Program Information

Santander Consumer Finance, S.A.

PROGRAM INFORMATION

Type of Information:	Program Information
Date of Announcement:	26 June 2019
Issuer(s) Name:	Santander Consumer Finance, S.A. (the "**Issuer**")
Name and Title of Representative:	Mr. Álvaro Soler Severino Head of Treasury
Address of Head Office:	Ciudad Grupo Santander, Avda. de Cantabria s/n, 28660 Boadilla del Monte, Madrid, Spain
Telephone:	+34 91 289 32 79
Contact Person:	Attorney-in-Fact: Hiroto Ando, Attorney-at-law Aina Ono, Attorney-at-law Anderson Mori & Tomotsune Address: Otemachi Park Building 1-1, Otemachi 1-chome Chiyoda-ku, Tokyo Telephone: +81-3-6775-1000
Type of Securities:	Notes
Scheduled Issuance Period:	27 June 2019 to 26 June 2020
Maximum Outstanding Issuance Amount:	€10,000,000,000 (for this program)
Address of Website for Announcement:	https://www.jpx.co.jp/english/equities/products/tpbm/announcement/index.html
Status of Submission of Annual Securities Reports or Issuer Filing Information:	None
Name of Lead Manager (for the purpose of this Program Information):	Nomura International plc

Notes to Investors:

1. The TOKYO PRO-BOND Market is a market for professional investors, etc. (*Tokutei Toushika tou*) as defined in Article 2, Paragraph 3, Item 2(b)(2) of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**") (the "**Professional Investors, Etc.**"). Notes listed on the market ("**Listed Notes**") may involve high investment risk. Investors should be aware of the listing eligibility and timely disclosure requirements that apply to issuers of Listed Notes on the TOKYO PRO-BOND Market and associated risks such as the fluctuation of market prices and shall bear responsibility for their investments. Prospective investors should make investment decisions after having carefully considered the contents of this Program Information.

2. Where this Program Information (a) contains any false statement on important matters, or (b) lacks information on: (i) important matters that should be announced or (ii) a material fact that is necessary to avoid misleading content, a person who, at the time of announcement of this Program Information, is an officer (meaning an officer stipulated in Article 21, Paragraph 1 of the FIEA (meaning a director (*torishimari-yaku*), accounting advisor (*kaikei-sanyo*), corporate auditor (*kansa-yaku*) or executive officer (*shikkou-yaku*), or a person equivalent to any of these) (each an "**Officer**") of the Issuer) that announced this Program Information shall be liable to compensate persons who acquired the Notes for any damage or loss arising from the false statement or lack of information in accordance with the provisions of Article 21, Paragraph 1, Item 1 of the FIEA applied

mutatis mutandis in Article 27-33 of the FIEA and of Article 22 of the FIEA applied mutatis mutandis in Article 27-34 of the FIEA. However, this shall not apply to cases where the person who acquired the Notes was aware of the existence of the false statement or the lack of information at the time of subscription for acquisition of the Notes. Additionally, such Officer shall not be required to assume the liability prescribed above, where he/she proves that he/she was not aware of, and was unable to obtain knowledge of, even with due care, the existence of the false statement or the lack of information.

3. The regulatory framework for the TOKYO PRO-BOND Market is different in fundamental aspects from the general regulatory framework applicable to other exchange markets in Japan. Investors should be aware of the rules and regulations of the TOKYO PRO-BOND Market, which are available on Japan Exchange Group, Inc. website.

4. Tokyo Stock Exchange, Inc. ("**Tokyo Stock Exchange**") does not express opinions or issue guarantees, etc. regarding the content of this Program Information (including but not limited to, whether this Program Information (a) contains a false statement or (b) lacks information on: (i) important matters that should be announced or (ii) a material fact that is necessary to avoid misleading content) and shall not be liable for any damage or loss.

5. This Program Information is prepared pursuant to Rule 206, Paragraph 2 of the Special Regulations of Securities Listing Regulations Concerning Specified Listed Securities of Tokyo Stock Exchange (hereinafter referred to as the "**Special Regulations**") as information prescribed in Article 2, Paragraph 1, Item 1 of the Cabinet Office Ordinance on Provision and Publication of Information on Securities, etc. Accordingly, this Program Information shall constitute Specified Securities Information stipulated in Article 27-31, Paragraph 1 of the FIEA.

6. In this Program Information, all references to "**U.S. $**" or to "**U.S. dollars**" are to United States dollars, references to "**Sterling**" are to pounds sterling, references to "**Renminbi**" and "**CNY**" are to Chinese Yuan Renminbi, the lawful currency of The People's Republic of China ("**PRC**"), and references to "**EUR**", "**euro**" and "**€**" are to the single currency of participating Member States of the European Union.

7. All prospective investors who purchase the Notes shall be required to agree not to sell, transfer or otherwise dispose of the Notes to be held by them to any person other than the Professional Investors, Etc., except for the transfer of the Notes to the following:

   (a) the Issuer or an officer (meaning an officer as prescribed in Article 11-2, Paragraph 1, Item 2 (c) of the Cabinet Office Ordinance on Definitions under Article 2 of the FIEA (MOF Ordinance No. 14 of 1993, as amended, the "**Definitions Cabinet Office Ordinance**") (meaning a director (*torishimari-yaku*), corporate auditor (*kansa-yaku*), executive officer (*shikkou-yaku*), board member (*riji*) or auditor (*kanji*), or a person equivalent to any of these) of the Issuer) who holds shares or equity pertaining to voting rights exceeding 50% of all the voting rights in the Issuer which is calculated by excluding treasury shares or any non-voting rights shares (the "**Voting Rights Held by All the Shareholders, Etc.**" (*Sou Kabunushi Tou no Giketsuken*)) (as prescribed in Article 29-4, Paragraph 2 of the FIEA) of the Issuer under his/her own name or another person's name (each a "**Specified Officer**" *(Tokutei Yakuin*)), or a juridical person (excluding the Issuer) whose shares or equity pertaining to voting rights exceeding 50% of the Voting Rights Held by All the Shareholders, Etc., are held by the Specified Officer (the "**Controlled Juridical Person, Etc.**" (*Hi-Shihai Houjin Tou*)) (as prescribed in Article 11-2, Paragraph 3 of the Definitions Cabinet Office Ordinance) including a juridical person (excluding the Issuer) whose shares or equity pertaining to voting rights exceeding 50% of the Voting Rights Held by All the Shareholders, Etc. are jointly held by the Specified Officer and the Controlled Juridical Person(s), Etc. under their own name or another person's name (as prescribed in Article 11-2, Paragraph 2 of the Definitions Cabinet Office Ordinance); or

   (b) a company that holds shares or equity pertaining to voting rights exceeding 50% of the Voting Rights Held by All the Shareholders, Etc. of the Issuer in its own name or another person's name.

8. When (i) a solicitation of an offer to acquire the Notes or (ii) an offer to sell or a solicitation of an offer to purchase the Notes (collectively, "**Solicitation of the Note Trade**") is made, the following matters shall be notified from the person who makes such Solicitation of the Note Trade to the person to whom such Solicitation of the Note Trade is made:

   (a) no securities registration statement (pursuant to Article 4, Paragraphs 1 through 3 of the FIEA) has been

filed with respect to the Solicitation of the Note Trade;

(b) the Notes fall, or will fall, under the Securities for Professional Investors (*Tokutei Toushika Muke Yukashoken*) (as defined in Article 4, Paragraph 3 of the FIEA);

(c) any acquisition or purchase of the Notes by such person pursuant to any Solicitation of the Note Trade is conditional upon such person (i) agreeing to comply with the restriction on transfer of the Notes as set forth in note 7 above, (in the case of a solicitation of an offer to acquire the Notes to be newly issued), or (ii) entering into an agreement providing for the restriction on transfer of the Notes as set forth in note 7 above with the person making such Solicitation of the Note Trade (in the case of an offer to sell or a solicitation of an offer to purchase the Notes already issued);

(d) Article 4, Paragraphs 3, 5 and 6 of the FIEA will be applicable to such certain solicitation, offers and other activities with respect to the Notes as provided in Article 4, Paragraph 2 of the FIEA;

(e) the Specified Securities Information, Etc. (*Tokutei Shouken Tou Jouhou*) (as defined in Article 27-33 of the FIEA) with respect to the Notes and the Issuer Information, Etc. (*Hakkosha Tou Jouhou*) (as defined in Article 27-34 of the FIEA) with respect to the Issuer have been or will be made available for the Professional Investors, Etc. by way of such information being posted on the web-site maintained by the TOKYO PRO-BOND Market (https://www.jpx.co.jp/english/equities/products/tpbm/announcement/index.html or any successor website), in accordance with Rules 210 and 217 of the Special Regulations; and

(f) the Issuer Information, Etc. will be provided to the holders of the Notes or made public pursuant to Article 27-32 of the FIEA.

9. This Santander Consumer Finance, S.A. €15,000,000,000 Euro Medium Term Note Programme (the **"Programme"**) under the Base Prospectus dated 18 June 2019 (as supplemented) included in this Program Information (the **"Base Prospectus"**) has been rated (i) (P)A2(Senior Unsecured) and (P)Baa2 (Subordinated) by Moody's Investors Service España, S.A. ("**Moody's**"), (ii) A- (Senior Unsecured Debt maturing in one year or more), A-2 (Senior Unsecured Debt maturing in less than one year), BBB+/A-2 (Senior Subordinated Debt) and BBB (Subordinated Debt) by Standard & Poor's Credit Market Services Europe Limited ("**S&P**") and (iii) A- (Long-term senior non-preferred), A- (Long-term senior preferred) and F2 (Short-term senior preferred) by Fitch Ratings Limited. ("**Fitch**"). Those credit rating firms have not been registered under Article 66-27 of the FIEA ("**Unregistered credit rating firms**").

   Unregistered credit rating firms are not subject to any supervision of the Financial Services Agency of Japan or regulations applicable to credit rating firms, including obligations to disclose information, nor any obligation to publicize information regarding such matters as listed in Article 313, Paragraph 3, Item 3 of the Ordinance of the Cabinet Office Concerning Financial Instruments Business, Etc. (the "**Cabinet Office Ordinance**").

   Fitch has Fitch Ratings Japan Limited (registration number: Commissioner of Financial Services Agency (*kakuzuke*) No. 7), Moody's has Moody's Japan K.K. (registration number: Commissioner of Financial Services Agency (*kakuzuke*) No. 2) and S&P has S&P Global Ratings Japan Inc. (registration number: Commissioner of Financial Services Agency (*kakuzuke*) No. 5) within their respective groups as credit rating firms registered under Article 66-27 of the FIEA ("**Registered credit rating firms**"), and Fitch, Moody's and S&P are specified affiliated corporations (as defined in Article 116-3, Paragraph 2 of the Cabinet Office Ordinance) of the respective Registered credit rating firms above. The assumptions, significance and limitations of the credit ratings given by Fitch, Moody's and S&P are made available for the public on their respective websites of (i) Fitch Ratings Japan Limited, at "Assumptions, Significance and Limitations of Credit Ratings" posted under "Regulatory Affairs" on its website in the Japanese language (https://www.fitchratings.com/site/japan/regulatory), (ii) Moody's Japan K.K., at "Assumptions, Significance and Limitations of Credit Ratings" posted under "Related to Explanation of Unregistered Credit Ratings" in the column titled "Use of Ratings of Unregistered Firm" on its website in the Japanese language (https://www.moodys.com/pages/default_ja.aspx), and (iii) S&P Global Ratings Japan Inc., at "Assumptions, Significance and Limitations of Credit Ratings" posted under "Information on Unregistered Credit Ratings" on its website in the Japanese language (https://www.standardandpoors.com/ja_JP/web/guest/regulatory/unregistered).

10. The selling restrictions set forth in notes 7 and 8 above shall prevail over those set forth in the section entitled "SUBSCRIPTION AND SALE" in the Base Prospectus dated 18 June 2019 included in this Program Information.

11. Although the Programme contemplates issuance of various types of the Notes as set out in "SUMMARY" in the Base Prospectus, the Notes which are not eligible to be listed on the TOKYO PRO-BOND Market under the rules and regulations of Tokyo Stock Exchange or due to technical difficulties shall not be listed on the TOKYO PRO-BOND Market.

12. Copies of the documents incorporated by reference in the Base Prospectus dated 18 June 2019 and the supplements thereto are available for viewing at:
https://www.santanderconsumerfinance.com/

BASE PROSPECTUS

SANTANDER CONSUMER FINANCE, S.A.

(Incorporated with limited liability in the Kingdom of Spain)

€15,000,000,000
EURO MEDIUM TERM NOTE PROGRAMME

This base prospectus (this "**Base Prospectus**") has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority for the purpose of Directive 2003/71/EC and amendments thereto including Directive 2010/73/EU (the "**Prospectus Directive**"), as a base prospectus in accordance with the requirements imposed under EU and Irish law pursuant to the Prospectus Directive, as amended or superseded, for the purpose of giving information with regard to the issue of notes ("**Notes**") issued under the Euro Medium Term Note Programme (the "**Programme**") described in this Base Prospectus by Santander Consumer Finance, S.A. (the "**Issuer**" or "**SCF**") during the period of twelve months after the date hereof. Such approval relates only to Notes which are to be admitted to trading on the Regulated Market (as such term is defined below) of the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**") or other regulated markets for the purposes of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as amended ("**MiFID II**") or which are offered to the public in any Relevant Member State. Application has been made to Euronext Dublin for Notes issued under this Programme during the period of twelve months from the date of this Base Prospectus to be admitted to the official list (the "**Official List**") and trading on its regulated market (the "**Regulated Market**"). The Regulated Market is a regulated market for the purposes of MiFID II. The Programme also permits Notes to be issued on the basis that they may be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

There are certain risks related to any issue of Notes under the Programme, which investors should ensure they fully understand (see "*Risk Factors*" on pages 23 to 85 of this Base Prospectus). Potential purchasers should note the statements on pages 223 to 232 regarding the tax treatment in Spain of income obtained in respect of the Notes and the disclosure requirements imposed by Law 10/2014, of 26 June on regulation, supervision and solvency of credit entities, as amended by Law 11/2015, of 18 June ("**Law 10/2014**") on the Issuer relating to the Notes. In particular, payments on the Notes may be subject to Spanish withholding tax if certain information regarding the Notes is not received by the Issuer in a timely manner.

