p> |

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| | <ul style="list-style-type: none"> • a continued downturn in the Spanish and the United Kingdom real estate markets, and a corresponding increase in mortgage defaults, which could impact the Group’s none performing loans and decrease consumer confidence and disposable income; • uncertainties relating to economic growth expectations and interest rates cycles, especially in the United States, Spain, the United Kingdom, other European countries, Brazil and other Latin American countries, and the impact they may have over the yield curve and exchange rates; • the continued effect of the global economic slowdown on Europe and the US and fluctuations in local interest and exchange rates; • continued changes in the macroeconomic environment, such as sustained unemployment above historical levels, could further deteriorate the quality of the Group’s customers’ credit; • increases in the Group’s cost of funding, as a result of the fragility of the Spanish, Portuguese, Irish and Greek economies, further downgrades in our rating or otherwise, could adversely affect the Group’s net interest margin as a consequence of timing differences in the repricing of the Group’s assets and liabilities; • the effects of withdrawal of significant monetary and fiscal stimulus programs and uncertainty over government responses to growing public deficits; • continued instability and volatility in the financial markets; • a drop in the value of the euro relative to the US dollar, the sterling pound or Latin American currencies; • inflationary pressures, particularly in Latin America, because of the effect they may have in relation to increases of interest rates and decreases of growth; • increased consolidation of the global financial services sector, which could further reduce the Group’s spreads; • although it is foreseeable that entry barriers to domestic markets in Europe will eventually be lowered, the Group’s possible plans of expansion into other markets could be affected by regulatory requirements of the national authorities of these countries; • acquisitions or restructurings of businesses that do not perform in accordance with the Group’s expectations or that subject the Group to previously unknown risks; • increased regulation, government intervention and new laws prompted by the financial crisis which could change the Group’s industry and require it to modify its businesses or operations; and • the risk of further reductions in liquidity and increases of credit spreads as a consequence of the crisis in the financial markets, which could affect not only the Group’s cost of funding but also the value of its proprietary portfolios and the assets under the management of the Group. |
| <p>B.5</p> | <p>Description of the Group</p> <p>Both the Issuer and the Guarantor are part of Santander Group (or, the “Group”). The Issuer is an instrumental company of the Guarantor which is the parent entity of the Santander Group. As of 31 December 2013, the Group was made up of 712 companies that consolidate by the global integration method. In addition, another 191 companies are either affiliate, multi-group or listed companies in which</p> |

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| | <p>the Group has more than 5% of its share capital. From these 191 companies, the following are remarkable because of the results they have obtained: Santander Consumer USA Inc., Attijariwafa Bank Société Anonyme, Olivant Investments Switzerland S.A., Federal Reserve Bank of Boston and Zurich Santander Insurance America, S.L.</p> |
| B.9 | <p>Profit forecast or estimate Not Applicable – no profit forecasts or estimates have been made in the Base Prospectus</p> |
| B.10 | <p>Audit report qualifications Not Applicable – no qualifications are contained in any audit report included in the Base Prospectus</p> |

B.12 Selected historical key financial information

The summarised financial statements of the Issuer[s] as of, and for each of the years ended, 31 December 2012 and 31 December 2013 and as of and for the sixth months periods ended 30 June 2014 and 2013⁷ has been extracted without any adjustment from, and is qualified by reference to and should be read in conjunction with, the [Issuers'] [Issuer's] financial statements in respect of those dates and periods:

[

| | As at and for the year ended (in thousand euro) | |
|-------------------------------------|--|-------------------------|
| | 31 December 2013 | 31 December 2012 |
| Santander International Debt | | |
| Total Assets | 22,217,635 | 27,744,214 |
| Deposits at Banco Santander | 21,743,952 | 27,335,692 |
| Debt instruments | 22,196,447 | 27,723,761 |
| Share Capital | 180 | 180 |
| Profit/(Loss) | 2,414 | 865 |

]

[

| | As at and for the year ended (in thousand euro) | |
|-------------------------------------|--|-------------------------|
| | 31 December 2013 | 31 December 2012 |
| Santander Issuances | | |
| Total Assets | 9,753,082 | 9,873,939 |
| Deposits at Banco Santander | 9,666,330 | 9,755,947 |
| Subordinated debt instruments | 9,678,599 | 9,767,669 |
| Share Capital | 60 | 60 |
| Profit/(Loss) | 283 | 561 |

]

**As at and for the six months period ended
June 2014**
(in thousand euro)

| | 30 June 2014 | 31 December 2013 |
|-------------------------------------|---------------------|-------------------------|
| Santander International Debt | | |
| Total Assets | 23,142,026 | 22,217,635 |
| Deposits at Banco Santander | 22,734,821 | 21,743,952 |
| Debt instruments | 23,123,532 | 22,196,447 |
| Share Capital | 180 | 180 |
| Profit/(Loss) | 432 | 2,414 |

]

**As at and for the six months period ended
June 2014**
(in thousand euro)

| | 30 June 2014 | 31 December 2013 |
|-------------------------------------|---------------------|-------------------------|
| Santander Issuances | | |
| Total Assets | 9,921,750 | 9,873,939 |
| Deposits at Banco Santander | 9,783,485 | 9,755,947 |
| Subordinated debt instruments | 9,796,255 | 9,767,669 |
| Share Capital | 60 | 60 |
| Profit/(Loss) | 106 | 561 |

]

⁷ Wording amended (as underlined) by virtue of the First Supplement

| | |
|-------------|---|
| | |
| | <p><i>Statements of no significant or material adverse change⁸</i></p> <p>There has been no significant change in the financial position of the Issuer <u>since 30 June 2014</u> and there has been no material adverse change in the prospects of the Issuer since 31 December 2013.</p> |
| B.13 | <p>Events impacting the Issuer's solvency</p> <p>Not Applicable – There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency</p> |
| B.14 | <p>Dependence upon other group entities</p> <p>The Issuer is an instrumental company of the Guarantor which is the parent entity of the Santander Group. Each Issuer's sole business is raising debt to be on-lent to the Guarantor and other members of the Group on an arm's length basis. Each Issuer is accordingly dependent upon the Guarantor and other members of the Group servicing such loans.</p> |
| B.15 | <p>Principal activities</p> <p>The Issuer's business consists on the following:</p> <p><i>[Santander International Debt, S.A.U.: the exclusive object of the company is to issue ordinary or senior debt with the guarantee of the Guarantor] / [Santander Issuances, S.A.U.: the exclusive object of the company is to issue subordinated debt with the guarantee of the Guarantor].</i></p> |
| B.16 | <p>Controlling shareholders</p> <p>The Issuer is a wholly and directly owned subsidiary of the Guarantor.</p> |
| B.17 | <p>Credit ratings</p> <p>Credit ratings have been carried by the following rating agencies in relation to the Instruments: <i>[describe ratings]</i></p> |
| B.18 | <p>Description of the Guarantee</p> <p>[The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by Santander International under the Senior Instruments, receipts and coupons on an unsubordinated basis. Such obligations constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and, upon the insolvency of the Guarantor (and unless they qualify as subordinated claims pursuant to Article 92 of the Insolvency Law or equivalent legal provision which replaces it in the future, and subject to any applicable legal and statutory exceptions), rank <i>pari passu</i> and rateably without preference among such obligations of the Guarantor in respect of Senior Instruments and at least <i>pari passu</i> with all other unsubordinated and unsecured indebtedness and monetary obligations involving or otherwise related to borrowed money of the Guarantor, present and future. Its obligations in that respect are contained in the senior guarantee.]</p> <p>[The Guarantor will unconditionally and irrevocably guarantee, on a subordinated basis, the due and punctual payment of all the sums expressed to be payable by Santander Issuances under the relevant Subordinated Instruments. Such obligations of the Guarantor constitute direct, unconditional, subordinated and unsecured obligations which, upon de insolvency of the Guarantor (and unless they qualify as subordinated claims pursuant to Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provisions which replace them in the future, and subject to any applicable legal and statutory exceptions), shall rank <i>pari passu</i> with all other present and future subordinated obligations of the Guarantor other than those</p> |

⁸ Wording amended (as underlined) by virtue of the First Supplement.