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

The Issuer has been assigned the following long term credit ratings: A2 (stable outlook) by Moody's Investors Service España, S.A. ("**Moody's**"), A- (stable outlook) by Fitch Ratings Limited ("**Fitch**") and A- (stable outlook) by Standard & Poor's Credit Market Services Europe Limited ("**S&P**"). Each of S&P, Moody's and Fitch is established in the European Union and is registered under the CRA Regulation.

Arranger

Barclays

Dealers

Banca IMI
BNP PARIBAS
Cecabank
Commerzbank
Credit Suisse
Goldman Sachs International
ING
Lloyds Bank Corporate Markets Wertpapierhandelsbank
Morgan Stanley
NATIXIS
Nomura
SEB
UBS Investment Bank

Barclays
BofA Merrill Lynch
Citigroup
Crédit Agricole CIB
Deutsche Bank
HSBC
J.P. Morgan
Mizuho Securities
MUFG
NatWest Markets
Santander
Société Générale Corporate & Investment Banking
UniCredit Bank

The date of this Base Prospectus is 18 June 2019

IMPORTANT NOTICES

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

Responsibility for this Base Prospectus and Final Terms

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

Public Offers of Notes in the European Economic Area

Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may, subject as provided below, be offered in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to in this Base Prospectus as a "**Public Offer**".

This Base Prospectus has been prepared on a basis that permits Public Offers of Notes in Ireland (a "**Public Offer Jurisdiction**"). Any person making or intending to make a Public Offer of Notes in a Public Offer Jurisdiction on the basis of this Base Prospectus must do so only with the consent of the Issuer – see "*Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)*" below.

If after the date of this Base Prospectus the Issuer intends to add one or more Relevant Member States to the list of Public Offer Jurisdictions for any purpose, it will prepare a supplement to this Base Prospectus specifying such Relevant Member State(s) and any relevant additional information required by the Prospectus Directive. Such supplement will also set out provisions relating to the consent of the Issuer to the use of this Base Prospectus in connection with any Public Offer in any such additional Public Offer Jurisdiction.

PRIIPs / Important – EEA retail investors

If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, "**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to

retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

Amounts payable under the Notes may be calculated or otherwise determined by reference to an index or a combination of indices and amounts payable on Reset Notes issued under the Programme may in certain circumstances be determined in part by reference to such indices. Any such index may constitute a benchmark for the purposes of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**Benchmark Regulation**"). If any such index does constitute such a benchmark, the applicable final terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to article 36 of the Benchmark Regulation. Not every index will fall within the scope of the Benchmark Regulation. Furthermore the transitional provisions in Article 51 of the Benchmark Regulation apply such that the administrator of a particular benchmark may not currently be required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence) at the date of the applicable final terms.

MIFID II product governance / target market – The Final Terms in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

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

Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)

In the context of any Public Offer of Notes in a Public Offer Jurisdiction, the Issuer accepts responsibility in that Public Offer Jurisdiction, for the content of this Base Prospectus in relation to any person (an "**Investor**") who purchases any Notes in that

Public Offer Jurisdiction made by a Dealer or an Authorised Offeror (as defined below), where that offer is made during the Offer Period (as defined below).

Except in the circumstances described below, the Issuer has not authorised the making of any offer by any offeror and nor has the Issuer consented to the use of this Base Prospectus by any other person in connection with any offer of the Notes in any jurisdiction. Any offer made without the consent of the Issuer is unauthorised and neither the Issuer, nor, for the avoidance of doubt, any of the Dealers accept any responsibility or liability in relation to such offer or for the actions of the persons making any such unauthorised offer.

If, in the context of a Public Offer, an Investor is offered Notes by a person which is not an Authorised Offeror, the Investor should check with such person whether anyone is responsible for this Base Prospectus for the purpose of the relevant Public Offer and, if so, who that person is.

If an Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents, the Investor should take legal advice.

Consent to the use of this Base Prospectus

Common conditions to Consent

The conditions to the consent of the Issuer are (in addition to the conditions described in either sub-paragraph (a)(*Specific Consent*) or sub-paragraph (b)(*General Consent*) under "*Specific Consent and General Consent*" below) that such consent:

(i) is only valid in respect of the relevant Tranche of Notes;

(ii) is only valid during the Offer Period specified in the applicable Final Terms; and

(iii) only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of Notes in such of the Public Offer Jurisdictions as are specified in the applicable Final Terms

The consent referred to above relates to Public Offers occurring within twelve months from the date of this Base Prospectus.

Specific Consent and General Consent

Subject to the conditions set out above under "*Common Conditions to Consent*", the Issuer consents to the use of this Base Prospectus in connection with a Public Offer of Notes in any Public Offer Jurisdiction by:

(a) *Specific Consent*:

  (i) the Dealers specified in the relevant Final Terms;

  (ii) any financial intermediaries specified in the applicable Final Terms; and

  (iii) any financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the website of the Issuer (www.santanderconsumer.es) and identified as an Authorised Offeror in respect of the relevant Public Offer; and

(b) *General Consent*:

if General Consent is specified in the relevant Final Terms as applicable, any other financial intermediary which:

(i) is authorised to make such offers under Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, including under any applicable implementing measure in each relevant jurisdiction ("**MiFID II**"); and

(ii) accepts such offer by publishing on its website the following statement (with the information in square brackets duly completed with the relevant information) (the "**Acceptance Statement**"):

"*We, [insert legal name of financial intermediary], refer to the [insert title of relevant Notes] (the "**Notes**") described in the Final Terms dated [insert date] (the "**Final Terms**") published by Santander Consumer Finance, S.A. (the "**Issuer**").*

*In consideration of the Issuer offering to grant its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in [insert name(s) of relevant Public Offer Jurisdiction(s)] during the Offer Period in accordance with the **Authorised Offeror Terms** (as specified in the Base Prospectus), we accept the offer by the Issuer. We confirm that we are authorised under MiFID II to make, and are using the Base Prospectus in connection with, the Public Offer accordingly.*

Terms used herein and otherwise not defined shall have the same meaning as given to such terms in the Base Prospectus."

Any financial intermediary falling within this sub-paragraph (b) who wishes to use this Base Prospectus in connection with a Public Offer is required, for the duration of the relevant Offer Period specified in the applicable Final Terms, to publish a duly completed Acceptance Statement on its website stating that it uses this Base Prospectus in accordance with the consent and the conditions attached thereto.

Authorised Offerors

The financial intermediaries referred to in sub-paragraphs (a)(ii) and (iii) and sub-paragraph (b), above, are together referred to herein as the "**Authorised Offerors**".

Arrangements between an Investor and the Authorised Offeror who will distribute the Notes

Neither the Issuer, nor, for the avoidance of doubt, any of the Dealers, have any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES 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, EXPENSES AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE PUBLIC OFFER OR SALE OF THE NOTES CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE RELEVANT AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE AUTHORISED OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION. NEITHER THE ISSUER NOR THE DEALERS HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

IN THE EVENT OF AN OFFER BEING MADE BY A FINANCIAL INTERMEDIARY, SUCH FINANCIAL INTERMEDIARY WILL PROVIDE INFORMATION TO INVESTORS ON THE TERMS AND CONDITIONS OF THE OFFER AT THE TIME THE OFFER IS MADE.

Public Offers: Issue Price and Offer Price

Notes to be offered pursuant to a Public Offer will be issued by the Issuer at the Issue Price specified in the applicable Final Terms. The Issue Price will be determined by the Issuer in consultation with the relevant Dealer(s) at the time of the relevant Public Offer and will depend, amongst other things, on the interest rate applicable to the Notes and prevailing market conditions at that time. The offer price of such Notes will be the Issue Price or such other price as may be agreed between an Investor and the Authorised Offeror making the offer of the Notes to such Investor. The Issuer will not be party to arrangements between an Investor and an Authorised Offeror, and the Investor will need to look to the relevant Authorised Offeror to confirm the price at which such Authorised Offeror is offering the Notes to such Investor.

Final Terms/Drawdown Prospectus

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

Other relevant information

The Issuer has confirmed to the Dealers named under "*Subscription and Sale*" below that this Base Prospectus contains all information which is (in the context of the Programme and the issue, offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any

material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme and the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

Unauthorised information

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

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

Restrictions on distribution

The distribution of this Base Prospectus and any Final Terms or Drawdown Prospectus, as the case may be, and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms or Drawdown Prospectus, as the case may be, comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms or Drawdown Prospectus, as the case may be, and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

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

taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

Programme limit

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €15,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "*Subscription and Sale*".

Stabilisation

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

The Stabilising Manager(s) shall act as the central point responsible in connection with each Tranche of Notes as required by Article 6(5) of Commission Delegated Regulation (EU) 2016/1052, of 8 March 2016, supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures.

Dealers business activities

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities, certain of the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or their affiliates. Certain of the Dealers or their affiliates which have a lending relationship with the Issuer routinely hedge their credit

exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. Certain of the Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Ratings of Notes under the Programme

Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation**") will be disclosed in the relevant Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused. A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Other defined terms

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

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

All references in this Base Prospectus to "**U.S. $**" or to "**U.S. Dollars**" are to United States dollars, references to "**Sterling**" are to pounds sterling, references to "**Renminbi**" and "**CNY**" are to Chinese Yuan Renminbi, the lawful currency of The People's Republic of China ("**PRC**"), and references to "**EUR**", "**euro**" and "**€**" are to the single currency of participating Member States of the European Union.

This Base Prospectus (and the documents incorporated by reference in this Base Prospectus) contains certain management measures of performance or alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority on October 5, 2015 on alternative performance measures (the "**APMs**" and the "**ESMA Guidelines**", respectively), which are used by management to evaluate Issuer´s overall performance. These APMs are not audited, reviewed or subject to review

by Issuer´s auditors and are not measurements required by, or presented in accordance with, International Financial Reporting Standards as adopted by the EU ("**IFRS-EU**"). Accordingly, these APMs should not be considered as alternatives to any performance measures prepared in accordance with IFRS-EU. Many of these APMs are based on Issuer´s internal estimates, assumptions, calculations, and expectations of future results and there can be no guarantee that these results will actually be achieved. Accordingly, investors are cautioned not to place undue reliance on these APMs.

Furthermore, these APMs, as used by the Issuer, may not be comparable to other similarly titled measures used by other companies. Investors should not consider such APMs in isolation, as alternatives to the information calculated in accordance with IFRS-EU, as indications of operating performance or as measures of Issuer´s profitability or liquidity. Such APMs must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS-EU and incorporated by reference in this Base Prospectus.

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SUMMARY

*Summaries are made up of disclosure requirements known as "**Elements**". These elements are numbered in Sections A – E (A.1 – E.7).*

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of "Not Applicable".

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this summary.

	Section A – Introduction and Warnings	
A.1	**Introduction:**	*This summary must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including any information incorporated by reference. Following the implementation of the Prospectus Directive (Directive 2003/71/EC) in each Member State of the European Economic Area, no civil liability will attach to the Responsible Persons in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus, including any information incorporated by reference or it does not provide, when read together with the other parts of this Base Prospectus, key information in order to aid investors when considering whether to invest in the Notes. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member States, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.*
A.2	**Consent:**	**[*General/Specific Consent*]** [*The Issuer consents to the use of this Base Prospectus in connection with a Public Offer of the Notes by any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2014/65/EU) on the following basis:* (a) *the relevant Public Offer must occur during the period from and including [●] to but excluding [●](the "**Offer Period**");*

		(b) *the relevant Authorised Offeror must publish an Acceptance Statement, as contained in the Base Prospectus, on its website [and satisfy the following additional conditions: [●]]*.] [*The Issuer consents to the use of this Base Prospectus in connection with a Public Offer of the Notes by [●] on the following basis:* (a) *the relevant Public Offer must occur during the period from and including [●] to but excluding [●] (the "**Offer Period**");* (b) *the relevant Authorised Offeror must satisfy the following conditions: [●].* **Authorised Offerors will provide information to Investors on the terms and conditions of the Public Offer of the relevant Notes at the time such Public Offer is made by the Authorised Offeror to the Investor.]**

	Section B – Issuer	
B.1	**Legal name of the Issuer**: **Commercial name of the Issuer**:	Santander Consumer Finance, S.A. Santander Consumer
	LEI Code:	5493000LM0MZ4JPMGM90
B.2	**Domicile, legal form, legislation and country of incorporation of the Issuer**:	The Issuer is a limited liability company (*sociedad anónima*), established under the laws of the Kingdom of Spain and incorporated and domiciled in the Kingdom of Spain.
B.4b	**Trends**:	Not Applicable. There are no particular trends affecting the Issuer and the industry in which it operates.
B.5	**The Group**:	The Issuer belongs to the consolidated group of credit institutions, the parent company of which is Banco Santander, S.A. (the "**Santander Group**").
B.9	**Profit Forecast**:	Not Applicable. The Issuer does not produce profit forecasts.

	Section B – Issuer	
B.10	**Audit Report Qualifications**:	Not Applicable. There are no qualifications in the audit reports of the Issuer.
B.12	**Key Financial Information**:	The Issuer and its subsidiaries – main financial indicators

	As of and for the year ended:		
Consolidated Balance sheet	**31 December 2018 (audited)**	**31 December 2017 (audited)**	**Variation (%)**
	(thousands of euro)		
Total assets	105,612,276	99,716,312	5.91%
Loans and advances to customers	91,880,359	86,635,168	6.05%
Shareholders' equity	12,045,975	10,724,814	12.32%

Consolidated Income Statements	**31 December 2018 (audited)**	**31 December 2017 (audited)**	**Variation (%)**
	(thousands of euro)		
Profit before tax	2,025,108	1,895,629	6.83%
Consolidated Profit for the year	1,459,166	1,291,879	12.95%
Profit attributable to the Parent	1,218,931	1,079,387	12.93%

There has been no material adverse change in the prospects of the Issuer and/or the companies whose accounts are consolidated with those of the Issuer (together, the "**Consumer Group**") nor any significant change in the financial or trading position of the Issuer and/or the Consumer Group since 31 December 2018.

B.13	**Recent Events**:	Not Applicable. There are no recent events relevant to the solvency of the Issuer.
B.14	**Dependence upon other entities within the Group**:	As set out in B.5. at 31 December 2018 the Issuer is dependent upon its shareholders. Shareholdings are as follows:

Entity	**Ownership interest**
Banco Santander, S.A.	75.00%
Holneth, B.V.	25.00%
	100.00%

B.15	**The Issuer's Principal Activities**:	The Issuer's objective is to receive funds from the public in the form of deposits, loans, repos or other similar transactions entailing the obligation to refund them, and to use these funds for its own account to grant loans and credits or to perform similar transactions. In addition, the Issuer is the holding company of the Consumer Group and handles the investments of its subsidiaries. The Consumer Group's primary activity is related to automobile financing, personal loan and credit card businesses. However, it also works at attracting customer funds. The Consumer Group

	Section B – Issuer	
		has 284 branches located throughout Europe (62 of which are in Spain) and engages in finance leasing, financing of third party purchases of consumer goods of any kind, full-service leasing ("**renting**") and other activities. Additionally, since December 2002, the Issuer has been the head of a European corporate group, consisting mainly of financial institutions, which engages in commercial banking, consumer finance, operating and finance leasing, full-service leasing and other activities in Germany, Italy, Austria, France, the Netherlands, Norway, Finland, Denmark, Sweden, Switzerland and Portugal.
B.16	**Controlling Persons**:	The Issuer is part of the Santander Group, the parent entity of which (Banco Santander, S.A.) has a 100% direct and indirect ownership interest in the share capital of the Issuer.
B.17	**Ratings assigned to the Issuer or its Debt Securities**:	As at the date of this Base Prospectus the Issuer has been assigned the following credit ratings: **Moody's:** Senior unsecured debt: A2 Commercial paper: P-1 Subordinated debt: Baa2 **S&P:** Senior unsecured debt maturing in one year or more: A- Senior unsecured debt maturing in less than one year: A-2 Senior subordinated debt: BBB+/A-2 Subordinated debt: BBB **Fitch**: Long term senior non-preferred debt: A- Long term senior preferred debt: A- Short term senior unsecured debt: F2

	Section C – The Securities	
C.1	**Description of Type and Class of Securities**:	The Notes to be issued under the Programme may be issued on a senior or subordinated basis and may bear interest at a fixed rate, floating rate or other variable rate. ***Issuance in Series***: Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations. [*The Notes are issued as Series number [●], Tranche number [●].*] [*The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [insert description of the Series] on [insert date/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as specified in the relevant Final Terms*.] ***Forms of Notes***: Notes may only be issued in bearer form. Each Tranche of Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in new global note form (a "**Classic Global Note**" or "**CGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a "**New Global Note**" or "**NGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

	Section C – The Securities	
		Security Identification Number(s): In respect of each Tranche of Notes, the relevant security identification number(s) will be specified in the relevant Final Terms. [*ISIN Code: [●]* *Common Code: [●]*]
C.2	**Currencies of the Securities Issue**:	Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated. [*The Notes are denominated in [●]*.]
C.5	**Free Transferability**:	The Issuer and the Dealers (as defined in E.4) have agreed certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material. The Notes may not be transferred prior to the issue date. Selling restrictions apply to offers, sales or transfers of the Notes under the applicable laws in various jurisdictions. For each issue of securities a minimum tradeable amount could be set out in the relevant Final Terms. Regarding the United States of America, among other limitations, Notes will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. United Kingdom, France, Italy, Japan, the Kingdom of Spain, Hong Kong, the People's Republic of China, Singapore, Switzerland, Taiwan and the Republic of Korea are jurisdictions where selling restrictions apply, including without limitation the fact that offer and sale of Notes may not be carried out in said countries except when certain exemptions or conditions, as applicable in each of the jurisdictions, are met and in compliance with all legal and regulatory requirements under each relevant securities laws and regulations.
C.8	**The Rights Attaching to the Securities, including Ranking and Limitations**	Notes issued under the Programme will be subject to, amongst others, the following terms and conditions: ***Status of the Notes:*** Notes may be issued on a subordinated (in which case will be Senior Subordinated Notes or Tier 2 Subordinated Notes) or unsubordinated (in which case they will be Ordinary Senior Notes or Senior Non Preferred Notes) basis, as specified in the relevant Final Terms.

	Section C – The Securities	
	to those Rights:	[*Status of the Notes:* *[The Ordinary Senior Notes constitute direct, unconditional, unsubordinated and unsecured obligations (créditos ordinarios) of the Issuer and, but subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), upon the insolvency of the Issuer (and unless they qualify as subordinated claims (créditos subordinados) pursuant to Article 92.1º or 92.3º to 92.7º of Law 22/2003 of 9 July 2003 (Ley Concursal) (the "**Insolvency Law**"), such payment obligations in respect of principal rank (a) pari passu among themselves and with any Senior Higher Priority Liabilities, and (b) senior to (i) Senior Non Preferred Liabilities and (ii) any present and future subordinated obligations (créditos subordinados) of the Issuer in accordance with Article 92 of the Insolvency Law.]/* *[The Senior Non Preferred Notes constitute, direct, unconditional, unsubordinated and unsecured obligations (créditos ordinarios) of the Issuer in accordance with Additional Provision 14.2º of Law 11/2015, but subject to any other ranking that may apply as a result of any mandatory provision of law, and upon the insolvency of the Issuer (and unless they qualify as subordinated claims (créditos subordinados) pursuant to Article 92.1º or 92.3º to 92.7º of Law 22/2003 of 9 July 2003 (Ley Concursal) (the "**Insolvency Law**") or equivalent legal provisions which replace it in the future, and subject to any applicable legal and statutory exceptions) rank (a) pari passu among themselves and with any Senior Non Preferred Liabilities, (b) junior to the Senior Higher Priority Liabilities (and, accordingly, upon the insolvency of the Issuer the claims in respect of Senior Non Preferred Notes will be met after payment in full of the Senior Higher Priority Liabilities), and (c) senior to any present and future subordinated obligations (créditos subordinados) of the Issuer in accordance with Article 92 of the Insolvency Law.]/* *[The Senior Subordinated Notes (being Notes which specify their status as Subordinated) constitute direct, unconditional, unsecured and subordinated obligations (créditos subordinados) of the Issuer according to Article 92.2º of the Insolvency Law and, in accordance with Additional Provision 14.3º of Law 11/2015, but subject to any other ranking that may*

	Section C – The Securities	
		apply as a result of any mandatory provision of law (or otherwise), upon the insolvency of the Issuer (unless they qualify as subordinated claims (créditos subordinados) pursuant to Articles 92.3º to 92.7º of the Insolvency Law) rank: *(i) for so long as the obligations of the Issuer in respect of the relevant Subordinated Notes constitute Senior Subordinated Liabilities of the Issuer:* (a) *pari passu among themselves and with (i) all other claims for principal in respect of Senior Subordinated Liabilities which are not subordinated obligations (créditos subordinados) under Articles 92.3º to 92.7º of the Insolvency Law, and (ii) any other subordinated obligations (créditos subordinados) which by law and/or by their terms, to the extent permitted by Spanish law, rank pari passu with the Issuer's obligations under the relevant Subordinated Notes;* (b) *junior to (i) any unsubordinated obligations (créditos ordinarios) of the Issuer (including any Senior Non Preferred Liabilities), (ii) any subordinated obligations (créditos subordinados) of the Issuer which become subordinated pursuant to Article 92.1º of the Insolvency Law, and (iii) any other subordinated obligations (créditos subordinados) which by law and/or by their terms, to the extent permitted by Spanish law, rank senior to the Issuer's obligations under the relevant Subordinated Notes; and* (c) *senior to (i) any claims for principal in respect of additional Tier 1 capital instruments or Tier 2 Notes, (ii) any subordinated obligations (créditos subordinados) under Articles 92.3º to 92.7º of the Insolvency Law, and (iii) any other subordinated obligations (créditos subordinados) of the Issuer which by law and/or by their terms, to the extent permitted by Spanish law, rank junior to the obligations of the Issuer under the relevant Subordinated Notes]/* *[The Tier 2 Subordinated Notes (being Notes which specify their status as Subordinated) constitute direct, unconditional, unsecured and subordinated obligations (créditos subordinados) of the Issuer according to Article 92.2º of the Insolvency Law and, in accordance with Additional Provision 14.3º of Law 11/2015, but subject to any other ranking that may apply as a result of any mandatory provision of law (or*

	Section C – The Securities	
		otherwise), upon the insolvency of the Issuer (unless they qualify as subordinated claims (créditos subordinados) pursuant to Articles 92.3º to 92.7º of the Insolvency Law) rank: *(ii) for so long as the obligations of the Issuer in respect of the relevant Subordinated Notes constitute Tier 2 Notes of the Issuer:* (a) *pari passu among themselves and with (i) all other claims for principal in respect of Tier 2 Notes which are not subordinated obligations under Articles 92.3º to 92.7º of the Insolvency Law, and (ii) any other subordinated obligations (créditos subordinados) which by law and/or by their terms, to the extent permitted by Spanish law, rank pari passu with the Issuer's obligations under the relevant Subordinated Notes;* (b) *junior to (i) any unsubordinated obligations (créditos ordinarios) of the Issuer (including any Senior Non Preferred Liabilities), (ii) any subordinated obligations (créditos subordinados) of the Issuer under Article 92.1º of the Insolvency Law, (iii) any claims for principal in respect of Senior Subordinated Liabilities which are not subordinated obligations under Articles 92.3º to 92.7º of the Insolvency Law, and (iv) any other subordinated obligations (créditos subordinados) which by law and/or by their terms, to the extent permitted by Spanish law, rank senior to the Issuer's obligations under the relevant Subordinated Notes; and* (c) *senior to (i) any claims for principal in respect of additional Tier 1 capital instruments of the Issuer, (ii) any subordinated obligations (créditos subordinados) under Articles 92.3º to 92.7º of the Insolvency Law, and (iii) any other subordinated obligations (créditos subordinados) of the Issuer which by law and/or by their terms, to the extent permitted by Spanish law, rank junior to the obligations of the Issuer under the relevant Subordinated Notes.]* ***Taxation***: All payments in respect of Notes will be made free and clear of withholding taxes of Spain, unless the withholding is required by law (as stated under the heading "Taxation – Taxation in Spain"). In that event, the Issuer will (subject to customary exceptions and, in respect of Tier 2 Subordinated

	Section C – The Securities	
		Notes, only in respect of the payment of interest) pay such additional amounts as stated in the Notes. ***Information requirements under Spanish law***: Under Spanish Law 10/2014 and Royal Decree 1065/2007, as amended, the Issuer is required to receive certain information relating to the Notes. If the Issue and Paying Agent fails to provide the Issuer with the required information described under Annex to Royal Decree 1065/2007, of 27 July (See— "Taxation— Taxation in Spain"), the Issuer will be required to withhold tax and may pay income in respect of the relevant Notes net of the Spanish withholding tax applicable to such payments (currently at the rate of 19%). None of the Issuer, the Arranger, the Dealers or the European clearing systems assumes any responsibility therefor. ***Enforcement of Notes in Global Form***: In the case of Global Notes, individual investors' rights against the Issuer will be governed by a Deed of Covenant dated 18 June 2019, a copy of which will be available for inspection at the specified office of the Issue and Paying Agent.
C.9	**The Rights Attaching to the Securities (Continued), including Information as to Interest, Maturity, Yield and the Representative of the Holders**:	See C.8 for a description of the rights attaching to the Notes, ranking and limitations. ***Interest:*** Interest (if any) 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. The method of calculating interest may vary between the issue date and the maturity date of the relevant Series. Fixed Rate Notes bear interest at the fixed rate(s) of interest specified in the relevant Final Terms. The rate of interest will remain constant or may be altered on certain reset dates specified in the relevant Final Terms. Floating Rate Notes bear interest at a variable rate either determined (a) on the basis of a floating rate set out in the 2006 ISDA Definitions, or (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service, together with the (positive or negative) margin (if any). Zero Coupon Notes will be offered and sold at a discount to, or at 100% of, their principal amount. Zero Coupon Notes do not bear interest and an investor will not receive any return on the Notes until redemption.

	Section C – The Securities	
		CMS-Linked Notes bear interest (if any) at a rate determined by reference to one or more swap rates. If Step Up provisions are specified in the relevant Final Terms as being applicable, upon a decrease in the rating of the Ordinary Senior Notes, the interest rate will be increased by the relevant percentage specified in the Final Terms, with effect from the following interest payment date. Applicable dates from which interest becomes payable, interest payment dates and arrangements for the amortisation of the Notes (including the repayment procedures and an indication of yield) will be specified in the Final Terms. Notes may be issued with any maturity and may be redeemable at the redemption amount specified in the relevant Final Terms, in each case subject to compliance with all applicable legal, regulatory and/or central bank requirements. Tier 2 Subordinated Notes will have a maturity of not less than five years in accordance with Applicable Banking Regulations. [*Interest: The Notes bear interest from [●] at a fixed rate of [●]% per annum payable in arrear on [●]*.]
		[*Interest: The Notes bear interest from [●] at a rate equal to the sum of [●]% per annum and [period] / [currency] [EURIBOR/LIBOR] determined in respect of each Interest Period on the day which is [●]] [[●] business days] before] the first day of the Interest Period and payable in arrear on [●]*. [*EURIBOR in respect of a specified currency and a specified period is the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation]/[LIBOR in respect of a specified currency and a specified period is the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over administration of that rate).]*] *[CMS-Linked: The Notes bear interest from [●] at a rate equal to [constant maturity swap rate appearing on the Relevant Screen Page] [[plus/less] [●]% per annum and [period]]]*. *[Zero Coupon Notes: The Notes do not bear interest.]* *[Interest: The Notes do not bear interest.]*

	Section C – The Securities	
		Maturities: The Notes may be issued with any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements. Tier 2 Subordinated Notes qualifying as regulatory capital (*recursos propios*) must have a minimum maturity of five years, unless otherwise permitted by applicable laws or regulations and/or *Banco de España* requirements. Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000, by the Issuer. [*Maturity Date: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed on [●]*.] ***Redemption***: Notes may be redeemable at par or at such other Redemption Amount as may be specified in the relevant Final Terms subject to compliance with all applicable legal and/or regulatory requirements. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Final Terms.