| | subordinated obligations pursuant to Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provision which replace them in the future, other subordinated obligations of the Guarantor prescribed by law or which are expressed to rank junior to the Guarantor's obligations under the subordinated guarantee.] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|----------|--|----------|------------------------|------|----------|--------------------------------------|--------|---------|---|--------|---------|--|--|--|------------------------------------|-------|-------|--|--|--|--|-------|-------|------------------------------------|---------|---------|--------------------------|-------|-------|--|-------|-------|-----------------------------------|---|---|--|-------|-------|----------------------------|--------|---------|-------------------------|--------|--------|------------------------|--------|--------|---------------------------|-------|-------|------------------------------------|---|---|
| B.19 | Information about the Guarantor | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>B.1 Legal and commercial name of the Guarantor The legal name of the Guarantor is Banco Santander, S.A. and operates under the trading name of “Santander”.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>B.2 Domicile / legal form / legislation / country of incorporation The Guarantor is domiciled in Spain and has its registered office at Paseo de Pereda, 9-12, Santander. The principal operating headquarters of the Guarantor are located at Ciudad Grupo Santander, Avda. de Cantabria s/n, 28660 Boadilla del Monte, Madrid. The telephone number of the principal operating headquarters of the Bank is +34 91 259 6520.</p> <p>The Guarantor was incorporated in Spain and has the legal form of a public limited liability company (<i>sociedad anónima</i>) and is subject to the Spanish Corporations Law. Its activities are subject to special Spanish legislation governing credit institutions in general and to the supervision, control and regulation of the Bank of Spain in particular.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>B.4b Trend information See Element B.4b above.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>B.5 Description of the Group See Element B.5 above.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>B.9 Profit forecast or estimate Not Applicable - No profit forecasts or estimates have been made in the Base Prospectus</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>B.10 Audit report qualifications Not Applicable - No qualifications are contained in any audit report included in the Base Prospectus</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>B.12 Selected historical key financial information The summarised consolidated financial statements of the Group as of, and for each of the years ended, 31 December 2013 and 31 December 2012 and as of, <u>and for the six months periods ended 30 June 2014 and 2013</u>⁹, has been extracted without any adjustment from, and is qualified by reference to and should be read in conjunction with, the Guarantor’ consolidated financial statements in respect of those dates and periods:</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>a) Summarised Consolidated Balance Sheet of the Group for the years ended 31 December 2013 and 31 December 2012</p> <table border="1"> <thead> <tr> <th>ASSETS</th> <th>2013</th> <th>2012 (*)</th> <th>LIABILITIES AND EQUITY</th> <th>2013</th> <th>2012 (*)</th> </tr> </thead> <tbody> <tr> <td>CASH AND BALANCES WITH CENTRAL BANKS</td> <td>77,103</td> <td>118,488</td> <td>FINANCIAL LIABILITIES HELD FOR TRADING:</td> <td>94,673</td> <td>143,242</td> </tr> <tr> <td></td> <td></td> <td></td> <td><i>Deposits from central banks</i></td> <td>3,866</td> <td>1,128</td> </tr> <tr> <td></td> <td></td> <td></td> <td><i>Deposits from credit institutions</i></td> <td>7,468</td> <td>8,292</td> </tr> <tr> <td>FINANCIAL ASSETS HELD FOR TRADING:</td> <td>115,289</td> <td>177,917</td> <td><i>Customer deposits</i></td> <td>8,500</td> <td>8,897</td> </tr> <tr> <td><i>Loans and advances to credit institutions</i></td> <td>5,503</td> <td>9,843</td> <td><i>Marketable debt securities</i></td> <td>1</td> <td>1</td> </tr> <tr> <td><i>Loans and advances to customers</i></td> <td>5,079</td> <td>9,162</td> <td><i>Trading derivatives</i></td> <td>58,887</td> <td>109,743</td> </tr> <tr> <td><i>Debt instruments</i></td> <td>40,841</td> <td>43,101</td> <td><i>Short positions</i></td> <td>15,951</td> <td>15,181</td> </tr> <tr> <td><i>Equity instruments</i></td> <td>4,967</td> <td>5,492</td> <td><i>Other financial liabilities</i></td> <td>-</td> <td>-</td> </tr> </tbody> </table> | ASSETS | 2013 | 2012 (*) | LIABILITIES AND EQUITY | 2013 | 2012 (*) | CASH AND BALANCES WITH CENTRAL BANKS | 77,103 | 118,488 | FINANCIAL LIABILITIES HELD FOR TRADING: | 94,673 | 143,242 | | | | <i>Deposits from central banks</i> | 3,866 | 1,128 | | | | <i>Deposits from credit institutions</i> | 7,468 | 8,292 | FINANCIAL ASSETS HELD FOR TRADING: | 115,289 | 177,917 | <i>Customer deposits</i> | 8,500 | 8,897 | <i>Loans and advances to credit institutions</i> | 5,503 | 9,843 | <i>Marketable debt securities</i> | 1 | 1 | <i>Loans and advances to customers</i> | 5,079 | 9,162 | <i>Trading derivatives</i> | 58,887 | 109,743 | <i>Debt instruments</i> | 40,841 | 43,101 | <i>Short positions</i> | 15,951 | 15,181 | <i>Equity instruments</i> | 4,967 | 5,492 | <i>Other financial liabilities</i> | - | - |
| ASSETS | 2013 | 2012 (*) | LIABILITIES AND EQUITY | 2013 | 2012 (*) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CASH AND BALANCES WITH CENTRAL BANKS | 77,103 | 118,488 | FINANCIAL LIABILITIES HELD FOR TRADING: | 94,673 | 143,242 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <i>Deposits from central banks</i> | 3,866 | 1,128 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <i>Deposits from credit institutions</i> | 7,468 | 8,292 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FINANCIAL ASSETS HELD FOR TRADING: | 115,289 | 177,917 | <i>Customer deposits</i> | 8,500 | 8,897 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Loans and advances to credit institutions</i> | 5,503 | 9,843 | <i>Marketable debt securities</i> | 1 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Loans and advances to customers</i> | 5,079 | 9,162 | <i>Trading derivatives</i> | 58,887 | 109,743 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Debt instruments</i> | 40,841 | 43,101 | <i>Short positions</i> | 15,951 | 15,181 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Equity instruments</i> | 4,967 | 5,492 | <i>Other financial liabilities</i> | - | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

⁹ Wording amended (as underlined) by virtue of the First Supplement

| | | | | | |
|---|------------------|------------------|-------------------------------------|------------------|------------------|
| Trading derivatives | 58,899 | 110,319 | | | |
| OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS: | | | | | |
| Loans and advances to credit institutions | 31,381 | 28,356 | | 42,311 | 45,418 |
| Loans and advances to customers | 13,444 | 10,272 | | 2,097 | 1,014 |
| Debt instruments | 13,196 | 13,936 | | 9,644 | 10,862 |
| Equity instruments | 3,875 | 3,460 | | 26,484 | 28,638 |
| | 866 | 688 | | 4,086 | 4,904 |
| AVAILABLE-FOR-SALE FINANCIAL ASSETS: | | | | | |
| Debt instruments | 83,799 | 92,266 | | 863,114 | 959,321 |
| Equity instruments | 79,844 | 87,724 | | 9,788 | 50,938 |
| | 3,955 | 4,542 | | 76,534 | 80,732 |
| | | | | 572,853 | 589,104 |
| | | | | 171,390 | 201,064 |
| | | | | 16,139 | 18,238 |
| | | | | 16,410 | 19,245 |
| LOANS AND RECEIVABLES: | | | | | |
| Loans and advances to credit institutions | 714,484 | 756,858 | | | |
| | 56,017 | 53,785 | | | |
| Loans and advances to customers | 650,581 | 696,014 | | | |
| Debt instruments | 7,886 | 7,059 | | 87 | 598 |
| HELD-TO-MATURITY INVESTMENTS | - | - | | 5,283 | 6,444 |
| CHANGES IN THE FAIR VALUE OF HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK | 1,627 | 2,274 | | 1 | 2 |
| HEDGING DERIVATIVES | 8,301 | 7,936 | | 1,430 | 1,425 |
| NON-CURRENT ASSETS HELD FOR SALE | 4,892 | 5,700 | | 14,475 | 16,148 |
| INVESTMENTS: | | | | 9,126 | 10,353 |
| Associates | 5,536 | 4,454 | | 2,727 | 3,100 |
| Jointly controlled entities | 1,829 | 1,957 | | 693 | 617 |
| | 3,707 | 2,497 | | 1,929 | 2,078 |
| INSURANCE CONTRACTS LINKED TO PENSIONS | 342 | 405 | | 6,079 | 7,765 |
| REINSURANCE ASSETS | 356 | 424 | | 4,254 | 5,162 |
| TANGIBLE ASSETS: | | | | 1,825 | 2,603 |
| Property, plant and equipment- For own use | 13,654 | 13,860 | | 8,283 | 7,962 |
| Leased out under an operating lease | 9,974 | 10,315 | | | |
| Investment property | 7,787 | 8,136 | | | |
| | 2,187 | 2,179 | | | |
| | 3,680 | 3,545 | | | |
| INTANGIBLE ASSETS: | | | | | |
| Goodwill | 26,241 | 28,062 | | | |
| Other intangible assets | 23,281 | 24,626 | | | |
| | 2,960 | 3,436 | | | |
| TAX ASSETS: | | | | | |
| Current | 26,819 | 27,053 | | | |
| Deferred | 5,751 | 6,111 | | | |
| | 21,068 | 20,942 | | | |
| OTHER ASSETS | | | | | |
| Inventories | 5,814 | 5,547 | | | |
| Other | 80 | 173 | | | |
| | 5,734 | 5,374 | | | |
| OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS: | | | | | |
| Deposits from central banks | | | | 84,740 | 81,334 |
| Deposits from credit institutions | | | | 5,667 | 5,161 |
| Customer deposits | | | | 5,667 | 5,161 |
| Marketable debt securities | | | | - | - |
| Subordinated liabilities | | | | - | - |
| Other financial liabilities | | | | 36,804 | 37,412 |
| | | | | 38,121 | 37,153 |
| | | | | 37,858 | 36,898 |
| FINANCIAL LIABILITIES AT AMORTISED COST: | | | | | |
| Deposits from central banks | | | | 263 | 255 |
| Deposits from credit institutions | | | | 193 | 250 |
| Customer deposits | | | | - | - |
| Marketable debt securities | | | | 193 | 250 |
| Subordinated liabilities | | | | (9) | (287) |
| Other financial liabilities | | | | 4,370 | 2,295 |
| | | | | (406) | (650) |
| CHANGES IN THE FAIR VALUE OF HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK | | | | | |
| HEDGING DERIVATIVES | | | | | |
| Provision for pensions and similar obligations | | | | | |
| Provisions for taxes and other legal contingencies | | | | | |
| Provisions for contingent liabilities and commitments | | | | | |
| Other provisions | | | | | |
| TAX LIABILITIES: | | | | | |
| Current | | | | | |
| Deferred | | | | | |
| OTHER LIABILITIES | | | | | |
| TOTAL LIABILITIES | | | | 1,035,736 | 1,188,325 |
| EQUITY | | | | | |
| SHAREHOLDERS' EQUITY: | | | | | |
| Share capital | | | | | |
| Registered | | | | | |
| Less: Uncalled capital | | | | | |
| Share premium | | | | | |
| Reserves | | | | | |
| Accumulated reserves (losses) | | | | | |
| Reserves (losses) of entities accounted for using the equity method | | | | | |
| Other equity instruments | | | | | |
| Equity component of compound financial instruments | | | | | |
| Other | | | | | |
| Less: Treasury shares | | | | | |
| Profit for the year attributable to the Parent | | | | | |
| Less: Dividends and remuneration | | | | | |
| VALUATION ADJUSTMENTS | | | | | |
| Available-for-sale financial assets | | | | | |
| Cash flow hedges | | | | | |
| Hedges of net investments in foreign operations | | | | | |
| Exchange differences | | | | | |
| Non-current assets held for sale | | | | | |
| Entities accounted for using the equity method | | | | | |
| Other valuation adjustments | | | | | |
| NON-CONTROLLING INTERESTS | | | | | |
| Valuation adjustments | | | | | |
| Other | | | | | |
| TOTAL EQUITY | | | | 79,902 | 81,275 |
| TOTAL ASSETS | 1,115,638 | 1,269,600 | TOTAL LIABILITIES AND EQUITY | 1,115,638 | 1,269,600 |
| | | | MEMORANDUM ITEMS: | | |
| | | | CONTINGENT LIABILITIES | 41,049 | 45,033 |
| | | | CONTINGENT COMMITMENTS | 172,797 | 216,042 |

b) Summarised Consolidated Balance Sheet of the Group for the six month periods ended 30 June 2014 and for the year ended 31 December 2013¹⁰

| ASSETS | 30/06/14 | 31/12/13 (*) | LIABILITIES AND EQUITY | 30/06/14 | 31/12/13 (*) |
|--------------------------------------|----------|-----------------|--|----------|-----------------|
| CASH AND BALANCES WITH CENTRAL BANKS | 83,877 | 77,103 | FINANCIAL LIABILITIES HELD FOR TRADING | 96,621 | 94,673 |
| FINANCIAL ASSETS HELD FOR TRADING | 130,773 | 115,289 | OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS | 50,446 | 42,311 |
| OTHER FINANCIAL ASSETS AT FAIR | | | | | |

¹⁰ Wording amended (as underlined) by virtue of the First Supplement

| | | | | | |
|---|------------------|------------------|---|------------------|------------------|
| VALUE THROUGH PROFIT OR LOSS | 30,421 | 31,381 | FINANCIAL LIABILITIES AT AMORTISED COST | 914,107 | 863,114 |
| AVAILABLE-FOR-SALE FINANCIAL ASSETS | 90,637 | 83,799 | CHANGES IN THE FAIR VALUE OF HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK | 70 | 87 |
| LOANS AND RECEIVABLES | 755,264 | 714,484 | HEDGING DERIVATIVES | 6,497 | 5,283 |
| HELD-TO-MATURITY INVESTMENTS | - | - | LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE | 1 | 1 |
| CHANGES IN THE FAIR VALUE OF HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK | 1,384 | 1,627 | LIABILITIES UNDER INSURANCE CONTRACTS | 1,602 | 1,430 |
| HEDGING DERIVATIVES | 6,333 | 8,301 | PROVISIONS | 15,205 | 14,475 |
| NON-CURRENT ASSETS HELD FOR SALE | 5,208 | 4,892 | TAX LIABILITIES: | 8,190 | 6,079 |
| INVESTMENTS: | 3,603 | 5,536 | <i>Current</i> | 4,846 | 4,254 |
| <i>Associates</i> | 1,927 | 1,829 | <i>Deferred</i> | 3,344 | 1,825 |
| <i>Jointly controlled entities</i> | 1,676 | 3,707 | OTHER LIABILITIES | 9,588 | 8,283 |
| INSURANCE CONTRACTS LINKED TO PENSIONS | 344 | 342 | TOTAL LIABILITIES | 1,102,327 | 1,035,736 |
| REINSURANCE ASSETS | 359 | 356 | SHAREHOLDERS' EQUITY: | 87,035 | 84,740 |
| TANGIBLE ASSETS: | 17,028 | 13,654 | <i>Share capital</i> | 5,889 | 5,667 |
| <i>Property, plant and equipment</i> | 13,730 | 9,974 | <i>Share premium</i> | 36,537 | 36,804 |
| <i>Investment property</i> | 3,298 | 3,680 | <i>Reserves</i> | 41,652 | 38,121 |
| INTANGIBLE ASSETS: | 29,374 | 26,241 | <i>Other equity instruments</i> | 338 | 193 |
| <i>Goodwill</i> | 26,663 | 23,281 | <i>Less: Treasury shares</i> | (137) | (9) |
| <i>Other intangible assets</i> | 2,711 | 2,960 | <i>Profit for the period attributable to the Parent</i> | 2,756 | 4,370 |
| TAX ASSETS: | 26,576 | 26,819 | <i>Less: Dividends and remuneration</i> | - | (406) |
| <i>Current</i> | 4,794 | 5,751 | VALUATION ADJUSTMENTS: | (11,857) | (14,152) |
| <i>Deferred</i> | 21,782 | 21,068 | <i>Available-for-sale financial assets</i> | 911 | 35 |
| OTHER ASSETS | 6,862 | 5,814 | <i>Cash flow hedges</i> | (76) | (233) |
| | | | <i>Hedges of net investments in foreign operations</i> | (2,940) | (1,874) |
| | | | <i>Exchange differences</i> | (6,580) | (8,768) |
| | | | <i>Non-current assets held for sale</i> | - | - |
| | | | <i>Entities accounted for using the equity method</i> | (221) | (446) |
| | | | <i>Other valuation adjustments</i> | (2,951) | (2,866) |
| | | | NON-CONTROLLING INTERESTS | 10,538 | 9,314 |
| | | | <i>Valuation adjustments</i> | (1,008) | (1,541) |
| | | | <i>Other</i> | 11,546 | 10,855 |
| TOTAL ASSETS | 1,188,043 | 1,115,638 | EQUITY | 85,716 | 79,902 |
| | | | TOTAL LIABILITIES AND EQUITY | 1,188,043 | 1,115,638 |
| | | | MEMORANDUM ITEMS: | | |
| | | | CONTINGENT LIABILITIES | 44,695 | 41,049 |
| | | | CONTINGENT COMMITMENTS | 199,599 | 172,797 |

(*) Presented for comparison purposes only

c) *Condensed Consolidated Income Statement of the Group for the years ended 31 December 2013 and 31 December 2012*

Condensed consolidated statements of income

Millions of euros

| | 2013 | 2012 |
|--|---------------|---------------|
| Interest and similar income | 51,447 | 58,791 |
| Interest expense and similar charges | (25,512) | (28,868) |
| NET INTEREST INCOME | 25,935 | 29,923 |
| Income from equity instruments | 378 | 423 |
| Share of results of entities accounted for using the equity method | 500 | 427 |
| Fee and commission income | 12,473 | 12,732 |
| Fee and commission expense | (2,712) | (2,471) |
| Gains/(losses) on financial assets & liabilities, net | 3,234 | 3,329 |
| Exchange differences (net) | 160 | (189) |
| Other operating income | 5,903 | 6,693 |
| Other operating expenses | (6,194) | (6,583) |
| GROSS INCOME | 39,677 | 44,284 |
| Administrative expenses | (17,451) | (17,801) |
| Staff costs | (10,069) | (10,306) |
| Other general administrative expenses | (7,382) | (7,495) |
| Depreciation & amortisation charge | (2,392) | (2,183) |
| Provisions (net) | (2,182) | (1,478) |
| Impairment losses on financial assets, net | (11,227) | (18,880) |
| PROFIT FROM OPERATIONS | 6,425 | 3,942 |
| Impairment losses on non-financial assets (net) | (503) | (508) |
| Gains/(losses) on disposal of assets not classified as non-current assets held for sale | 2,152 | 906 |
| Negative difference on business combinations | — | — |
| Gains/(losses) on disposal of non-current assets held for sale not classified as discontinued operations | (422) | (757) |
| PROFIT BEFORE TAX | 7,652 | 3,582 |
| Income tax | (2,113) | (590) |
| PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS | 5,539 | 2,993 |
| Profit/(loss) from discontinued operations, net | (15) | 70 |
| CONSOLIDATED PROFIT FOR THE YEAR | 5,524 | 3,063 |
| Profit attributable to the parent | 4,370 | 2,295 |
| Profit attributable to non-controlling interests | 1,154 | 768 |

d) *Condensed Consolidated Income Statement of the Group for the periods ended 30 June 2014 and 2013¹¹*

| | (Debit) Credit | |
|---|-------------------------|-----------------------------|
| | 01/01/14 to 30/06/14 | 01/01/13 to 30/06/13 (*) |
| INTEREST AND SIMILAR INCOME | 26,580 | 26,373 |
| INTEREST EXPENSE AND SIMILAR CHARGES | (12,218) | (13,000) |
| NET INTEREST INCOME | 14,362 | 13,373 |
| INCOME FROM EQUITY INSTRUMENTS | 251 | 204 |
| SHARE OF RESULTS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD | 108 | 268 |
| FEE AND COMMISSION INCOME | 6,034 | 6,350 |
| FEE AND COMMISSION EXPENSE | (1,300) | (1,302) |
| GAINS/LOSSES ON FINANCIAL ASSETS AND LIABILITIES (net) | 1,328 | 1,419 |
| EXCHANGE DIFFERENCES (net) | (50) | 429 |
| OTHER OPERATING INCOME | 2,944 | 3,261 |
| OTHER OPERATING EXPENSES | (3,066) | (3,392) |
| GROSS INCOME | 20,611 | 20,610 |
| ADMINISTRATIVE EXPENSES | (8,721) | (8,827) |
| <i>Staff costs</i> | (4,999) | (5,129) |
| <i>Other general administrative expenses</i> | (3,722) | (3,698) |
| DEPRECIATION AND AMORTISATION CHARGE | (1,165) | (1,169) |
| PROVISIONS (net) | (1,506) | (1,178) |
| IMPAIRMENT LOSSES ON FINANCIAL ASSETS (net) | (5,369) | (6,013) |
| PROFIT FROM OPERATIONS | 3,850 | 3,423 |
| IMPAIRMENT LOSSES ON OTHER ASSETS (net) | (831) | (206) |
| GAINS/(LOSSES) ON DISPOSAL OF ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE | 2,302 | 708 |

¹¹ Wording amended (as underlined) by virtue of the First Supplement.

| | | |
|--|--------------|--------------|
| GAINS FROM BARGAIN PURCHASES ARISING IN BUSINESS COMBINATIONS | - | - |
| GAINS/(LOSSES) ON NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS | (85) | (213) |
| PROFIT BEFORE TAX | 5,236 | 3,712 |
| INCOME TAX | (1,948) | (891) |
| PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS | 3,288 | 2,821 |
| PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS (net) | - | (14) |
| CONSOLIDATED PROFIT FOR THE PERIOD | 3,288 | 2,807 |
| <i>Profit attributable to the Parent</i> | 2,756 | 2,255 |
| <i>Profit attributable to non-controlling interests</i> | 532 | 552 |
| EARNINGS PER SHARE: | | |
| <i>From continuing and discontinued operations:</i> | | |
| <i>Basic earnings per share (euros)</i> | 0.24 | 0.21 |
| <i>Diluted earnings per share (euros)</i> | 0.24 | 0.21 |
| <i>From continuing operations:</i> | | |
| <i>Basic earnings per share (euros)</i> | 0.24 | 0.21 |
| <i>Diluted earnings per share (euros)</i> | 0.24 | 0.21 |

(*) Presented for comparison purposes only

Statements of no significant or material adverse change¹²

There has been no significant change in the financial position of the Santander Group (including the Guarantor) since 30 June 2014 and there has been no material adverse change in the prospects of the Guarantor since 30 June 2014.