	Section C – The Securities	
		Optional Redemption: Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the Final Terms. Any early redemption of Subordinated Notes or Senior Non Preferred Notes qualifying as regulatory capital (*recursos propios*) and TLAC/MREL instruments, and Ordinary Senior Notes eligible to comply with the Applicable TLAC/MREL Requirements, will be (if required at the time by the Applicable Banking Regulations) subject to the prior consent of *Banco de España* and may not take place within a period of five years from their date of issue or as otherwise permitted by Applicable Banking Regulations. Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes eligible to comply with the TLAC/MREL Requirements, may not be redeemed at the option of the Noteholder prior to their stated maturity. *Optional Redemption: The Notes may be redeemed before their stated maturity at the option of the Issuer [in whole]/[in whole or in part] on [●] at [●], plus accrued interest (if any) to such date, on the Issuer's giving appropriate notice to the Noteholders*.] [*Redemption at the Option of the Noteholders: The Issuer shall, at the option of the holder of any Senior Note redeem such Senior Note on [●] at [●] together with interest (if any) accrued to such date*.] ***Tax Redemption***: Except as described in "**Optional Redemption**" above, early redemption will only be permitted for tax reasons if (i) as a result of any change in the laws or regulations of Spain or in either case of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or application of any such laws or regulations which becomes effective on or after the date of issue of such Notes or any earlier date specified in the relevant Final Terms, (a) the Issuer is required to pay additional amounts, or (b) in the case of Subordinated Notes and Senior Non Preferred Notes, the Issuer is no longer entitled to claim a deduction in respect of any payments in relation to such instruments in computing its taxation liabilities or the value of such deduction to the Issuer would be materially reduced and (ii) such circumstances are evidenced by the delivery by the Issuer to the Issue and Paying Agent of a certificate signed by two Authorised Signatories of the Issuer stating that the said circumstances prevail and describing the facts leading thereto, an opinion of independent legal advisers of recognised standing to the effect that such

	Section C – The Securities	
		circumstances prevail and, in the case of (i) Subordinated Notes and Senior Non Preferred Notes qualifying as regulatory capital (*recursos propios*) and TLAC/MREL instruments, and (ii) Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements, a copy of the Relevant Authority consent to the redemption (if required at the time by Applicable Banking Regulations). ***Total loss absorbing capacity / Minimum requirement for own funds and eligible liabilities ("TLAC/MREL") Redemption:*** Except as described in "**Optional Redemption**" above, when applicable in accordance with the relevant Final Terms early redemption will only be permitted for TLAC/MREL reasons if, in the case of Senior Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes (when applicable as per the relevant Final Terms), all or part of the outstanding nominal amount does not fully qualify as instruments that comply with the relevant TLAC/MREL applicable regulations. Redemption of Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes as foreseen in paragraph above will be subject to the prior consent of the Relevant Authority if and as required therefor under Applicable Banking Regulations and may only take place in accordance with Applicable Banking Regulations in force at the relevant time. ***Yield***: The yield of each Tranche of Notes will be calculated using the relevant Issue Price at the relevant Issue Date. [*Yield: Based upon the Issue Price of [●], at the Issue Date the anticipated yield of the Notes is [●]% per annum*.] ***Representative of the Noteholders***: **[**Not Applicable]. The Holders of the Notes of the relevant Series shall meet in accordance with the regulations governing the relevant Syndicate of Holders of the Notes (the "**Regulations**"), which contain the rules governing the functioning of each Syndicate and the rules governing its relationship with the Issuer. The Syndicate will appoint a Commisioner.
C.10	**Derivative Components**:	Not Applicable. Payments of interest on the Notes shall not involve any derivative component.
C.11	**Listing and Trading**:	Applications have been made for Notes to be admitted during the period of 12 months after the date hereof to listing on the Official List of Euronext Dublin and to trading on the Regulated Market of Euronext Dublin, as specified in the relevant Final Terms. The Programme also permits Notes to be issued on the basis that they will be admitted to trading and/or

	Section C – The Securities	
		quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer. [*Application has been made for the Notes to be admitted to listing on the Official List of Euronext Dublin.]* [*Application has been made for the Notes to be admitted to trading on the Regulated Market of Euronext Dublin.]*
C.21	**Admission to trading and dealing arrangements**	Application has been made for Notes to be admitted during the period of 12 months after the date hereof to trading on the Regulated Market of Euronext Dublin, as specified in the relevant Final Terms.

	Section D - Risks	
D.2	**Risks Specific to the Issuer**:	*Since the Consumer Group's loan portfolio is concentrated in continental Europe, adverse changes affecting the continental European economy could adversely affect the Consumer Group's financial condition.* *The business of the Consumer Group could be affected if its capital is not managed effectively.* *Some of the business of the Consumer Group is cyclical. The income of the Consumer Group may decrease when demand for certain products or services is in a down cycle.* *A sudden shortage of funds could increase the Consumer Group's cost of funding and have an adverse effect on its liquidity and funding.* *The Consumer Group is vulnerable to disruptions and volatility in the global financial markets.* *Risks concerning borrower credit quality and general economic conditions are inherent to the business of the Consumer Group.* *The financial problems which the customers of the Consumer Group may face could adversely affect the Consumer Group.* *Portions of the Consumer Group's loan portfolio are subject to risks relating to force majeure and any such event could have a material adverse effect on its operating results.*

	Section D - Risks	
		The Consumer Group is exposed to risks faced by other financial institutions. *Market risks associated with fluctuations in bond and equity prices and other market factors are inherent in the Consumer Group's business. Protracted market decline can reduce liquidity in the markets, making it harder to sell assets and leading to material losses.* *Despite the Consumer Group's risk management policies, procedures and methods, the Consumer Group may nonetheless be exposed to unidentified or unanticipated risks.* *The Consumer Group's recent and future acquisitions may not be successful and may be disruptive to the Consumer Group's business.* *Increased competition in the countries where the Consumer Group operates, may adversely affect the growth prospects and operations of the Consumer Group.* *Volatility in interest rates may negatively affect the Consumer Group's net interest income and increase the non-performing loan portfolio of the Consumer Group.* *Foreign exchange rate fluctuations may negatively affect the Consumer Group's earnings and the value of its assets and shares.* *Changes in the regulatory framework, including increased regulation of the financial services industry in the jurisdictions where the Consumer Group operates, could adversely affect its business.* *Operational risks are inherent in the business of the Consumer Group*: Losses can result from inadequate personnel, inadequate or failed internal control processes and systems, or from external events that interrupt normal business operations. *The Consumer Group relies on recruiting, retaining and developing appropriate senior management and skilled personnel.* *Damage to the reputation of the Consumer Group could cause harm to its business prospects.* *The Consumer Group is exposed to risk of loss from legal and regulatory proceedings.* *Credit, market and liquidity risk may have an adverse effect on the Consumer Group's credit ratings and its cost of funding.*

	Section D - Risks	
D.3	**Risks Specific to the Notes:**	***Risk Relating to the Insolvency Law****:* Law 22/2003 (*Ley Concursal*) dated 9 July 2003, regulates the bankruptcy, insolvency (including suspension of payments) and any process affecting creditors' rights generally, including the ranking of its creditors. ***Risk in Relation to Spanish Taxation****:* Under Spanish Law 10/2014 and Royal Decree 1065/2007, as amended, the Issuer is required to receive certain information relating to the Notes. If the Issue and Paying Agent fails to provide the Issuer with the required information described under Annex to Royal Decree 1065/2007, of 27 July (See— "Taxation— Taxation in Spain"), the Issuer will be required to withhold tax and may pay income in respect of the relevant Notes net of the Spanish withholding tax applicable to such payments (currently at the rate of 19%). None of the Issuer, the Arranger, the Dealers or the European clearing systems assumes any responsibility therefor. ***Recovery and Resolution Directive***: Reforms to the Spanish banking legislation that result from the Recovery and Resolution Directive could lead to Notes being used to absorb losses of the Issuer in certain circumstances. ***Risks Relating to the Commissioner***: The Issuer shall appoint a commissioner (*comisario*) in relation to each issue of Notes. The Commissioner owes certain obligations to the Syndicate of Noteholders (as described in the Issue and Paying Agency Agreement). However, prospective investors should note that the Commissioner will be an individual or entity appointed by the Issuer and that such individual may also be an employee or officer of the Issuer. ***Suitability:*** An investment in the Notes may not be appropriate or suitable for a prospective investor based on their particular circumstances. ***No active trading market***: Although application has been made for the Notes issued under the Programme to be admitted to listing on the Official List and to trading on the Regulated Market of Euronext Dublin, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. ***Redemption of Notes prior to maturity***: An optional redemption feature of the Notes is likely to limit their market value. The Issuer may exercise the option to redeem the Notes when interest rates are relatively low so an investor may not

	Section D - Risks	
		be able to reinvest in a comparable security at as high an interest rate. ***Global Notes***: Holders of Global Notes will need to rely on the procedures of Euroclear and Clearstream or any other clearing system with which such Global Notes are deposited for transfers of and payments in respect of Notes and for communications with the Issuer. Key risks specific to Renminbi denominated Notes include: ***Convertibility of Renminbi***: Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Renminbi Notes. ***Availability of Renminbi outside the PRC***: there is only limited availability of Renminbi outside the PRC (due to restrictions), which may affect the liquidity of the Renminbi Notes and the Issuer's ability to source Renminbi to finance its obligations under the Renminbi Notes. ***Exchange rate and interest rate risks***: investment in Renminbi is subject to exchange rate, currency and interest rate risks. ***Risks in relation to payments:*** payments in respect of Renminbi Notes may be made only in the manner designated in the Renminbi Notes. ***Risks in relation to income tax***: gains on the transfer of Renminbi Notes may become subject to income taxes under PRC tax laws. Key risks specific to the structure of a particular issue of Notes include: ***Notes subject to optional redemption by the Issuer*** ***Risks in relation to early redemption of Subordinated Notes*** ***Partly-paid Notes***: The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of their investment. ***Fixed/Floating Rate Notes****:* Fixed/Floating Rate Notes may bear interest, the rate of which may be converted by the Issuer at any time. The exercise of any such conversion right by the Issuer may affect the market value of the Notes and the interest rates and interest rate spreads applicable to such

	Section D - Risks	
		Notes, which may be less favourable than the prevailing rates and spreads on other comparable Notes. ***EU Benchmark Regulation****:* The value of and return on any Notes linked to a benchmark may be adversely affected by ongoing national and international regulatory reform in relation to benchmarks Reference rates and indices such as Euro Interbank Offered Rate ("**EURIBOR**") or London Interbank Offered Rate ("**LIBOR**")." ***Notes issued at a substantial discount or premium***: The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities. ***The Issuer's obligations under Subordinated Notes are subordinated***: The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior to all unsubordinated obligations of the Issuer. Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a greater risk that an investor in Subordinated Notes will lose all or some of his investment should the Issuer become (i) subject to resolution under the BRRD and the Subordinated Notes become subject to the application of the Bail-In Power (and, in case they constitute Tier 2 instruments, the Non-Viability Loss Absorption) or (ii) insolvent. ***The Terms and Conditions of the Notes may contain a waiver of set-off rights****: The Terms and Conditions provide that, if so specified in the Final Terms, Holders of Notes waive any set-off, netting or compensation rights against any right, claim, or liability the Issuer has, may have or acquire against any Holder, directly or indirectly,howsoever arising. As a result, Holders will not at any time be entitled to set-off theIssuer's obligations under the Notes against obligations owed by them to the Issuer.* ***Zero Coupon Notes****: The Issuer may issue Zero Coupon Notes, which will bear no interest and an investor will receive no return on such Notes until redemption. Any investors holding these Notes will be subject to the risk that the amortised yield in respect of the Notes may be less than market rates.*

	Section D - Risks	
		Notes issued at a substantial discount or premium*: The Issuer may issue Notes at a substantial discount or premium from their principal amount, including Zero Coupon Notes. The market values of such Notes tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the Notes, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.* ***Risks related to Subordinated Notes and Senior Non Preferred Notes****:* *An investor in Subordinated Notes assumes an enhanced risk of loss in the event of the Issuer's insolvency or resolution.* *The Senior Non Preferred Notes are second ranking senior obligations and are junior to certain obligations.* *The Subordinated Notes and the Senior Non Preferred Notes provide for limited events of default. Holders of Notes may not be able to exercise their rights on an event of default in the event of the adoption of any early intervention or resolution measure under Law 11/2015.* *The Subordinated Notes and the Senior Non Preferred Notes may be redeemed prior to maturity upon the occurrence of a Capital Disqualification Event or a TLAC/MREL Disqualification Event.* *The qualification of the Senior Non Preferred Notes as TLAC/MREL-Eligible Notes is subject to uncertainty.* *The Subordinated Notes and the Senior Non Preferred Notes may be subject to substitution and/or variation without Holders' consent.* *Senior Non Preferred Notes are new types of instruments for which there is little trading history.* *The Notes may be denominated in a currency different to the investor's home currency.*

	Section E – Offer	
E.2b	**Reasons for the Offer and**	The net proceeds from each issue of Notes will be used for the general financing purposes of the Issuer.