B.13 Events impacting the Guarantor's solvency

Not Applicable - There are no recent events particular to the Guarantor which are to a material extent relevant to an evaluation of its solvency

B.14 Dependence upon other Group entities

The Guarantor is the Parent Company of the Santander Group. The Guarantor is not dependent upon any other entity in the Group.

B.15 The Guarantor's Principal activities

The Guarantor and its consolidated subsidiaries are a financial group operating through a network of offices and subsidiaries across Spain, the United Kingdom and other European countries, Brazil and other Latin American countries and the US, offering wide range of financial products.

At 31 December 2013, the Santander Group operated through 6,160 branch offices in Continental Europe, 1,157 branches in the United Kingdom, 5,904 branches in Latin America and 706 branches in the United States.

B.16 Controlling shareholders

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

¹² Wording amended (as underlined) by virtue of the First Supplement

B.17 Credit ratings

See Element B.17 above regarding the credit rating of the Instruments.

In accordance with the last available public information, the Guarantor has been rated by the rating agencies as follows:

| Rating Agency | Short | Long | Perspective |
|-----------------------|-----------|------|-------------|
| Fitch Ratings (1) | F2 | A- | Stable |
| Moody's (2) | P-2 | Baa1 | Stable |
| Standard & Poor's (3) | A-2 | BBB+ | Stable |
| DBRS (4) | R-1 (Low) | A | Negative |
| Scope Ratings (5) | | A | Stable |
| GBB-Rating (6) | | A+ | Stable |

- (1) Fitch Ratings España, S.A.U. (**Fitch Ratings**)
- (2) Moody's Investor Service España, S.A. (**Moody's**)
- (3) Standard & Poor's Credit Market Services Europe Limited (**Standard & Poor's**)
- (4) DBRS Ratings Limited (**DBRS**)
- (5) Scope Ratings GmbH (**Scope Ratings**)
- (6) GBB-Rating Gesellschaft für Bonitätsbeurteilung GmbH (**GBB-Rating**)

The Instruments issued under the Programme have been rated by the rating agencies as follows:

| Rating Agency | Short-term Senior Instruments | Long-term Senior Instruments | Subordinated Instruments |
|-----------------------|-------------------------------|------------------------------|--------------------------|
| Fitch Ratings (1) | F2 | A- | - |
| Moody's (2) | P-2 | Baa1 | Baa2 |
| Standard & Poor's (3) | A-2 | BBB+ | BBB |

The above mentioned rating agencies are registered in accordance with the provisions of Regulation (EC) n 1060/2009 of the European Parliament and Council, of 16 September 2009, on credit rating agencies.

SECTION C – SECURITIES

| Element | |
|---------|--|
| C.1 | <p>Type and class of the Securities</p> <ul style="list-style-type: none">• [Title of Securities]• [Senior Instruments / Subordinated Instruments]• [Fixed / Floating rate interest / CMS Linked / Inflation-Linked Interest]• [Variable Interest Rate]• [Equity Index-Linked/ Inflation-Linked Interest]• Tranche:[...]• Series: []• [Bearer / Registered Instruments]• ISIN Code: [...] / Common Code: [...] / WKN Code: [...] |

| | |
|-----|--|
| C.2 | <p>Currency of the Securities <i>[Euro / US Dollar / any currency subject to compliance with all applicable legal and/or regulatory requirements and/or central bank requirements.]</i></p> |
| C.5 | <p>Restrictions on free transferability The Instruments may not be transferred prior to the issue date. Selling restrictions apply to offers, sales or transfers of the Instruments under the applicable laws in various jurisdictions. A purchaser of the Instruments is required to make certain agreements and representations as a condition to purchasing the Instruments.</p> <p>Minimum tradeable amount: [●] / <i>[not applicable]</i></p> <p>With regards to Spain, the Instruments may not be offered, sold or distributed, nor may any subsequent resale of Instruments be carried out in Spain, except in circumstances which do not constitute a public offer of securities in Spain within the meaning of the Spanish Securities Market Law (<i>Law 24/1988 of 28 July of the Securities Market</i>), as amended and restated, or without complying with all legal and regulatory requirements under Spanish securities laws. No publicity or marketing of any kind shall be made in Spain in relation to the Instruments.</p> |
| C.8 | <p>Description of the rights attaching to the Securities</p> <p>Status: <i>[The Senior Instruments, issued by Santander International, and the receipts and coupons relating to them, constitute direct, unconditional, unsubordinated and unsecured obligations of Santander International and, upon the insolvency of Santander International (and unless they qualify as subordinated claims pursuant to Article 92 of Law 22/2003 (Ley Concursal) of 9 July 2003 (the "Insolvency Law" or "Law 22/2003") or equivalent legal provision which replaces it in the future, and subject to any applicable legal and statutory exceptions), rank pari passu and rateably without preference among themselves and the payment obligations of Santander International under the Senior Instruments, receipts and coupons related to them rank at least pari passu with all other unsecured and unsubordinated indebtedness and monetary obligations involving or otherwise related to borrowed money of Santander International, present or future.] / [The Subordinated Instruments, issued by Santander Issuances, constitute direct, unconditional, subordinated and unsecured obligations of Santander Issuances and, upon the insolvency of Santander Issuances (and unless they qualify as subordinated claims pursuant to Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provisions which replace them in the future, and subject to any applicable legal and statutory exceptions) rank without preference or priority among themselves together with all other subordinated obligations of Santander Issuances other than those subordinated obligations pursuant to Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provisions which replace them in the future, other subordinated obligations prescribed by law or which are expressed to rank junior to the Subordinated Instruments.]</i></p> <p>Guarantees: <i>[The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by Santander International under the Senior Instruments, receipts and coupons on an unsubordinated basis. Such obligations constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and, upon the insolvency of the Guarantor (and unless they qualify as subordinated claims pursuant to Article 92 of the Insolvency Law or equivalent legal provision which replaces it in the future, and subject to any applicable legal and statutory exceptions), rank pari passu and rateably without preference</i></p> |

among such obligations of the Guarantor in respect of Senior Instruments and at least pari passu with all other unsubordinated and unsecured indebtedness and monetary obligations involving or otherwise related to borrowed money of the Guarantor, present and future. Its obligations in that respect are contained in the senior guarantee. / The Guarantor has unconditionally and irrevocably guarantee, on a subordinated basis, the due and punctual payment of all the sums expressed to be payable by Santander Issuances under the relevant Subordinated Instruments. Such obligations of the Guarantor constitute direct, unconditional, subordinated and unsecured obligations which, upon de insolvency of the Guarantor (and unless they qualify as subordinated claims pursuant to Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provisions which replace them in the future, and subject to any applicable legal and statutory exceptions), shall rank pari passu with all other present and future subordinated obligations of the Guarantor other than those subordinated obligations pursuant to Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provision which replace them in the future, other subordinated obligations of the Guarantor prescribed by law or which are expressed to rank junior to the Guarantor's obligations under the subordinated guarantee.]

Deed of covenant: The Instruments have the benefit of a deed of covenant dated 16 June 2014.

Taxation: All amounts payable in respect of the Instruments, the receipts and coupons and [the senior guarantee] [and the subordinated guarantee] by the Issuer or the Guarantor will be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Spain or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, subject to Condition 7 "Taxation" the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the holder of any Instrument or coupon of such amounts as would have been received by them had no such withholding or deduction been required.

Under Spanish Law 13/1985 and Royal Decree 1065/2007, each as amended, the Issuer and the Guarantor is required to provide to the Spanish tax authorities certain information relating to the Instruments. If Citibank, N.A., London Branch. (the "**Issue and Paying Agent**") fails to provide the Issuer or, as the case may be, the Guarantor with the required information, the Issuer or the Guarantor (as the case may be) will be required to withhold tax and may pay income in respect of the relevant Instruments net of the Spanish withholding tax applicable to such payments.

None of the Issuer[s],[,][or][insert name of Guarantor and/or Dealers] assumes any responsibility therefor.

Events of Default:

[Applicable in case of Senior Instruments]: [Non-payment, breach of other obligations, winding up, cessation of business, insolvency proceedings and arrangements with creditors of the Issuer or the Guarantor and if the senior guarantee ceases to be a valid and binding obligation of the Guarantor.] /

[Applicable in case of Subordinated Instruments]: [Non-payment or winding-up of the [relevant] Issuer or the Guarantor.]

Governing law:

The issue of the Instruments, including their legal nature (*obligaciones u otros valores que*

reconozcan o creen deuda), the status of the Instruments, the status of the guarantee in respect of the Instruments, the capacity of the Issuer, the relevant corporate resolutions and, when required, the appointment of the Commissioner and the constitution of the Syndicates of Holders of the Instruments will be governed by Spanish law.

The terms and conditions of the Instruments, the Issue and Paying Agency Agreement, the Deed of Covenant and, save for, in each case, the status of the guarantee, the [Deed of Senior Guarantee] / [Deed of Subordinated Guarantee] and all non-contractual obligations arising out of or in connection with the terms and conditions of the Instruments, the Issue and Paying Agency Agreement, the Deed of Covenant and the [Deed of Senior Guarantee] / [Deed of Subordinated Guarantee], are governed by English law.

C.9 Payment Features

[Issue specific summary:

| | |
|---------------------|---|
| Issue Price: | [[●] per cent of the Aggregate Principal Amount/[●] per Instrument] |
| Issue Date: | [●] |
| Calculation Amount: | [●] |
| Maturity Date : | [●] |

Set out relevant payment features below, completing or, where not relevant, deleting the following provisions:

A. For fixed rate Instruments, the following Interest Payment Option applies:

Instruments will bear an interest of [●]

Interest amounts if any become due on the relevant Interest Payment Date(s) specified below. [The yield of the Instruments is [●]. The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.(insert if Fixed Rate Instruments only)]

B. For variable interest rate Instruments, the following Interest Payment Options apply:

[Interest Payment Option 1

*Calculation Amount * Rate of Interest]*

[Interest Payment Option 2

(1) If the Barrier Condition is satisfied:

*Calculation Amount * Rate of Interest_{n=1}; or*

(2) If the Barrier Condition is not satisfied:

*Calculation Amount * Rate of Interest_{n=2}]*

Interest amounts if any become due on the relevant Interest Payment Date(s) specified below. [The yield of the Instruments is [●]. The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.(insert if Fixed Rate Instruments only)]

Set out the relevant definitions from the below, completing or, where not relevant, deleting the following provisions:

For these purposes:

"**Asset**" means [insert the relevant definition of Asset] [in relation to the relevant Asset Class, a Single Asset or a constituent of a Basket Asset].

"**Asset Class**" means [shares] [and] [/] [equity index(ices)] [and] [/] [exchange traded funds] [and] [/] [inflation index(ices)] [and] [/] [Fixed Income Benchmark (s)].

"**Asset Early**" [means the] [Max] [Min] [Asset Level] [on the relevant [Scheduled Observation Date] [Valuation Date] [Calculation Date]] [Average Level] [Observation Level] [is] [as specified in the table below: insert table] [,] [Barrier].

"**Asset Early Performance**" means the [Early Performance] [Early Performance (Call Spread)] [Early Performance (Rolling Lookback)] [Early Weighted Performance] of the [Asset] [Early Laggard] [Early Outperformer].

"**Asset Final**" means [the] [Max] [Min] [Asset Level on the Final Valuation Date] [Average Level] [,] [Observation Level].

"**Asset Final Performance**" means the [Final Performance] [Final Performance (Call Spread)] [Final Performance (Lookback)] [Final Performance (Temporis)] [Final Weighted Performance] [Enhanced Weighted Performance] [Upside Performance] [Downside Performance] [Weighted Performance] of the [Asset] [Final Laggard] [Final Outperformer].

"**Asset Initial**" means [the] [Max] [Min] [Asset Level on the Initial Valuation Date] [Average Level] [Observation Level] [,] [Barrier].

"**Asset Level**" means the [Opening Level] [Closing Level] [Intraday Level] [Observation Level] [observation level] of the relevant Asset.

"**Asset Lookback**" [means the] [Asset Level [on the relevant [Scheduled Observation Date] [Valuation Date] [Calculation Date]] [Average Level], [is as specified in the table below: insert table].

"**Average Level**" means the arithmetic average of each [Opening Level] [Closing Level] [Intraday Level] [Observation Level] observed by the Determination Agent on each Averaging Date.

"**Averaging Date**" means each of [●].

"**Barrier**" means [[●] per cent.] [n * [●] per cent.] [Asset Initial * [●] per cent.] [Asset Initial * n * [●] per cent.] [Asset Early * [●] per cent.] [Asset Early * n * [●] per cent.] [Asset Lookback * [●] per cent.] [Asset Lookback * n * [●] per cent.].

"**Barrier (Early)**" means:

(a) where Barrier Condition Early (European) is applicable:

[[●] per cent.] [n * [●] per cent.]; or

(b) where Barrier Condition Early (Bermudan) is applicable:

[[●] per cent.] [n * [●] per cent.]; or

(c) where Barrier Condition Early (American) is applicable:

$[\text{Asset Initial} * [\bullet] \text{ per cent.}] / [\text{Asset Initial} * [\bullet] \text{ per cent.} * n].$

"Barrier (Final)" means:

(a) where Barrier Condition Final (European) is applicable, $[\bullet] \text{ per cent.}$; or

(b) where Barrier Condition Final (American) is applicable, $\text{Asset Initial} * [\bullet] \text{ per cent.}$

"Barrier Condition" shall mean [Barrier Condition Early] [Barrier Condition Final].

"Barrier Condition Early" shall mean [Barrier Condition Early (European)] [Barrier Condition Early (Bermudan)] [Barrier Condition Early (American)].

"Barrier Condition Early (American)" shall be deemed satisfied if the Determination Agent determines that on [each] [any] [Scheduled Observation Date] [Valuation Date] [Calculation Date] [related to the relevant Barrier Early Calculation Date] the Asset Level of [each] [any] [the] [Basket] Asset is at [all] [the] [any] time[s] greater than [or equal to] Barrier (Early).

"Barrier Condition Early (Bermudan)" shall be deemed satisfied if the Determination Agent determines that on any [Scheduled Observation Date] [Valuation Date] [Calculation Date] [during the Observation Period], Asset Early Performance is greater than [or equal to] Barrier (Early).

"Barrier Condition Early (European)" shall be deemed satisfied if the Determination Agent determines that on [the relevant] [each] [Scheduled Observation Date] [Valuation Date] [Calculation Date], Asset Early Performance is greater than [or equal to] Barrier (Early).

"Barrier Condition Final" shall mean [Barrier Condition Final (European)] [Barrier Condition Final (American)].

"Barrier Condition Final (American)" shall be deemed satisfied if the Determination Agent determines that on [each] [any] [Scheduled Observation Date] [Valuation Date] [Calculation Date] the Asset Level of [each] [any] [the] [Basket] Asset is [at] [all] [any] [time[s]] greater than [or equal to] Barrier (Final).

"Barrier Condition Final (European)" shall be deemed satisfied if the Determination Agent determines that on the Final Valuation Date the Asset Final Performance is greater than [or equal to] Barrier (Final).

"Barrier Early Calculation Date" means [date to be specified] [each Scheduled Observation Date] [Valuation Date] [Calculation Date].

"Barrier Return" shall mean an amount determined by the Determination Agent in accordance with the following methodology:-

(a) if Asset Final Performance is greater than [or equal to] the Barrier,

$[\bullet] \text{ per cent.}$

(b) if Asset Final Performance is less than [or equal to] the Barrier:

$\text{Max}[(\text{Cap} [+/-] (\text{Participation} * \text{Asset Final Performance})), \text{Floor}]$

"Basket Asset" means an Asset that is a constituent of a basket of Assets.

"Cap" means [●] per cent.

"Closing Level" means, the closing level of the relevant Asset.

"Downside Performance" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Determination Agent in accordance with the following formula:

$$\frac{\text{AssetInitial} - \text{AssetFinal}}{\text{AssetInitial}}$$

"Early Laggard" shall mean in relation to the [Scheduled Observation Date],[Valuation Date],[Calculation Date], the Asset with the lowest calculated Early Performance, as determined by the Determination Agent in respect of the relevant date. For the avoidance of doubt, if two or more [Basket] Assets have the same Early Performance as of the [Scheduled Observation Date] [Valuation Date] [Calculation Date], the Determination Agent shall select any such [Basket] Asset as the Early Laggard acting in good faith and in a commercially reasonable manner.

"Early Outperformer" shall mean in relation to the [Scheduled Observation Date] [Valuation Date] [Calculation Date], the Asset with the highest calculated Early Performance, as determined by the Determination Agent in respect of the relevant date. For the avoidance of doubt, if two or more [Basket] Assets have the same Early Performance as of the [Scheduled Observation Date] [Valuation Date] [Calculation Date], the Determination Agent shall select any such [Basket] Asset as the Early Outperformer acting in good faith and in a commercially reasonable manner.

"Early Performance" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Determination Agent in accordance with the following formula:

$$\frac{\text{AssetEarly}}{\text{AssetInitial}}$$

"Early Performance (Call Spread)" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Determination Agent in accordance with the following formula:

$$\frac{\text{AssetEarly}}{\text{AssetInitial}} - 1$$

"Early Performance (Rolling Lookback)" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Determination Agent in accordance with the following formula:

$$\frac{\text{AssetEarly}}{\text{AssetLookback}} - 1$$

"Early Weighted Performance" means an amount (expressed as a percentage) determined by the Determination Agent being the sum of the values obtained by applying the following formula to each Basket Asset:

$$W \times \frac{\text{AssetEarly} - \text{AssetInitial}}{\text{AssetInitial}}$$

"Enhanced Weighted Performance" means an amount (expressed as a percentage) determined by the Determination Agent being the sum of the values obtained by applying the following formula to each Basket Asset:

$$W * \text{Upside Performance}$$

"ETF" means (in respect of an ETF Share) an Exchange Traded Fund.

"ETF Issuer" means, in respect of an Exchange Traded Fund, the entity specified in the applicable Final Terms as the issuer of that Exchange Traded Fund.

"ETF Share" means, in respect of an Exchange Traded Fund, the share, unit or other interest or unit of holding in the ETF Issuer (including, without limitation, any debt security) issued to or held by an investor in respect of the relevant Exchange Traded Fund.

"Exchange Traded Fund" means each fund that is specified in the applicable Final Terms as an ETF.

"Final Laggard" shall mean the Asset with the lowest [calculated Downside Performance] [calculated Final Performance] [calculated Upside Performance] [Observation Level] as determined by the Determination Agent in respect of the relevant date. For the avoidance of doubt, if two or more Assets in the Basket have the same [Downside Performance as of the Final Valuation Date] [Final Performance as of the Final Valuation Date] [Upside Performance as of the Final Valuation Date] [Observation Level], the Determination Agent shall select any such Asset as the Final Laggard acting in good faith and in a commercially reasonable manner.

"Final Outperformer" shall mean the Asset with the highest [calculated Downside Performance] [calculated Final Performance] [calculated Upside Performance] [Observation Level], as determined by the Determination Agent in respect of the relevant date. For the avoidance of doubt, if two or more Assets in the Basket have the same [Downside Performance as of the Final Valuation Date] [Final Performance as of the Final Valuation Date] [Upside Performance as of the Final Valuation Date] [Observation Level], the Determination Agent shall select any such Asset as the Final Outperformer acting in good faith and in a commercially reasonable manner.

"Final Performance" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Determination Agent in accordance with the following formula:

$$\frac{\text{AssetFinal}}{\text{AssetInitial}}$$

"Final Performance (Call Spread)" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Determination Agent in accordance with the following formula:

$$\frac{\text{AssetFinal}}{\text{AssetInitial}} - 1$$

"Final Performance (Lookback)" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Determination Agent in accordance with the following formula:

$$\frac{\text{AssetFinal}}{\text{Max}[(\text{Participation} \times \text{AssetInitial}), \text{Observation Level}]}$$

"Final Performance (Temporis)" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Determination Agent in accordance with the following formula:

$$\frac{\text{AssetFinal} - \text{AssetLookback}}{\text{AssetInitial}}$$

"Final Valuation Date" means [●].