	Section E – Offer	
	Use of Proceeds:	
E.3	**Terms and Conditions of the Offer**:	Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions. The Terms and Conditions of any Public Offer shall be published by the relevant Authorised Offeror on its website at the relevant time. [*The Issue Price of the Notes is [●]% of their principal amount.*] Public Offers may only be made in Ireland and must be made during the Offer Period.
E.4	**Interests Material to the Issue**:	[*A description of any interest that is material to the issue/offer including conflicts of interest*] [*Not applicable*] The Issuer has appointed Banca IMI S.p.A., Banco Santander, S.A., Bank of America Securities Europe SA, Barclays Bank Ireland PLC, Barclays Bank PLC, BNP Paribas, Cecabank, S.A., Citigroup Global Markets Europe AG, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, ING Bank N.V., J.P. Morgan Securities plc, Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH, Merrill Lynch International, Mizuho International plc, Mizuho Securities Europe GmbH, Morgan Stanley & Co. International plc, MUFG Securities (Europe) N.V., NATIXIS, NatWest Markets N.V., NatWest Markets Plc, Nomura International plc, Skandinaviska Enskilda Banken AB (publ), Société Générale, UBS Europe SE and UniCredit Bank AG (the "**Dealers**") as Dealers for the Programme. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in the Dealer Agreement made between the Issuer and the Dealers. [*Syndicated Issue: The Issuer has appointed [●], [●] and [●] (the "**Managers**") as Managers of the issue of the Notes. The arrangements under which the Notes are sold by the Issuer to, and purchased by, Managers are set out in the Subscription Agreement made between the Issuer and the Managers*]

	Section E – Offer	
		[*Non-Syndicated Issue: The Issuer has appointed [●] (the "**Dealer**") as Dealer in respect of the issue of the Notes. The arrangements under which the Notes are sold by the Issuer to, and purchased by, Dealer are set out in the Dealer Agreement made between, amongst others, the Issuer and the Dealer*] *[Stabilising Manager(s): [●] [and [●].]*
E.7	**Estimated Expenses**:	No expenses will be chargeable by the Issuer to an Investor in connection with any offer of Notes. Any expenses chargeable by an Authorised Offeror to an Investor shall be charged in accordance with any contractual arrangements agreed between the Investor and such Authorised Offeror at the time of the relevant offer.

RISK FACTORS

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

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

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

1. Macro-Economic and Political Risks

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

The Consumer Group's loan portfolio is concentrated in continental Europe, particularly in Germany and Austria, Spain and Portugal, and Scandinavia. At December 31, 2018, Germany and Austria accounted for 39% of the Consumer Group's total loan portfolio, Spain and Portugal accounted for 18% and Scandinavia accounted for 18%. Accordingly, the recoverability of these loan portfolios in particular, and the Consumer Group's ability to increase the amount of loans outstanding and the Consumer Group's results of operations and financial condition in general, are dependent to a significant extent on the level of economic activity in continental Europe. A return to recessionary conditions in the economies of continental Europe (in particular, Germany) would likely have a significant adverse impact on the Consumer Group's loan portfolio and, as a result, on the Consumer Group's financial condition, cash flows and results of operations, including potential upcoming political-related events in the countries where the Consumer Group operates.

The economies of some of the countries where the Consumer Group operates have been affected by a series of political events, including the United Kingdom's vote to leave the European Union in June 2016 and the UK's subsequent negotiations with the EU, which are causing significant volatility and have given rise to increasing anti-EU sentiment and populist movements in other EU member states. In 2017, the Catalonian region experienced several social and political movements calling for the region's secession from Spain. As of the date of this Base Prospectus, there is still uncertainty regarding the outcome of political and social tensions in Catalonia, which

could result in potential disruptions in business, financing conditions or the environment in which the Consumer Group operates in the region and in the rest of Spain. In addition, the tensions in 2018 between the Italian government and the EU over Italy's fiscal policy and budget have contributed to increased instability. Continued or worsening political conflicts in the EU could have a negative impact on the economies of the EU and consequently could have a material adverse effect on the Consumer Group's business, results of operations, financial condition and prospects. There can be no assurance that the European and global economic environments will not continue to be affected by political developments, including upcoming elections in 2018 in key EU member states.

The economies of some of the countries where the Consumer Group operates have experienced volatility since the recent global financial crisis. This volatility resulted in fluctuations in the levels of deposits and in the relative economic strength of various segments of the economies to which the Consumer Group lends. In addition, some of the countries where the Consumer Group operates are particularly affected by commodities' price fluctuations, which in turn may affect financial market conditions through exchange rate fluctuations, interest rate volatility and deposits volatility. Negative and fluctuating economic conditions, such as slowing or negative growth and a changing interest rate environment, impact the Consumer Group's profitability by causing lending margins to decrease and credit quality to decline and leading to decreased demand for higher margin products and services.

There is uncertainty over the long-term effects of the monetary and fiscal policies that have been adopted by the central banks and financial authorities of some of the world's leading economies. Negative and fluctuating economic conditions in the countries in which the Consumer Group operates, such as those that certain European countries have experienced recently, could also result in government defaults on public debt. This could affect the Consumer Group indirectly, through instabilities that a default in public debt could cause to the Banking system as a whole, particularly since other commercial banks' exposure to government debt is high in these regions or countries.

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

The Consumer Group's earnings are affected by global and local economic and market conditions. There is a rise in protectionism, including as may be driven by populist sentiment and structural challenges facing developed economies. This rise could contribute to weaker global trade, potentially affecting the Consumer Group's traditional lines of business. In particular, the US may impose tariffs on European car manufacturers, which would have a negative impact on the automotive sector. In addition, there is the potential for changes in immigration policies in multiple jurisdictions around the world, including the United States. Growing protectionism and restrictions on immigration could have a negative impact on the economies of the countries where the Consumer Group operates, which would also impact its operating results, financial condition and prospects.

Exposure to UK political developments, including the ongoing negotiations between the UK and the European Union, could have a material adverse effect on the Consumer Group

On 23 June 2016, the UK held a referendum (the "**UK EU Referendum**") on its membership of the EU, in which a majority voted for the UK to leave the EU ("**Brexit**"). Immediately following the result, the UK and global stock and foreign exchange markets commenced a period of significant volatility, including a steep devaluation of the pound sterling. There remains significant uncertainty relating to the UK's exit from, and future relationship with, the EU and the basis of the UK's future trading relationship with the rest of the world.

On 29 March 2017, the UK Prime Minister gave notice under Article 50(2) of the Treaty on European Union of the UK's intention to withdraw from the EU. The delivery of the Article 50(2) notice triggered a two year period of negotiation to determine the terms on which the UK will exit the EU and the framework for the UK's future relationship with the EU (the "**Article 50 Withdrawal Agreement**"). On 10 April 2019, this withdrawal date was extended to 31 October 2019, with a review to be held on 30 June 2019. As part of these negotiations, a transitional period has been agreed in principle which would extend the application of European Union law, and provide for continuing access to the European Union single market, until the end of 2020.

It remains uncertain whether the Article 50 Withdrawal Agreement will be finalised and ratified by the UK and the EU. There are also ongoing political discussions around Brexit, including discussions on delaying the timing for the UK's exit from the EU to provide more time for the UK and the EU to finalise negotiations on and ratify the Article 50 Withdrawal Agreement. If the Article 50 Withdrawal Agreement is not ratified and the timing is not or is not sufficiently extended, the Treaty on the European Union and the Treaty on the Functioning of the European Union will cease to apply to the UK from 31 October 2019. Whilst continuing to negotiate the Article 50 Withdrawal Agreement, the UK Government has commenced preparations for a "hard Brexit" or "no-deal Brexit" to minimise the risks for firms and businesses associated with an exit with no transitional agreement. This has included publishing legislation under powers provided in the European Union (Withdrawal) Act 2018 to ensure that there is a functioning statute book on the UK's exit from the EU. The European authorities have not provided UK firms and businesses with similar assurances in preparation for a "hard" Brexit although some member states have individually announced or introduced their own measures to mitigate relevant issues. Due to the ongoing political uncertainty as regards the terms of the UK's withdrawal from the EU and the structure of the future relations, it is not possible to determine the precise impact on general economic conditions in the UK and/or on the business of the Issuer or any other party to the Transaction Documents. There is a possibility that the UK's membership ends at such time without reaching any agreement on the terms of its relationship with the EU going forward, and currently the Article 50 Withdrawal Agreement, which provides for a transitional period whilst the future relationship between the UK and the EU is negotiated, has not been ratified by the U.K. Parliament.

A general election in the UK was held on 8 June 2017 (the "**General Election**"). The General Election resulted in a hung parliament with no political party obtaining the majority required to form an outright government. On 26 June 2017, it was

announced that the Conservative Party had reached an agreement with the Democratic Unionist Party (the "**DUP**") in order for the Conservative Party to form a minority government with legislative support ("confidence and supply") from the DUP. On 24 May 2019, Ms. Theresa May announced her resignation as Prime Minister, which became effective on 7 June 2019. Ms. May will remain as "caretaker" Prime Minister until the conclusion of the UK Conservative Party leadership election, likely to be in July 2019. There is an ongoing possibility of an early general election ahead of 2022 and of a change of government. The continuing uncertainty surrounding the Brexit outcome has had an effect on the UK economy, particularly towards the end of 2018, and this uncertainty continues into 2019. Consumer and business confidence indicators have continued to fall (for example, the GfK consumer confidence index fell to -14 in January 2019) and this has had a significant impact on consumer spending and investment, both of which are vital components of economic growth. The outcome of Brexit remains unclear. However, a UK exit from the EU with a no-deal continues to remain a possibility and the consensus view is that this would have a negative impact on the UK economy, affecting its growth prospects, based on scenarios put forward by such institutions as the Bank of England, the UK Government and other economic forecasters.

While the longer -term effects of the UK's imminent departure from the EU–are difficult to predict, there is short term political and economic uncertainty. The Governor of the Bank of England warned that the UK exiting the EU without a deal could lead to considerable financial instability, a very significant fall in property prices, rising unemployment, depressed economic growth and higher inflation and interest rates. The Governor also warned that the Bank of England would not be able to apply interest rate reductions. This could inevitably affect the UK's attractiveness as a global investment centre and likely have a detrimental impact on UK economic growth.

If a no-deal Brexit did occur, it would be likely that economic growth would slow significantly, and it would be possible that there would be severely adverse economic effects.

The UK's imminent departure from the EU has also given rise to further calls for a second referendum on Scottish independence and raised questions over the future status of Northern Ireland. These developments, or the perception that they could occur, could have a material adverse effect on economic conditions and the stability of financial markets in the UK, and could significantly reduce market liquidity and restrict the ability of key market participants to operate in certain financial markets in this country.

Asset valuations, currency exchange rates and credit ratings may be particularly subject to increased market volatility if the negotiation of the UK's exit from the EU continues without an agreement. The major credit rating agencies changed their outlook to negative on the UK's sovereign credit rating following the UK EU Referendum, and that has not changed. In addition, the Consumer Group is subject to substantial EU-derived regulation and oversight. Although legislation has now been passed transferring the EU acquis into UK law, there remains significant uncertainty as to the respective legal and regulatory environments in which the Consumer Group will operate when the UK is no longer a member of the EU, and the basis on which cross-border financial business will take place after the UK leaves the EU.

Ongoing uncertainty within the UK Government and Parliament, and the rejection of the Withdrawal Agreement by the House of Commons, and the risk that this results in the UK Government falling could cause significant market and economic disruption, which could have a material adverse effect on the Consumer Group's operations, financial condition and prospects.

Continued ambiguity relating to the UK's withdrawal from the EU, along with any further changes in government structure and policies, may lead to further market volatility and changes to the fiscal, monetary and regulatory landscape in which the Consumer Group operates and could have a material adverse effect on it, including its ability to access capital and liquidity on financial terms acceptable to the Consumer Group and, more generally, on its operating results, financial condition and prospects.

The Consumer Group is vulnerable to the risks of a slowdown in one or more of the economies in which it operates, as well as disruptions and volatility in the global financial markets

Global economic conditions deteriorated significantly between 2007 and 2009, and many of the countries in which the Consumer Group operates fell into recession. Although most countries recovered, this recovery may not be sustainable. Many major financial institutions, including some of the world's largest global commercial banks, investment banks, mortgage lenders, mortgage guarantors and insurance companies experienced, and some continue to experience, significant difficulties. Around the world, there were runs on deposits at several financial institutions, numerous institutions sought additional capital or were assisted by governments, and many lenders and institutional investors reduced or ceased providing funding to borrowers (including to other financial institutions). In the European Union, the principal concern today is the risk of slowdown of activity, because the tax and financial integration, although not completed, has limited an individual country's ability to address potential economic crises with its own fiscal and monetary policies.

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

- Reduced demand for the Consumer Group's products and services.
- Increased regulation of the Consumer Group's industry. Compliance with such regulation will continue to increase the Consumer Group's costs and may affect the pricing for its products and services, increase the Consumer Group's conduct and regulatory risks related to non-compliance and limit its ability to pursue business opportunities.
- Inability of the Consumer Group's borrowers to timely or fully comply with their existing obligations. Macroeconomic shocks may negatively impact the household income of the Consumer Group's retail customers and may adversely affect the recoverability of its retail loans, resulting in increased loan losses.
- The process the Consumer Group uses to estimate losses inherent in its credit exposure requires complex judgments, including forecasts of economic conditions and how these economic conditions might impair the ability of the Consumer Group's borrowers to repay their loans. The degree of uncertainty concerning economic conditions may adversely affect the accuracy of the

Consumer Group's estimates, which may, in turn, impact the reliability of the process and the sufficiency of its loan loss allowances.

- The value and liquidity of the portfolio of investment securities that the Consumer Group holds may be adversely affected.
- Any worsening of global economic conditions may delay the recovery of the international financial industry and impact the Consumer Group's financial condition and results of operations.

Despite recent improvements in certain segments of the global economy, uncertainty remains concerning the future economic environment. Such economic uncertainty could have a negative impact on the Consumer Group's business and results of operations. A slowing or failing of the economic recovery would likely aggravate the adverse effects of these difficult economic and market conditions on the Consumer Group and on others in the financial services industry.

A return to volatile conditions in the global financial markets could have a material adverse effect on the Consumer Group, including its ability to access capital and liquidity on financial terms acceptable to the Consumer Group, if at all. If capital markets financing ceases to become available, or becomes excessively expensive, the Consumer Group may be forced to raise the rates paid on deposits to attract more customers and become unable to maintain certain liability maturities. Any such increase in capital markets funding availability or costs or in deposit rates could have a material adverse effect on the Consumer Group's interest margins and liquidity.

If all or some of the foregoing risks were to materialise, this could have a material adverse effect on the Consumer Group's financing availability and terms and, more generally, on its results, financial condition and prospects.

The Consumer Group may suffer adverse effects as a result of economic and sovereign debt tensions in the Eurozone

Conditions in the capital markets and the economy generally in the Eurozone showed signs of fragility and volatility, with political tensions in Europe being particularly heightened in the past three years. In addition, interest rate spreads among Eurozone countries affected government funding and borrowing rates in those economies. A reappearance of political tensions in the Eurozone could have a material adverse effect on the Consumer Group's operating results, financial condition and prospects.