"Final Weighted Performance" means an amount (expressed as a percentage) determined by the Determination Agent being the sum of the values obtained by applying the following formula to each Basket Asset:

$$W \times \frac{\text{AssetFinal} - \text{AssetInitial}}{\text{AssetInitial}}$$

"Fixed Income Benchmark" shall mean the relevant Rate of Interest specified as such in the applicable Final Terms.

"Floor" means [●] per cent.

"i" shall mean the corresponding number related to a defined term within the Conditions as specified herein.

"Initial Valuation Date" means [●].

"Interest Payment Date(s)" means [●].

"Intraday Level" means the intraday level of the relevant Asset.

"Max" followed by a series of amounts inside brackets, means whichever is the greater of the amounts separated by a comma inside those brackets.

"Min" followed by a series of amounts inside brackets, means whichever is the lesser of the amounts separated by a comma inside those brackets.

"n" shall mean the corresponding number related to a defined term within the Conditions as specified herein.

"Observation Days" means the total number of [calendar days] [Business Days] [Scheduled Observation Dates] [Valuation Dates] [Calculation Dates] in the [Interest Period] [Observation Period].

"Observation Level" means [the Opening Level] [the lowest Closing Level observed on each Scheduled Observation Date] [the highest Closing Level observed on each Scheduled Observation Date] [the level of the Asset][the Rate of Interest] observed by the Determination Agent on the relevant [Initial Valuation

Date] [Scheduled Observation Date] at [insert time] [the level of the relevant Asset scheduled to be published by the Inflation Index Sponsor for the Reference Month of [●] where the relevant Asset Class is an Inflation Index]

"Observation Period" means [●].

"Opening Level" means the opening level of the relevant Asset.

"Paid Interest" means, in respect of an Instrument, the sum of all interest paid in respect of that Instrument from (and including) the Issue Date to (and including) the immediately preceding Specified Interest Payment Date, if any.

"Participation" means [●] per cent.

"Range Condition" shall be deemed satisfied in respect of any day if the Asset Level for such day observed by the Determination Agent is greater than [or equal to] [●] [per cent.] per annum and less than [or equal to] [●] [per cent.] [per annum.]

"Range Days" means the actual number of [calendar days] [Business Days] [Scheduled Observation Dates] [Valuation Dates] [Calculation Dates] in the [Interest Period] [Observation Period] on which the Range Condition is satisfied.

"Rate of Interest" shall mean in connection with the relevant Coupon Payout [Insert one of:]

[●] per cent.] [per annum];

Screen Rate Determination;

ISDA Determination;

(n * [●] per cent.);

[(n * [●] per cent.)] – Paid Interest;

Max(Floor, Min(Cap, Participation * Asset Early [Performance] + [●] per cent.)) [+/- Barrier Return];

$$\left([●] \text{ per cent} \times \frac{\text{RangeDays}}{\text{Observation Days}} \right); \text{ or}$$

[the applicable percentage rate specified in the table below: insert table.]

"Scheduled Observation Date" means [insert date(s)] [each Scheduled Trading Day in the Observation Period].

"Single Asset" means a single Asset.

"t" shall mean the corresponding number related to a defined term within the Conditions as specified herein.

"Trade Date" means [●].

"Upside Performance" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Determination Agent in accordance with the following formula:

$$\frac{\text{AssetFinal} - (\text{Barrier} * \text{AssetInitial})}{\text{AssetInitial}}$$

"Valuation Date" means [specify date(s)] [each Scheduled Trading Day in the Observation Period] [subject to adjustment].

"W" means the weighting in respect of the relevant Basket Asset, as specified in the table below: insert table:

"Weighted Performance" means an amount (expressed as a percentage) determined by the Determination Agent being the sum of the values obtained by applying the following formula to each Basket Asset:

$W * \text{Final Performance}$

The above provisions are subject to adjustment as provided in the Terms and Conditions of the Instruments to take into account events in relation to the Asset(s) or the Instruments. This may lead to adjustments being made to the Instruments or in some cases the Instruments being terminated early at an early redemption or cancellation amount.

B. Equity Index-Linked Interest Instruments:

The below provisions are subject to adjustment as provided in the Terms and Conditions of the Instruments:

PART 1 – European Call

[Structure 1:

Single Share Index Linked Instruments:

The following Interest Amount per Calculation Amount will be payable on the Interest Payment Date:

(a) if the Final Price of the Share Index is higher than Strike Price, the following Coupon A:

$$\text{Calculation Amount} \times \left(\frac{\text{Final Price} - \text{Strike Price}}{\text{Initial Price}} \right)$$

(b) if the Final Price of the Share Index is equal to or lower than the Strike Price, Coupon B (which may be zero).

Definitions:

"Coupon B" means an amount equal to the product of (i) Calculation Amount and (ii) the Coupon B Percentage.

"Coupon B Percentage" means [●].

"Final Price" means the Official Closing Level of the Share Index on the Final Price Date.

"Final Price Date" means [●].

"Initial Price" means the Official Closing Level of the Share Index on Initial Price Date.

"Initial Price Date" means [●].

"Official Closing Level" means, on any day, the official closing level of the Share Index.

"Strike Price" means [● percentage] of the Initial Price.]

[Share Index Basket Linked Instruments:

The following Interest Amount per Calculation Amount will be payable on the Interest Payment Date:

- (a) If the Final Price of all the Indices comprised in the Basket is higher than the relevant Strike Price, the following Coupon A:

$$\text{Calculation Amount} \times \left(\frac{\text{Final Price}_{(a)} - \text{Strike Price}_{(a)}}{\text{Initial Price}_{(a)}} \right)$$

Where:

"Final Price_(a)" is the Final Price of the Share Index of the Basket with the lowest Depreciation Ratio.

"Initial Price_(a)" is the Initial Price of the Share Index of the Basket with the lowest Depreciation Ratio.

"Strike Price_(a)" is the Strike Price of the Share Index of the Basket with the lowest Depreciation Ratio.

"Depreciation Ratio" means

$$\left(\frac{\text{Final Price}}{\text{Initial Price}} \right)$$

- (b) Otherwise, Coupon B (which may be zero).

Definitions:

"Basket" means [Share Index(es)].

"Coupon B" means an amount equal to the product of (i) Calculation Amount and (ii) the Coupon B Percentage.

"Coupon B Percentage" means [●] %.

"Final Price" means, for each Share Index comprised in the Basket, the Official Closing Level of the Share Index on the Final Price Date.

"Final Price Date" means [●].

"Initial Price" means, for each Share Index comprised in the Basket, the Official Closing Level of the Share Index on Initial Price Date.

"Initial Price Date" means [●].

"Official Closing Level" means, on any day, the official closing level of the Share.

"Strike Price" means [● percentage] of the Initial Price.]

PART 2 – European Call Up & Out

[Structure 2:

Single Share Index Linked Instruments:

The following Interest Amount per Calculation Amount will be payable on the Interest Payment Date:

- (a) *if, from the Initial Price Date, included, to the Final Price Date, included, the Official Closing Level of the Share Index is at any point equal to or higher than Barrier A, Coupon A; or*
- (b) *if, from the Initial Price Date, included, to the Final Price Date, included, the Official Closing Level of the Share Index has never been equal to or higher than Barrier A:*
 - (i) *if the Final Price of the Share Index is higher than the Initial Price, the following Coupon B:*

$$\text{Calculation Amount} \times \left(\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}} \right)$$

- (ii) *if the Final Price of the Share Index is equal to or lower than the Initial Price, Coupon C (which may be zero).*

Definitions:

"Barrier A" means [● percentage] of the Initial Price.]

"Coupon A Percentage" means [●]%

"Coupon A" means an amount equal to the product of (i) Calculation Amount and (ii) the Coupon A Percentage.

"Coupon C Percentage" means [●]%

"Coupon C" means an amount equal to the product of (i) Calculation Amount and (ii) the Coupon C Percentage.

"Final Price Date" means [●].

"Final Price" means the Official Closing Level of the Share Index on the Final Price Date.

"Initial Price Date" means [●].

"Initial Price" means the Official Closing Level of the Share Index on Initial Price Date.

"Official Closing Level" means, on any day, the official closing price of the Index.]

PART 3 – Call Spread

[Structure 3:

Share Index Basket Linked Instruments

The following Interest Amount per Calculation Amount will be payable on the Interest Payment Date:

$$\text{Calculation Amount} \times \text{Min} \left(\text{Cap Level}; \left(\frac{\sum_{i=1}^J \frac{\text{Final Price}_i - \text{Initial Price}_i}{\text{Initial Price}_i}}{J} \right) \right)$$

Where:

"**Final Price_i**" is the Final Price of the Share Index_i.

"**Initial Price_i**" is the Initial Price of the Share Index_i.

"**J**" is the total number of Shares comprised in the Basket.

Definitions:

"**Basket**" means [Share Index(es)].

"**Cap Level**" means [●].

"**Final Price**" means, for each Share Index comprised in the Basket, the Official Closing Level on the Final Price Date.

"**Final Price Date**" means [●].

"**Initial Price**" means the maximum Official Closing Level of all the Share Indices comprised in the Basket during the Initial Price Determination Period.

"**Initial Price Determination Period**" means [●].

"**Official Closing Level**" means on any day, the official closing level of a Share Index.]

C. Inflation-Linked Interest Instruments:

The below provisions are subject to adjustment as provided in the Terms and Conditions of the Instruments:

Inflation Linked interest payment based on a fixed rate of interest:

$$\text{Fixed Rate of Interest} \times [(I_T/I_0) + \text{Margin}]$$

Inflation Linked interest payment based on a fixed rate of interest and subject to a minimum interest rate:

$$\text{Max} [\text{Floor}; \text{Fixed Rate of Interest} \times [(I_T/I_0) + \text{Margin}]]$$

Inflation Linked interest payment plus a Margin:

$$(I_T/I_0) + \text{Margin}$$

Inflation Linked interest payment plus a Margin subject to a minimum interest rate:

$$\text{Max}[\text{Floor}; (I_T/I_0) + \text{Margin}]$$

Inflation Linked interest payment based on a fixed rate of interest and subject to a maximum interest rate:

$$\text{Min}[\text{Cap}; \text{Fixed Rate of Interest} \times [(I_T/I_0) + \text{Margin}]]$$

Inflation Linked interest payment plus a Margin subject to a maximum interest rate:

$$\text{Min}[\text{Cap}; (I_T/I_0) + \text{Margin}]$$

Definitions:

"Cap" means [●];

"Fixed Rate of Interest" means [●];

"I₀" means Inflation Index observation level for Reference Month T_{start};

"I_T" means Inflation Index observation level for Reference Month T;

"Floor" means [●];

"Margin" means [●];

"Reference Month T_{start}" means [●];

"Reference Month T" means [●];

"T" means [●]; and

"T_{start}" means [●].

C.10 Derivative component on interest

[This Element C.10 only to be included where the Instruments are derivative securities for the purpose of Commission Regulation (EC) No. 809/2004 (as amended)] / [The Instruments are determined by reference [to an Equity or Inflation index].

[The Share Index or the Inflation Index that may be used as reference to calculate the interest payment under the Instruments will not be composed, published or announced by the Issuer, the Guarantor, or any legal entity belonging to the Guarantor's group or by someone acting in association with or on behalf of the Issuer or the Guarantor. However, the relevant Share Index may be composed by shares of the Guarantor or of entities belonging to the Guarantor's group or of someone acting in association with or on behalf of the Issuer or the Guarantor.]

C.11 Listing and Admission to trading

[The Instruments will be listed on the official list of the Irish Stock Exchange and traded on the regulated market of the Irish Stock Exchange and/or any other listing authority, stock exchange and/or quotation system] / [The Instruments are unlisted¹³].

[The Instruments will not be listed on a regulated market but application is expected to be made by the Issuer (or on its behalf) for the Instruments to be included to trading on the Open Market

¹³ Under Spanish law, unlisted Instruments are subject to a different tax regime than that applicable to listed Instruments and, if issued under the Programme, such Instruments will be the subject of a supplement to the Base Prospectus.

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| | (Freiverkehr) of the Frankfurt Stock Exchange (Börse Frankfurt Zertifikate AG platform) with effect from the Issue Date.] |
| C.15 | <p>Description of how the value of the Instruments is affected by the value of the Underlying Asset.</p> <p><i>[This Element C.15 only to be included where the Instruments are derivative securities for the purpose of Commission Regulation (EC) No. 809/2004 (as amended)]</i></p> <p><i>[insert table]</i></p> <p><i>These Instruments are derivative securities and their value may go down as well as up.</i></p> |
| C.16 | <p>Expiration Date or Maturity Date of the Instruments</p> <p><i>[This Element C.16 only to be included where the Instruments are derivative securities for the purpose of Commission Regulation (EC) No. 809/2004 (as amended)]:</i></p> <p><i>[The Maturity Date of the Securities is [●], subject to adjustment] [or, if earlier the date on which the [Call] [Put] Option is exercised], subject to adjustment.]</i></p> |
| C.17 | <p>Settlement procedures of the Instruments</p> <p><i>[This Element C.17 only to be included where the Instruments are derivative securities for the purpose of Commission Regulation (EC) No. 809/2004 (as amended)]</i></p> <p>The Instruments will be settled on the applicable Maturity Date at the relevant amount per Instrument.</p> |
| C.18 | <p>Description of how the return on derivative securities takes place</p> <p><i>[This Element C.18 only to be included where the Instruments are derivative securities for the purpose of Commission Regulation (EC) No. 809/2004 (as amended)]</i></p> <p>Clearing Systems: <i>[Euroclear], [Clearstream, Luxembourg] [and /or [*] [indicate any other applicable clearing system].</i></p> <p>The Paying Agent: Citibank N.A. London Branch (the Issue and Paying Agent) <i>[and Citigroup Global Markets Deutschland AG]</i></p> |
| C.19 | <p>The exercise price or the final reference price of the underlying</p> <p><i>[This Element C.19 only to be included where the Instruments are derivative securities for the purpose of Commission Regulation (EC) No. 809/2004 (as amended)]</i></p> <p><i>[Not applicable]</i></p> |
| C.20 | <p>A description of the type of the underlying and where the information of the underlying can be found</p> <p>Equity index(ices) and inflation index(ices).</p> <p><i>[This Element C.20 only to be included where the Instruments are derivative securities for the purpose of Commission Regulation (EC) No. 809/2004 (as amended)]:</i></p> <p><i>[list all Index in each case followed by: See [Bloomberg] [Reuters] Screen [●] Page [●]]</i></p> |

SECTION D – RISKS

Element

D.2**Key risks regarding the Issuer and the Guarantor**

The Issuer is a finance vehicle established by the Guarantor for the purpose of issuing Instruments under the Programme and on-lending the proceeds within the Santander Group. The Issuer is therefore dependent upon other members of the Group paying interest on and repaying their loans in a timely fashion. Should any Group member fail to pay interest on or repay any loan in a timely fashion this could have a material adverse effect on the ability of the Issuer to fulfil its obligations under Instruments issued. The main risks relating to the Santander Group operation are, amongst others:

- Because the Group's loan portfolio is concentrated in Continental Europe, the United Kingdom and Latin America, adverse changes affecting the economies of Continental Europe, the United Kingdom or certain Latin America countries could adversely affect the Group's financial condition.
- The Group is vulnerable to disruptions and volatility in the global financial markets.
- The Group may suffer adverse effects as a result of the ongoing economic and sovereign debt tensions in the Eurozone.
- Exposure to sovereign debt could have a material adverse effect on the Group.
- The Group growth, asset quality and profitability in Latin America may be adversely affected by volatile macroeconomic and political conditions.
- The Group is exposed to risk of loss from legal and regulatory proceedings.
- The Group is subject to substantial regulation which could adversely affect its business and operations.
- The Group may not be able to detect money laundering and other illegal or improper activities fully or on timely basis, which could expose the Group to additional liability and could have a material adverse effect on it.
- Changes in taxes and other assessments may adversely affect the Group.
- Changes in accounting standards could impact reported earnings.
- The Group financial statements are based in part on assumptions and estimates which, if inaccurate, could cause material misstatement of the results of the Group operations and financial position.
- Disclosure controls and procedures over financial reporting may not prevent or detect all errors or acts of fraud.
- Liquidity and funding risks are inherent in the Group's business and could have a material adverse effect on the Group.
- Credit, market and liquidity risk may have an adverse effect on the Group's credit ratings and its cost of funds. Any downgrading in the Group's credit rating would likely increase its cost of funding, require the Group to post additional collateral or take other actions under some of the Group's derivative contracts and adversely affect its margins and results of operations.
- Failure to successfully implement and continue to improve the Group's risk management policies, procedures and methods, including its credit risk management system, could materially and adversely affect the Group, and the Group may be exposed to unidentified or unanticipated risks.
- If the Group is unable to effectively control the level of non-performing or poor credit quality loans in the future, or if the Group's loan loss reserves are insufficient to cover future loan losses, this could have a material adverse effect on the Group.
- The Group's loan and investment portfolios are subject to risk of prepayment, which could have a material adverse effect on the Group.
- The value of the collateral securing the Group's loans may not be sufficient, and the Group may be unable to realize the full value of the collateral securing its loan portfolio.
- The Group is subject to counterparty risk in its banking business.
- The Group's financial results are constantly exposed to market risk. The Group is

subject to fluctuations in interest rates and other market risks, which may materially and adversely affect the Group.

- Market conditions have resulted and could result in material changes to the estimated fair values of the Group's financial assets. Negative fair value adjustments could have a material adverse effect on the Group's operating results, financial condition and prospects.
- The Group is subject to market, operational and other related risks associated with the Group's derivative transactions that could have a material adverse effect on the Group.
- The financial problems faced by the Group's customers could adversely affect the Group.
- Changes in the Group's pension liabilities and obligations could have a material adverse effect on the Group.
- The Group depends in part upon dividends and other funds from subsidiaries.
- Increased competition and industry consolidation may adversely affect the Group's results of operations.
- The Group's ability to maintain its competitive position depends, in part, on the success of new products and services the Group offers its clients and the Group's ability to continue offering products and services from third parties, and the Group may not be able to manage various risks its faces as the Group expands its range of products and services that could have a material adverse effect on the Group.
- If the Group is unable to manage the growth of its operations this could have an adverse impact on its profitability.
- The Group relies on recruiting, retaining and developing appropriate senior management and skilled personnel.
- The Group relies on third parties for important products and services.
- Damage to the Group's reputation could cause harm to the Group's business prospects.
- The Group engages in transactions with its subsidiaries or affiliates that others may not consider to be on an arm's-length basis.
- Any failure to effectively improve or upgrade the Group's information technology infrastructure and management information systems in a timely manner could have a material adverse effect on the Group.
- Risks relating to data collection, processing and storage systems are inherent in the Group business.
- Failure to protect personal information could adversely affect the Group.