The UK EU Referendum and subsequent negotiations are causing significant volatility in the global stock and foreign exchange markets. On 27 October 2017, a Spanish region (Catalonia) declared independence from Spain resulting in subsequent intervention by the Spanish Government and causing political, social and economic instability in this region. In 2018, conflicts between the EU and Italy regarding fiscal policy have also contributed to increase instability. Following these events, the risk of further instability in the Eurozone cannot be excluded.

In the past, the European Central Bank (the "**ECB"**) and European Council have taken actions with the aim of reducing the risk of contagion in the Eurozone and beyond and improving economic and financial stability. Notwithstanding these measures, a significant number of financial institutions throughout Europe have substantial exposures to sovereign debt issued by Eurozone (and other) nations, which may be under financial stress. Should any of those nations default on their debt, or experience a significant widening of credit spreads, major financial

institutions and banking systems throughout Europe could be adversely affected, with wider possible adverse consequences for global financial market conditions. The Consumer Group's net exposure to sovereign debt at 31 December 2018 amounted to €2,665 million (2.5% of the Consumer Group's total assets at that date) of which the main exposures relate to Spain, Poland, Italy, and Belgium, with net exposure of €1,252 million (which were financial assets at fair value through other comprehensive income), €647 million, €385 million and €122 million, respectively. The risk of returning to fragile, volatile and political tensions exists if current ECB policies in place to control the crisis are normalised, the reforms aimed at improving productivity and competition do not progress, the closing of the bank union and other measures of integration is not deepened or anti-European groups succeed.

The Consumer Group has direct and indirect exposure to financial and economic conditions throughout the Eurozone economies. Concerns relating to sovereign defaults or a partial or complete break-up of the European Monetary Union, including potential accompanying redenomination risks and uncertainties, still exist in light of the political and economic factors mentioned above. A deterioration of the economic and financial environment could have a material adverse impact on the whole financial sector, creating new challenges in sovereign and corporate lending and resulting in significant disruptions in financial activities at both the market and retail levels. This could materially and adversely affect the Consumer Group's operating results, financial position and prospects.

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

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

The Acquisition took place in execution of the resolution of the Steering Committee of the Spanish banking resolution authority ("**FROB**") of 7 June 2017, adopting the measures required to implement the decision of the European banking resolution authority (the "**Single Resolution Board**" or "**SRB**"), in its Extended Executive Session of 7 June 2017, adopting the resolution scheme in respect of Banco Popular, Español, S.A. ("**Banco Popular**"), in compliance with article 29 of Regulation (EU) No. 806/2014 of the European Parliament and Council of July 15 2014, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No. 1093/2010 (as amended or superseded from time to time, the "**SRM Regulation**").

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

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

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

evolution of the regulatory regime, and may lead to material operational and compliance costs.

The Consumer Group is from time to time subject to regulatory investigations and civil and tax claims, and party to certain legal proceedings incidental to the normal course of its business, including in connection with conflicts of interest, lending securities and derivatives activities, relationships with its employees and other commercial or tax matters. In view of the inherent difficulty of predicting the outcome of legal matters, particularly where the claimants seek very large or indeterminate damages, or where the cases present novel legal theories, involve a large number of parties or are in the early stages of investigation or discovery, the Consumer Group cannot state with confidence what the eventual outcome of these pending matters will be or what the eventual loss, fines or penalties related to each pending matter may be. The amount of the Consumer Group's reserves in respect of these matters is substantially less than the total amount of the claims asserted against it and, in light of the uncertainties involved in such claims and proceedings, there is no assurance that the ultimate resolution of these matters will not significantly exceed the reserves currently accrued by the Consumer Group. As a result, the outcome of a particular matter may be material to the Consumer Group's operating results for a particular period. At 31 December 2018, the Consumer Group had provisions for taxes and other legal contingencies for €66,102 million. In this regard, see note 21 to the 2018 Audited Consolidated Financial Statements.

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

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

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

The wide range of regulations, actions and proposals which most significantly affect the Consumer Group, or which could most significantly affect the Consumer Group in the future, relate to capital requirements, funding and liquidity, and development of a fiscal and banking union in the EU, which are discussed in further detail below. These and other regulatory reforms adopted or proposed in the wake of the financial crisis have increased and may continue to materially increase the Consumer Group's operating costs and negatively impact its business model. Furthermore, regulatory authorities have substantial discretion in how to regulate banks, and this discretion, and the means available to the regulators, have been increasing during recent years. Regulation may be imposed on an ad hoc basis by governments and regulators in response to a crisis. In addition, the volume, granularity, frequency and scale of regulatory and other reporting requirements necessitate a clear data strategy to enable consistent data aggregation, reporting and management. Inadequate management information systems or processes, including those relating to risk data aggregation and risk reporting, could lead to a failure to meet regulatory reporting requirements or other internal or external information demands and the Consumer Group may face supervisory measures as a result.

The main regulations and regulatory and governmental oversight that can adversely impact the Consumer Group include but are not limited to the following:

Capital requirements, liquidity, funding and structural reform

Increasingly onerous capital requirements constitute one of the Issuer's main regulatory challenges. Increasing capital requirements may adversely affect the Issuer's profitability and create regulatory risk associated with the possibility of failure to maintain required capital levels. As a Spanish financial institution, the Issuer is subject to the Capital Requirements Regulation (Regulation (EU) No 575/2013) ("**CRR**") and the Capital Requirements Directive (Directive 2013/36/EU) ("**CRD IV Directive**", and together with CRR and any implementing measures of both CRR and CRD IV Directive, "**CRD IV**"), through which the EU began implementing the Basel III capital reforms from 1 January 2014. While the CRD IV Directive required national transposition, the CRR was directly applicable in all the EU member states. This regulation is complemented by several binding technical

standards and guidelines issued by the European Banking Authority ("**EBA**"), directly applicable in all EU member states, without the need for national implementation measures either. The implementation of the CRD IV Directive into Spanish law has taken place through Royal Decree Law 14/2013, of November 29, Law 10/2014, Royal Decree 84/2015, of 13 February, developing Law 10/2014 ("**RD 84/2015**"), Bank of Spain Circular 2/2014, of 31 January, and Bank of Spain Circular 2/2016, of 2 February. Credit institutions, such as the Issuer, are required, on a standalone and consolidated basis, to hold a minimum amount of regulatory capital of 8% of risk weighted assets (of which at least 4.5% must be Common Equity Tier 1 ("**CET1**") capital and at least 6% must be Tier 1 capital). In addition to the minimum regulatory capital requirements, the CRD IV Directive also introduced five new capital buffer requirements that must be met with CET1 capital: (1) the capital conservation buffer for unexpected losses, requiring additional CET1 of up to 2.5% of total risk weighted assets; (2) the institution-specific counter-cyclical capital buffer (consisting of the weighted average of the counter-cyclical capital buffer rates that apply in the jurisdictions where the relevant credit exposures are located), which may require as much as additional CET1 capital of 2.5% of total risk weighted assets or higher pursuant to the requirements set by the competent authority; (3) the G-SIIs buffer requiring additional CET1 of between 1% and 3.5% of risk weighted assets; (4) the other systemically important institutions buffer (D-SII buffer), which may be as much as 2% of risk weighted assets; and (5) the CET1 systemic risk buffer to prevent systemic or macro prudential risks of at least 1% of risk weighted assets (to be set by the competent authority). Entities are required to comply with the "combined buffer requirement" (broadly, the combination of the capital conservation buffer, the institution-specific counter-cyclical buffer and the higher of (depending on the institution) the systemic risk buffer, the G-SIIs buffer and the other systemically important institutions buffer, in each case as applicable to the institution). At 31 December 2018 the Issuer has a phase-in CET1 capital ratio of 12.31% and a phase-in total capital ratio of 14.74%.

As of the date of this Base Prospectus, the Issuer is required to maintain a conservation buffer of additional CET1 capital of 2.5% of risk weighted assets and a countercyclical buffer estimated to be around 0.30%. In particular:

(a) The Bank of Spain has not required us to maintain the systemic risk buffer.

(b) The G-SIIs buffer applies to those institutions included in the list of global systemically important banks, which is updated annually by the Financial Stability Board (the "**FSB**"). We have not been classified as a G-SII by the FSB nor by the Bank of Spain so, unless otherwise indicated by the FSB or by the Bank of Spain in the future, it will not be required to maintain the G-SII buffer.

(c) Likewise, the D-SII buffer applies to those institutions deemed to be of local systemic importance, domestic systemically important banks; we have not been considered a D-SII during 2018 and, thus, it will not be required to maintain a D-SII buffer during this period.

(d) The percentages of the institution-specific countercyclical buffer are revised each quarter. The Bank of Spain agreed in March 2019 to maintain the

institution-specific countercyclical buffer applicable to credit exposures in Spain at 0% for the second quarter of 2019.

Article 104 of the CRD IV Directive, as implemented by Article 68 of Law 10/2014, and similarly Article 16 of Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions (the "**SSM Regulation**"), also contemplate that in addition to the minimum "Pillar 1" capital requirements and any applicable capital buffer, supervisory authorities may impose further "Pillar 2" capital requirements to cover other risks, including those not considered to be fully captured by the minimum capital requirements under the CRD IV Directive or to address macro-prudential considerations. This may result in the imposition of additional capital requirements on the Issuer and/or the Consumer Group pursuant to this "Pillar 2" framework. Any failure by the Issuer and/or the Consumer Group to maintain its "Pillar 1" minimum regulatory capital ratios and any "Pillar 2" additional capital requirements could result in administrative actions or sanctions (including, restrictions on discretionary payments), which, in turn, may have a material adverse impact on the Consumer Group's results of operations. The ECB clarified in its "Frequently asked questions on the 2016 EU-wide stress test" (July 2016) that the institutions specific Pillar 2 capital will consist of two parts: Pillar 2 requirement and Pillar 2 guidance. Pillar 2 requirements are binding and breaches can have direct legal consequences for banks, while Pillar 2 guidance is not directly binding and a failure to meet Pillar 2 guidance does not automatically trigger legal action, even though the ECB expects banks to meet Pillar 2 guidance. Following this clarification, the ones contained in the "EBA Pillar 2 Roadmap" (April 2017) and the guidelines on the revised common procedures and methodologies for the SREP and supervisor stress testing published by the EBA on 19 July 2018, banks are expected to meet the Pillar 2 guidance with CET1 capital on top of the level of binding capital requirements ("Pillar 1" capital requirements and "Pillar 2" capital requirements) and on top of the capital buffer requirements and it is understood that the Pillar 2 guidance is not relevant for the purposes of triggering the automatic restriction of the distribution and calculation of the "Maximum Distributable Amount" ("**MDA**").

The ECB is required to carry out, at least on an annual basis, assessments under the CRD IV Directive of the additional "Pillar 2" capital requirements that may be imposed for each of the European banking institutions subject to the Single Supervisory Mechanism (the "**SSM**") and accordingly requirements may change from year to year. Any additional capital requirement that may be imposed on the Issuer and/or the Consumer Group by the ECB pursuant to these assessments may require the Issuer and/or the Consumer Group to hold capital levels similar to, or higher than, those required under the full application of the CRD IV Directive. There can be no assurance that the Consumer Group will be able to continue to maintain such capital ratios.

In addition to the above, the EBA published on 19 December 2014 its final guidelines for common procedures and methodologies in respect of its supervisory review and evaluation process ("**SREP**"), which were then amended by the aforementioned EBA guidelines on the revised common procedures and methodologies for the SREP and supervisor stress testing published by the EBA on 19 July 2018. Included in this were the EBA's proposed guidelines for a common approach to determining the amount and composition of additional Pillar 2 capital requirements implemented on 1

January 2016. Under these guidelines, national supervisors must set a composition requirement for the Pillar 2 additional capital requirements to cover certain specified risks of at least 56% CET1 capital and at least 75% Tier 1 capital. The guidelines also contemplate that national supervisors should not set additional capital requirements in respect of risks which are already covered by capital buffer requirements and/or additional macro-prudential requirements; and, accordingly, the above "combined buffer requirement" is in addition to the minimum Pillar 1 capital requirement and to the additional Pillar 2 capital requirement. Therefore, capital buffers would be the first layer of capital to be eroded pursuant to the applicable stacking order, as set out in the "Opinion of the EBA on the interaction of Pillar 1, Pillar 2 and combined buffer requirements and restrictions on distributions" published on 16 December 2015 and reflected in the 2018 revised version of the EBA SREP Guidelines. In this regard, under Article 141 of the CRD IV Directive, Member States of the EU must require that an institution that fails to meet the "combined buffer requirement" or the "Pillar 2" capital requirements described above, will be prohibited from paying any "discretionary payments" (which are defined broadly by the CRD IV Directive as payments relating to CET1, variable remuneration and payments on Additional Tier 1 capital instruments), until it calculates its applicable restrictions and communicates them to the regulator and, once completed, such institution will be subject to restricted "discretionary payments". The restrictions will be scaled according to the extent of the breach of the "combined buffer requirement" and calculated as a percentage of the profits of the institution since the last distribution of profits or "discretionary payment". Such calculation will result in a MDA in each relevant period. As an example, the scaling is such that in the bottom quartile of the "combined buffer requirement", no "discretionary distributions" will be permitted to be paid. Articles 43 to 49 of Law 10/2014 and Chapter II of Title II of Royal Decree 84/2015 implement the above provisions in Spain. In particular, Article 48 of Law 10/2014 and Articles 73 and 74 of Royal Decree 84/2014 deal with restrictions on distributions. Furthermore, pursuant to the New Banking Regulations (as defined below) amending, among others, the CRD IV and the BRRD, the calculation of the MDA, as well as consequences of, and pending, such calculation could also take place as a result of the breach of MREL (as defined below) and a breach of the minimum leverage ratio requirement.

In connection with this, the Issuer was informed by the ECB on February 2019 of its decision regarding prudential minimum capital requirements from 1 March 2019, following the results of SREP. The ECB decision requires the Issuer to maintain a CET1 capital ratio of at least 8.78% on a consolidated basis. This 8.78% capital requirement includes: the minimum Pillar 1 requirement (4.5%); the Pillar 2 requirement (1.5%); the capital conservation buffer (2.5%); and the counter-cyclical buffer (around 0.30%). Taking into account the Issuer's consolidated current capital levels, these capital requirements do not imply any limitations on distributions in the form of dividends, variable remuneration and payments to holders of the Issuer's AT1 instruments.

In addition to the above, the CRR also includes a requirement for institutions to calculate a leverage ratio ("**LR**"), report it to their supervisors and to disclose it publicly from 1 January 2015 onwards. More precisely, Article 429 of the CRR requires institutions to calculate their LR in accordance with the methodology laid down in that article. In January 2014, the Basel Committee finalised a definition of how the LR should be prepared and set an indicative benchmark (namely 3% of Tier

1 capital). Such 3% Tier 1 LR has been tested during a monitoring period until the end of 2017 although the Basel Committee had already proposed the final calibration at 3% Tier 1 LR. Accordingly, the CRR does not currently contain a requirement for institutions to have a capital requirement based on the LR though prospective investors should note the New Banking Regulations amending the CRR contain a binding 3% Tier 1 LR requirement that will be added to the own funds requirements in article 92 of the CRR (Pillar 1 LR requirements), and which institutions must meet in addition to their risk-based requirements (Pillar 2 LR requirements). Pursuant to the New Banking Regulations, once this requirement is in force, any breach of this leverage ratio will also result in a requirement to determine the MDA and restrict discretionary payments to such MDA, as well as the consequences of, and pending, such calculation as specified above. Moreover, the potential for the introduction of a LR buffer for G-SIIs at some point in the future is also included in the New Banking Regulations, although, as previously stated, the Issuer is not currently considered a G-SII.

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

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

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

The European Commission committed to review the existing MREL rules with a view to provide full consistency with the TLAC standard by considering the findings

of a report that the EBA is required to provide to the European Commission under Article 45(19) of the BRRD. On 14 December 2016, the EBA published its final report on the implementation and design of the MREL framework where it stated that, although there was no need to change the key principles underlying the MREL Delegated Regulation, certain changes would be necessary with a view to improve the technical soundness of the MREL framework and implement the TLAC standard as an integral component of the MREL framework. On 16 January 2019, the SRB published its second policy statement on MREL for the second wave of resolution plans of the 2019 cycle, which will serve as a basis for setting binding MREL targets.

On 23 November 2016, the European Commission published, among others, proposals for European Directives amending CRD IV Directive and BRRD and European Regulations amending CRR and SRM Regulation (said proposals together, the "**Proposals**"). The Proposals covered multiple areas, including the Pillar 2 framework, the leverage ratio, mandatory restrictions on distributions, permission for reducing own funds and eligible liabilities, macroprudential tools, a new category of "non-preferred" senior debt that should only be bailed-in after junior ranking instruments but before other senior liabilities, changes to the definitions of Tier 2 and Additional Tier 1 instruments, the MREL framework and the integration of the TLAC standard into EU legislation as mentioned above. The Proposals also covered a harmonised rules for national insolvency ranking of unsecured debt instruments to facilitate the issuance by credit institutions of such "non-preferred" senior debt. Following approval by the European Parliament on 16 April 2019 and the Council of the EU on 14 May 2019, the Proposals were published in the Official Journal of the EU on 7 June 2019 as (i) Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019, (ii) Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019, (iii) Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019, and (iv) Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 (the "**New Banking Regulations**"), and will enter into force on 27 June 2019.

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

The New Banking Regulations require the national transposition of limited adjustments to the existing MREL rules ensuring technical consistency with the structure of any requirements for G-SIIs. In particular, technical amendments to the existing rules on MREL are needed to align them with the TLAC standard regarding inter alia the denominators used for measuring loss-absorbing capacity, the

interaction with capital buffer requirements, disclosure of risks to investors, and their application in relation to different resolution strategies. Implementation of the TLAC/MREL Requirements is expected to be phased-in from 1 January 2019 (the higher of 16% minimum TLAC requirement and 6% leverage ratio) to 1 January 2022 (the higher of 18% minimum TLAC requirement and 6.75% leverage ratio).

Additionally, with regard to the European Commission's proposal to create a new asset class of "non-preferred" senior debt, on 27 December 2017, Directive 2017/2399 amending Directive 2014/59/EU as regards the ranking of unsecured debt instruments in insolvency hierarchy was published in the Official Journal of the European Union. Before that, Royal Decree-Law 11/2017, of 23 June, approving urgent measures on financial matters ("**RDL 11/2017**") created in Spain the new asset class of senior-non preferred debt.

According to the New Banking Regulations, any failure by an institution to meet the applicable minimum TLAC/MREL Requirements is intended to be treated in the same manner as a failure to meet minimum regulatory capital requirements (the imposition of restrictions or prohibitions on discretionary payments), where resolution authorities must ensure that they intervene and place an institution into resolution sufficiently early if it is deemed to be failing or likely to fail and there is no reasonable prospect of recovery.

Banco Santander, S.A., parent company of the Issuer and resolution entity of the resolution group to which the Issuer belongs, announced on 24 May 2018 that it had received formal notification from the Bank of Spain of its binding MREL requirement for its resolution group at a sub-consolidated level, as determined by the SRB. This MREL requirement is set at €114,482.84 million, which as a reference of this resolution group's risk weighted assets at 31 December 2016 would be 24.35%, and must be met by 1 January 2020. The MREL requirement is in line with Banco Santander, S.A.'s expectations, and consistent with the Banco Santander, S.A.'s funding plans. As of the date of this Base Prospectus, the aforementioned resolution group already complies with the MREL requirement. Future requirements are subject to ongoing regulatory review.

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

On 7 December 2017, the GHOS Basel Committee's oversight body, the Consumer Group of Central Bank Governors and Heads of Supervision ("**GHOS**") published the finalisation of the Basel III post-crisis regulatory reform agenda. This review of the regulatory framework covers credit, operational and credit valuation adjustment ("**CVA**") risks, introduces a floor to the consumption of capital by internal ratings-based methods ("**IRB**") and the revision of the calculation of the leverage ratio. The main features of the reform are: (i) a revised standard method for credit risk, which will improve the soundness and sensitivity to risk of the current method; (ii) modifications to the IRB methods for credit risk, including input floors to ensure a minimum level of conservatism in model parameters and limitations to its use for portfolios with low levels of noncompliance; (iii) regarding the CVA risk, and in connection with the above, the removal of any internally modelled method and the

inclusion of a standardised and basic method; (iv) regarding the operations risk, the revision of the standard method, which will replace the current standard methods and the advanced measurement approaches (AMA); (v) the introduction of a leverage ratio buffer for G-SIIs; and (vi) regarding capital consumption, it establishes a minimum limit on the aggregate results (output floor), which prevents the risk-weighted assets of the banks generated by internal models from being lower than the 72.5% of the risk-weighted assets that are calculated with the standard methods of the Basel III framework.

The GHOS have extended the implementation of the revised minimum capital requirements for market risk until January 2022, to coincide with the implementation of the reviews of credit, operational and CVA risks.

In addition to the above, the Consumer Group should also comply with the liquidity coverage ratio ("**LCR**") requirements provided in CRR. According to article 460.2 of CRR, the LCR has been progressively introduced since 2015 with the following phasing-in: (a) 60% of the LCR in 2015; (b) 70% as of 1 January 2016; (c) 80% as of 1 January 2017; and (d) 100% as of 1 January 2018. As of 31 December 2018, the Consumer Group's LCR was 268.9%, above the 100% minimum requirement.

EU fiscal and banking union

The project of achieving a European banking union was launched in the summer of 2012. Its main goal is to resume progress towards the European single market for financial services by restoring confidence in the European banking sector and ensuring the proper functioning of monetary policy in the Eurozone.

The banking union is expected to be achieved through new harmonised banking rules (the single rulebook) and a new institutional framework with stronger systems for both banking supervision and resolution that will be managed at the European level. Its two main pillars are the SSM and the Single Resolution Mechanism ("**SRM**").

The SSM (comprised by both the ECB and the national competent authorities) is designed to assist in making the banking sector more transparent, unified and safer. In accordance with the SSM Regulation, the ECB fully assumed its new supervisory responsibilities within the SSM, in particular direct supervision of the largest European banks (including the Issuer's parent company, Banco Santander, S.A. and, thus, the Issuer), on 4 November 2014.

The SSM represented a significant change in the approach to bank supervision at a European and global level, and resulted in the direct supervision by the ECB of the largest financial institutions, including the Issuer's parent company, Banco Santander, S.A. and, thus, the Issuer, and indirect supervision of around 3,500 financial institutions and is now one of the largest in the world in terms of assets under supervision. In the coming years, the SSM is expected to continue working on the establishment of a new supervisory culture importing best practices from the 19 national competent authorities that are part of the SSM and promoting a level playing field across participating Member States. Several steps have already been taken in this regard such as the publication of the Supervisory Guidelines; the approval of the Regulation (EU) No 468/2014 of the ECB of 16 April 2014, establishing the framework for cooperation within the SSM between the ECB and national competent authorities and with national designated authorities (the "SSM Framework Regulation"); the approval of a Regulation (Regulation (EU) 2016/445 of the

European Central Bank of 14 March 2016 on the exercise of options and discretions available in Union law) and a set of guidelines on the application of CRR's national options and discretions, etc. In addition, the SSM represents an extra cost for the financial institutions that funds it through payment of supervisory fees.

The other main pillar of the EU banking union is the SRM, the main purpose of which is to ensure a prompt and coherent resolution of failing banks in Europe at minimum cost for the taxpayers and the real economy. The SRM Regulation establishes uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the SRM and a Single Resolution Fund ("**SRF**"). Under the intergovernmental agreement ("**IGA**") signed by 26 EU member states on 21 May 2014, contributions by banks raised at national level were transferred to the SRF. The new **SRB**, which is the central decision-making body of the SRM, started operating on 1 January 2015 and has fully assumed its resolution powers on 1 January 2016. The SRB is responsible for managing the SRF and its mission is to ensure that credit institutions and other entities under its remit, which face serious difficulties, are resolved effectively with minimal costs to taxpayers and the real economy. From that date onwards, the SRF is also in place, funded by contributions from European banks in accordance with the methodology approved by the Council of the EU. The SRF is intended to reach a total amount of €55 billion by 2024 and to be used as a separate backstop only after an 8% bail-in of a resolution entity's liabilities has been applied to cover capital shortfalls (in line with the BRRD).

Regulations adopted towards achieving a banking and/or fiscal union in the EU and decisions adopted by the ECB in its capacity as the Issuer's main supervisory authority may have a material impact on the Consumer Group's business, financial condition and results of operations; in particular, the BRRD and Directive 2014/49/EU on deposit guarantee schemes which were published in the Official Journal of the EU on 12 June 2014. The BRRD was required to be implemented on or before 1 January 2015, although the bail-in tool only applies since 1 January 2016. The BRRD was partially implemented in Spain in June 2015 through Law 11/2015, of 18 June, on the Recovery and Resolution of Credit Institutions and Investment Firms ("**Law 11/2015**") and completed implementation by means of Royal Decree 1012/2015, of 6 November, implementing Law 11/2015 ("**Royal Decree 1012/2015**").

Moreover, regulations adopted on structural measures to improve the resilience of EU credit institutions may have a material impact on the Issuer's business, financial condition, results of operations and prospects. These regulations, if adopted, may also cause the Consumer Group to invest significant management attention and resources to make any necessary changes.

General Data Protection Regulation

On 25 May 2018, the Regulation (EU) 2016/279 of the European Parliament and of the Council of 27 April 2016, on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "**General Data Protection Regulation**" or "**GDPR**") became directly applicable in all Member States of the EU. Spain has enacted the Organic Law 3/2018, of 5 December, on Data Protection and the safeguarding of digital rights which has repealed the Spanish Organic Law 15/1999, of 13 December, on data protection.

Although a number of basic existing principles have remained the same, the GDPR has introduced extensive new obligations on data controllers and rights for data subjects, as well as new fines and penalties for a breach of requirements, including fines for systematic breaches of up to the higher of 4% of annual worldwide turnover or €20 million and fines of up to the higher of 2% of annual worldwide turnover or € 10 million (whichever is highest) for other specified infringements.

The implementation of the GDPR has required substantial amendments to our procedures and policies. The changes have impacted, and could further adversely impact, our business by increasing its operational and compliance costs. Further, there is a risk that the measures may not be implemented correctly or that there may be partial non-compliance with the new procedures. If there are breaches of the GDPR obligations, we could face significant administrative and monetary sanctions as well as reputational damage which could have a material adverse effect on our operations, financial condition and prospects.

Financial Transactions Tax

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common Financial Transactions Tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced in its current form, impose a tax at generally not less than 0.1%, generally determined by reference to the amount of consideration paid, on certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt. The mechanism by which the tax would be applied and collected is not yet known, but if the proposed directive or any similar tax is adopted, transactions in the Notes would be subject to higher costs, and the liquidity of the market for the Notes may be diminished.

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

On 11 October 2016, Pierre Moscovici, European Commissioner for Economic and Financial Affairs, Taxation, and Customs announced that the ten Participating Member States (excluding Estonia) agreed on certain important measures that will form the core engines of the FTT and indicated their intention to elaborate a draft legislation before the end of the year.

However, the FTT proposal remains subject to negotiation between Participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and participating Member States may decide not to participate.

Before the dissolution of the Spanish Parliament, on account of the voluntary organisation of early general elections on 28 April 2019, the Spanish government had submitted to the Parliament a draft of law for introducing the FTT in Spain. In principle, such draft did not affect transactions involving bonds or debt or similar instruments, such as the Notes. Nevertheless, and depending on priorities of the new Spanish Parliament, if the measure was finally passed, it would tax the acquisition of shares and ADRs of Spanish companies with a market capitalization of more than €1 billion, at a tax rate of 0.2%.

Prospective Beneficial Owners of Notes are advised to seek their own professional advice in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Notes.

The Consumer Group is subject to potential intervention by any of its regulators or supervisors, particularly in response to customer complaints

As noted above, the Consumer Group's business and operations are subject to increasingly significant rules and regulations that are required to conduct banking and financial services business. These apply to business operations, affect financial returns, include reserve and reporting requirements, and prudential and conduct of business regulations. These requirements are set by the relevant central banks and regulatory authorities that authorise, regulate and supervise the Consumer Group in the jurisdictions in which it operates.