D.3 Key risks regarding the Securities

There are also risks associated with the Instruments and with the markets. These risks may include, amongst others:

- Taxation in Spain: Under Spanish Law, payments of income in respect of the listed Instruments will not be subject to Spanish withholding tax provided that the [relevant] Issuer or the Guarantor receives certain information concerning the Instruments. If such information is not received by the Issuer or the Guarantor, as the case may, it will be required to apply Spanish withholding tax to any payment of interest in respect of the Instruments, [*or income arising from the payment of Instruments issued below par*];
- The US Hiring Incentives to Restore Employment Act withholding may affect payments on the Instruments;
- U.S. Foreign Account Tax Compliance Act Withholding;
- Withholding under the EU Savings Directive;
- The implementation of the EU Crisis Management Directive could materially affect the value of any Instruments;
- The temporary Commissioner (which owes certain obligations to the Syndicate of Holders (as described in the Issue and Paying Agency Agreement) will be appointed by

- the Issuer and may also be an employee or officer of such Issuer or of the Guarantor;
- The Spanish Insolvency Law, provides, among other things, that: (i) any claim may become subordinated if it is not reported to the insolvency administrators (*administradores concursales*) within a certain period, (ii) provisions in a contract granting one party the right to terminate by reason only of the other's insolvency may not be enforceable, and (iii) interest (other than interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security) shall cease to accrue as from the date of the declaration of insolvency and any amount of interest accrued up to such date (other than any interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security) shall become subordinated. In addition, recent amendments to the Insolvency Law have been implemented which, in certain instances, have the effect of modifying or impairing creditors' rights;
- Prospective investors should make their own evaluations to determine whether an investment in the Instruments is appropriate in their particular circumstances and should consult with their legal, business and tax advisers accordingly;
- The Instruments are new securities which may not be widely distributed and for which there is currently no active trading market;
- *[The Instruments may be redeemable at the Issuer's option in certain circumstances. If such option is exercised, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Instruments;]*
- Because the Global Instruments are held by or on behalf of Euroclear and/or Clearstream, [Luxembourg], investors will have to rely on their procedures for transfer, payment and communication with the Issuer and/or the Guarantor;
- Instruments subject to optional redemption by the Issuers, which is likely to limit their market value;
- *[Applicable in case of Subordinated Instruments]: [In accordance with applicable Spanish Bank of Spain regulations, the Subordinated Instruments may not be early redeemed due to the non-payment of the Subordinated Instruments, or of other debts of the Issuer or of any members of its group].*
- *[Applicable to Equity or Inflation Index Linked Instruments] [The Group may issue Instruments with interest determined by reference to an inflation or equity index (each, a Relevant Index). Potential investors should be aware that the market price of such Instruments may be volatile and that they may receive no interest. In addition, potential investors should be aware that: (i) a Relevant Index may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices; (ii) if a Relevant Index is applied to Instruments in conjunction with a multiplier greater than one (or contains some other leverage factor) the effect of changes in the Relevant Index on interest payable likely will be magnified; and (iii) the timing of changes in a Relevant Index may affect the actual yield to investors.]*
- *[Applicable in case of Instruments where the issue price is payable in more than one instalment.] [Failure to pay any subsequent instalment could result in an investor losing all of their investment.]*
- *[Applicable in case of Inverse Floating Rate Instruments]: [Inverse Floating Rate Instruments have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Instruments typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms).]*
- *[Applicable in case of Fixed/Floating Rate Instruments]: [The Issuer issues [Fixed/Floating Rate] Instruments. The Instruments may bear interest at a rate that may convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market*

and the market value of the Instruments since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing.]

- [Instruments that are issued at a substantial discount or premium from their principal amount.] [The market values of such Instruments tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities.]
- [Applicable in case of Inflation/Equity Index Linked Interest Instruments]: [The investment in Equity Index-Linked Interest Instruments and Inflation Linked Interest Instruments entails certain risks and it is only suitable for certain potential kind of investors.]
- [Applicable in case of Inflation/Equity Index Linked Interest Instruments]: [The terms of Equity Index-Linked Interest Instruments and Inflation Linked Interest Instruments differ from those of ordinary debt securities and may not pay interest on maturity, depending on the performance of the relevant underlying Index or Share Index.]
- [Applicable in case of Inflation/Equity Index Linked Interest Instruments]: [The value of Equity Index-Linked Interest Instruments and Inflation Linked Interest Instruments may be influenced by unpredictable factors beyond the Issuer's and the Guarantor's control.]
- [Applicable in case of Inflation/Equity Index Linked Interest Instruments]: [There are certain considerations regarding the use of Equity Index-Linked Interest Instruments or Inflation Linked Interest Instruments as hedging instruments involving correlation risks.]
- [Applicable in case of Inflation/Equity Index Linked Interest Instruments]: [The effect of the liquidity of the relevant underlying Index or Share Index on Equity Index- Linked Interest Instruments and Inflation Linked Interest Instruments pricing.]
- [Applicable in case of Inflation/Equity Index Linked Interest Instruments]: [Exchange rates and exchange controls may affect the value or return of the Equity Index-Linked Interest Instruments or Inflation Linked Interest Instruments.]
- Investors have bi shareholders rights.
- Potential conflicts of interest between the investor and the Determination Agent may arise.
- The Determination Agent may determine that a Market Disruption Event or a failure to open of an Exchange or Related Exchange has occurred or exists on a relevant date of valuation, and any consequential postponement of such date of valuation may have an adverse effect on the value of the Instruments.
- [Applicable in case of Subordinated Instruments]: [When determining the value and/or performance of the relevant underlying Indices or Share Indices in respect of a Series of Equity Index-Linked Interest Instruments or Inflation Linked Interest Instruments may provide for a cap or be subjected to a floor, such that any value and/or performance of the relevant underlying Index or Share Index (or individual basket components) in excess or below the applicable cap or floor, respectively, will not be taken into account for the purposes of the relevant determination..]
- [Applicable in case of Subordinated Instruments]: [Santander Issuances' obligations under Subordinated Instruments will be unsecured and subordinated and will rank junior in priority of payment to all unsubordinated obligations of Santander Issuances. The Guarantor's obligations under the Subordinated Guarantee will be unsecured and subordinated and will rank junior in priority of payment to all unsubordinated obligations of the Guarantor.]
- One or more independent credit rating agencies have assigned certain credit ratings to the Instruments. The 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 Instruments. 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.

Additionally, the risks relating to investment in the Instruments depend on their features and may include, *inter alia*, risks relating to (but not limited to) operational/business risk, credit risk, liquidity risk, interest rate risk, regulatory risk, reputational risk, competition risk, unsecured obligations, market risk, hedging and potential conflicts of interest, tax liabilities, expenses and taxation, third party risk, structural risks relating to particular Instruments, including with respect to certain underlying, no claim against the reference item(s) to which the Instruments relate, exchange rate risks, settlement disruption, illegality and cancellation, time lag after redemption or exercise, settlement risk, possible illiquidity of Instruments, equity risk, underlying volatility risk, fund risk, failure to deliver due to illiquidity, inflation risk, modification, meetings, market disruption, optional redemption, a requirement to hold a minimum amount of Instruments, transfer restrictions and exchange, listing and legal regulation risk.

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| D.6 | <p>Risk Warning [<i>Issue Specific Summary: This Element D.6 only to be included where the Instruments are derivative securities for the purpose of Commission Regulation (EC) No. 809/2004 (as amended)</i>]</p> <ul style="list-style-type: none"> • the Instruments issued under this Base Prospectus, including Structured Instruments, cannot have a negative yield for the investor. The Structured Instruments return is linked to the performance of one or more underlying (such as indices, or baskets of indices); • the Issue Price of the Instruments may be more than the market value of such Instruments as at the Issue Date, and the price of the Instruments in secondary market transactions; and • if the relevant Instruments include leverage, potential holders of such Instruments should note that these Instruments will involve a higher level of risk. Investors should therefore only invest in leveraged Instruments if they fully understand the effects of leverage. |
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SECTION E – OFFER

| Element | |
|-------------|---|
| E.2b | <p>Use of proceeds</p> <p>The net proceeds of the issue of the Instruments will be used for the general funding purposes of the Group.</p> |
| E.3 | <p>Terms and conditions of the offer:</p> <p>Denomination <i>[●] [€1,000 (or, if the Instruments are denominated in a currency other than euro, the equivalent in another currency at the date of issue)] / [Higher than €1,000 (or, if the Instruments are denominated in a currency other than euro, the equivalent in another currency at the date of issue)].</i></p> <p>Minimum tradeable amount: <i>[●] / [not applicable]</i></p> <p>Interest</p> <p>Instruments will bear an interest of [].</p> <p>Issue Price</p> <p><i>[[●] per cent or the nominal amount of the instruments / [●] per cent. of the Aggregate Principal Amount / at par / at a discount to par / a premium over par / on a fully paid basis].</i></p> |

Maturity

[●] *[Any maturity subject to compliance with all applicable legal and/or regulatory and/or central bank requirements].*

[Subordinated Instruments qualifying as regulatory capital (recursos propios) in accordance with Bank of Spain requirements will have a maturity of not less than five years.]

Redemption

[At par / other redemption amount].

Early redemption will be permitted for taxation reasons. *[Indicate if early redemption / other reasons applies]*

[Any early redemption of Subordinated Instruments qualifying as regulatory capital (recursos propios) is subject to the prior consent of the Bank of Spain and may not take place within a period of five years from their date of issue or as otherwise permitted by the Bank of Spain and they may not be redeemed at the option of the holder of the relevant Instruments (the "Holder") prior to their stated maturity.

Subordinated Instruments may not be redeemed at the option of the Holder prior to their stated maturity.]

Purchase

The Issuer and the Guarantor and any of their respective subsidiaries or any third party designated by any of them, may at any time purchase Instruments in the open market or otherwise and at any price provided that, in the case of Definitive Instruments, all unmaturing Coupons appertaining thereto are purchased therewith.

[In the case of Subordinated Instruments which qualify as regulatory capital (recursos propios), the purchase of the Instruments by the Issuer or any of its subsidiaries shall take place in accordance with the requirements of Spanish law (including for this purpose Bank of Spain's regulations in so far as the Issuer seeks to maintain eligibility of such instruments as regulatory capital).]

Clearing Systems

[Euroclear, Clearstream, Luxembourg and/or [●]] [indicate any other applicable clearing system].

Terms and conditions of the offer:

The Instruments *[are/ are not]* being offered to the public in a Public Offer.

[Summarise the terms of any Public Offer as set out in Part A Paragraph 39 [Public Offer] and Part B Section 10 [Terms and Conditions of the Offer] of the Final Terms].

E.4**Description of any interest of natural and legal persons involved in the issue/offer that is material to the issue/offer including conflicting interests**

The relevant Dealers may be paid fees in relation to any issue of Instruments under the Programme. Any such Dealer and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and the Guarantor and their affiliates in the ordinary course of business.

[Other than as mentioned above, [and save for [any fees payable to the Dealer [and any other Authorised Offeror]] [●]], so far as the Issuer is aware, no person involved in the [Issue][offer] of the Instruments has an interest material to the offer, including conflicting interests].

E.7

Expenses charged to the investor by the Issuer or an Offeror

[No expenses are being charged to an investor by the Issuer [or any Offeror]. [For this specific issue, however, expenses may be charged by an Authorised Offeror (as defined above) in the range between [●] per cent. and [●] per cent. of the nominal amount of the Instruments to be purchased by the relevant investor.]] [A prospective investor in the Instruments should contact the Authorised Offeror for details of any expenses and taxes that would be specifically charged in relation to any subscription in the Instruments.]