In their supervisory roles, the regulators seek to maintain the safety and soundness of financial institutions with the aim of strengthening the protection of customers and the financial system. The supervisors' continuing supervision of financial institutions is conducted through a variety of regulatory tools, including the collection of information by way of prudential returns, reports obtained from skilled persons, visits to firms and regular meetings with management to discuss issues such as performance, risk management and strategy. In general, these regulators have a more outcome-focused regulatory approach that involves more proactive enforcement and more punitive penalties for infringement. As a result, the Consumer Group faces increased supervisory scrutiny (resulting in increasing internal compliance costs and supervision fees), and in the event of a breach of its regulatory obligations, the Consumer Group is likely to face more stringent regulatory fines. Some of the regulators are focusing intently on consumer protection and on conduct risk and will continue to do so. This has included a focus on the design and operation of products, the behaviour of customers and the operation of markets. Such a focus could result, for example, in usury regulation that could restrict the Consumer Group's ability to charge certain levels of interest in credit transactions or in regulation that would prevent the Consumer Group from bundling products that it offers to its customers. Some of the laws in the relevant jurisdictions in which the Consumer Group operates, give the regulators the power to make temporary product intervention rules either to improve a firm's systems and controls in relation to product design, product management and implementation, or to address problems identified with financial products. These problems may potentially cause significant detriment to consumers because of certain product features or governance flaws or distribution strategies. Such rules may prevent institutions from entering into product agreements with customers until such problems have been solved. Some of the regulatory regimes in the relevant jurisdictions in which the Consumer Group operates, require the

Consumer Group to be in compliance across all aspects of its business, including the training, authorisation and supervision of personnel, systems, processes and documentation. If the Consumer Group fails to comply with the relevant regulations, there would be a risk of an adverse impact on its business from sanctions, fines or other actions imposed by the regulatory authorities. Customers of financial services institutions, including the Consumer Group's customers, may seek redress if they consider that they have suffered loss as a result of the mis-selling of a particular product, or through incorrect application of the terms and conditions of a particular product. Given the inherent unpredictability of litigation and the evolution of judgments by the relevant authorities, it is possible that an adverse outcome in some matters could harm the Consumer Group's reputation or have a material adverse effect on its operating results, financial condition and prospects arising from any penalties imposed or compensation awarded, together with the costs of defending such an action, thereby reducing the Consumer Group's profitability.

The Consumer Group is subject to review by taxing authorities, and an incorrect interpretation by the Consumer Group of tax laws and regulations may have a material adverse effect on the Consumer Group

The preparation of our tax returns requires the use of estimates and interpretations of complex tax laws and regulations and is subject to review by taxing authorities. We are subject to the income tax laws of Spain and the other jurisdictions in which we operate. These tax laws are complex and subject to different interpretations by the taxpayer and relevant governmental taxing authorities, which are sometimes subject to prolonged evaluation periods until a final resolution is reached. In establishing a provision for income tax expense and filing returns, we must make judgments and interpretations about the application of these inherently complex tax laws. If the judgment, estimates and assumptions we use in preparing our tax returns are subsequently found to be incorrect, there could be a material adverse effect on our results of operations. In some jurisdictions, the interpretations of the taxing authorities are unpredictable and frequently involve litigation, which introduces further uncertainty and risk as to tax expense.

Changes in taxes and other assessments may adversely affect the Consumer Group

The legislatures and tax authorities in the tax jurisdictions in which we operate regularly enact reforms to the tax and other assessment regimes to which we and our customers are subject. Such reforms include changes in tax rates and, occasionally, enactment of temporary taxes, the proceeds of which are earmarked for designated governmental purposes. The effects of these changes and any other changes that result from enactment of additional tax reforms cannot be quantified and there can be no assurance that any such reforms would not have a material adverse effect upon our business.

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

Whilst the Notes are in global form and held within Euroclear Bank SA/NV or Clearstream Banking S.A. (together the "**ICSDs**"), in all but the most remote circumstances it is not expected that the withholding tax imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") will affect the amount of any payment received by the ICSDs (see Taxation - FATCA). However, FATCA may affect payments received by financial institutions which participate in the ICSDs or by custodians and intermediaries in the subsequent payment chain

leading to the ultimate investor if any such participant, custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or to an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose their custodians or other intermediaries with care (to ensure that each is compliant with FATCA and other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the ICSDs or their agents and the Issuer therefore has no responsibility for any amount deducted under FATCA from payments made thereafter to participants, custodians, intermediaries, or ultimate investors.

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

We are required to comply with applicable anti-money laundering ("**AML**"), anti-terrorism, anti-bribery and corruption, sanctions and other laws and regulations applicable to us. These laws and regulations require us, among other things, to conduct full customer due diligence (including sanctions and politically-exposed person screening), keep the Consumer Group's customer, account and transaction information up to date and have implemented financial crime policies and procedures detailing what is required from those responsible. We are also required to conduct AML training for our employees and to report suspicious transactions and activity to appropriate law enforcement following full investigation by the Consumer Group's local AML team.

Financial crime has become the subject of enhanced regulatory scrutiny and supervision by regulators globally. AML, anti-bribery and corruption and sanctions laws and regulations are increasingly complex and detailed. Compliance with these laws and regulations requires automated systems, sophisticated monitoring and skilled compliance personnel.

The Consumer Group mantains updated policies and procedures aimed at detecting and preventing the use of our banking network for money laundering and other financial crime related activities. However, emerging technologies, such as cryptocurrencies and blockchain, could limit the Consumer Group's ability to track the movement of funds. The Consumer Group's ability to comply with the legal requirements depends on its ability to improve detection and reporting capabilities and reduce variation in control processes and oversight accountability. These require implementation and embedding within our business effective controls and monitoring, which in turn requires on-going changes to systems and operational activities. Financial crime is continually evolving and, as noted, is subject to increasingly stringent regulatory oversight and focus. This requires proactive and adaptable responses from us so that we are able to deter threats and criminality

effectively. As a multinational bank, we are particularly exposed to this risk. Even known threats can never be fully eliminated, and there will be instances where we may be used by other parties to engage in money laundering and other illegal or improper activities. In addition, we rely heavily on our employees to assist us by spotting such activities and reporting them, and the Consumer Group's employees have varying degrees of experience in recognising criminal tactics and understanding the level of sophistication of criminal organisations. Where the Consumer Group outsources any of our customer due diligence, customer screening or anti financial crime operations, we remain responsible and accountable for full compliance and any breaches. If we are unable to apply the necessary scrutiny and oversight of third parties to whom the Consumer Group outsources certain tasks and processes, there remains a risk of regulatory breach.

If we are unable to fully comply with applicable laws, regulations and expectations, the Consumer Group's regulators and relevant law enforcement agencies have the ability and authority to impose significant fines and other penalties on us, including requiring a complete review of the Consumer Group's business systems, day-to-day supervision by external consultants and ultimately the revocation of the Consumer Group's banking license.

The reputational damage to our business and global brand would be severe if the Consumer Group were found to have breached AML, anti-bribery and corruption or sanctions requirements. Our reputation could also suffer if we are unable to protect our customers' bank products and services from being used by criminals for illegal or improper purposes.

In addition, while we review our relevant counterparties' internal policies and procedures with respect to such matters, we, to a large degree, rely upon our relevant counterparties to maintain and properly apply their own appropriate compliance procedures and internal policies. Such measures, procedures and internal policies may not be completely effective in preventing third parties from using our (and our relevant counterparties') services as a conduit for illicit purposes (including illegal cash operations) without our (and our relevant counterparties') knowledge. If we are associated with, or even accused of being associated with, breaches of AML, anti-terrorism, or sanctions requirements the Consumer Group's reputation could suffer and/or we could become subject to fines, sanctions and/or legal enforcement (including being added to "black lists" that would prohibit certain parties from engaging in transactions with us), any one of which could have a material adverse effect on our operating results, financial condition and prospects.

Any such risks could have a material adverse effect on the Consumer Group's operating results, financial condition and prospects.

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

Liquidity risk is the risk that the Consumer Group either does not have available sufficient financial resources to meet its obligations as they fall due or can secure them only at excessive cost. This risk is inherent in any retail and commercial banking business and can be heightened by a number of enterprise-specific factors, including over-reliance on a particular source of funding, changes in credit ratings or market-wide phenomena such as market dislocation. While the Consumer Group implements liquidity management processes to seek to mitigate and control these

risks, unforeseen systemic market factors make it difficult to eliminate completely these risks. Continued constraints in the supply of liquidity, including in inter-bank lending, has affected and may materially and adversely affect the cost of funding the Consumer Group's business, and extreme liquidity constraints may affect the Consumer Group's current operations and its ability to fulfill regulatory liquidity requirements, as well as limit growth possibilities.

The Consumer Group's cost of obtaining funding is directly related to prevailing interest rates and to the Consumer Group's credit spreads. Increases in interest rates and the Consumer Group's credit spreads can significantly increase the cost of the Consumer Group's funding. Changes in the Consumer Group's credit spreads are market-driven and may be influenced by market perceptions of its creditworthiness. Changes to interest rates and the Consumer Group's credit spreads occur continuously and may be unpredictable and highly volatile.

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

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

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

Finally, completing the implementation of internationally accepted liquidity ratios might require changes in business practices that affect the Consumer Group's profitability. The LCR, currently in force under CRR, is a liquidity standard that measures if banks have sufficient high- quality liquid assets to cover expected net cash outflows over a 30-day liquidity stress period. At 31 December 2018, the Consumer Group's LCR was 268.9%, above the 100% minimum requirement. The net stable funding ratio provides a sustainable maturity structure of assets and liabilities such that banks maintain a stable funding profile in relation to their activities. The final definition of the NSFR, in line with the standard approved by the Basel Committee in October 2014, has been included in the New Banking Regulations as a new Title IV to Part Six of CRR. The regulatory accomplishment of the ratio has been delayed until 2021. At the end of 2018 this ratio stood at 106.39% for the Consumer Group and over 100% for most of its subsidiaries. For further information on liquidity requirements see "*Capital requirements, liquidity, funding and structural reform*" on this risk factors section.

Credit, market and liquidity risk may have an adverse effect on the Consumer Group's credit ratings and the Consumer Group's cost of funds. Any downgrade in the Consumer Group's credit rating would likely increase its cost of funding,

require the Consumer Group to post additional collateral or take other actions under some of the Consumer Group's derivative contracts and adversely affect its interest margins and results of operations

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

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

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

There can be no assurance that the rating agencies will maintain the current ratings or outlooks. Failure to maintain favourable ratings and outlooks could increase the Consumer Group's cost of funding and adversely affect interest margins, which could have a material adverse effect on the Consumer Group. Following the upgrade of the Spanish sovereign rating, in March 2018 S&P's upgraded its ratings from BBB+ to A-, in April 2018 Moody's upgraded from Baa2 to Baa1 and in January 2019 Fitch confirmed its A- rating and outlook.

The credit quality of the Consumer Group's loan portfolio may deteriorate and the Consumer Group's loan loss reserves could be insufficient to cover its actual loan losses, which could have a material adverse effect on the Consumer Group

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of our businesses. Non-performing or low credit quality loans have in the past negatively impacted our results of operations and could do so in the future. In particular, the amount of our reported non-performing loans ("**NPL**") may increase in the future as a result of growth in our total loan portfolio, including as a result of loan portfolios that we may acquire in the future (the credit quality of which may turn out to be worse than we had anticipated), or factors beyond our control, such as adverse changes in the credit quality of the Consumer Group's borrowers and counterparties or a general deterioration in economic conditions in the regions where the Consumer Group operate or in global economic and political conditions. If we were unable to control the level of our non-performing or poor credit quality loans, this could have a material adverse effect on us.

Our loan loss reserves are based on our current assessment of and expectations concerning various factors affecting the quality of the Consumer Group's loan portfolio. These factors include, among other things, our borrowers' financial condition, repayment abilities and repayment intentions, the realizable value of any collateral, the prospects for support from any guarantor, government macroeconomic policies, interest rates and the legal and regulatory environment. Because many of these factors are beyond our control and there is no precise method for predicting loan and credit losses, we cannot assure that our current or future loan loss reserves will be sufficient to cover actual losses. If our assessment of and expectations concerning the above mentioned factors differ from actual developments, if the quality of our total loan portfolio deteriorates, for any reason, or if the future actual losses exceed our estimates of incurred losses, we may be required to increase our loan loss reserves, which may adversely affect the Consumer Group. Additionally, in calculating the Consumer Group's loan loss reserves, we employ qualitative tools and statistical models which may not be reliable in all circumstances and which are dependent upon data that may not be complete.

Although our NPL ratio decreased from 2.18% at 31 December 2017 to 2.03% at 31 March 2019, we can provide no assurance that our NPL ratio will not increase as a result of the aforementioned and other factors. Consumer confidence, unemployment rates and housing indicators are among the factors that often impact consumer spending behaviour, and poor economic conditions could in turn could have a material adverse effect on our business, financial condition and results of operations.

The value of the collateral securing the Consumer Group's loans may not be sufficient and the Consumer Group may be unable to realise the full value of the collateral securing its loan portfolio

The value of the collateral securing our loan portfolio may fluctuate or decline due to factors beyond the Consumer Group's control, including macroeconomic factors affecting Europe. The value of the collateral securing our loan portfolio may be adversely affected by force majeure events, such as natural disasters, which could impair the asset quality of the Consumer Group's loan portfolio and have an adverse impact on the economy of the affected region. We may also not have sufficiently

recent information on the value of collateral, which may result in an inaccurate assessment for impairment losses of the Consumer Group's loans secured by such collateral. If any of the above were to occur, we may need to make additional provisions to cover actual impairment losses of our loans, which may materially and adversely affect the Consumer Group's results of operations and financial condition.

We depend on the accuracy and completeness of information about borrowers and counterparties and any misrepresented information could adversely affect our business, results of operations and financial condition

In deciding whether to approve loans or to enter into other transactions with borrowers and counterparties in our retail lending and commercial lending businesses, we may rely on information furnished to us by or on behalf of borrowers and counterparties, including financial statements and other financial information. We also may rely on representations of borrowers and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. If any of this information is intentionally or negligently misrepresented and such misrepresentation is not detected prior to loan funding, the value of the loan may be significantly lower than expected. Whether a misrepresentation is made by the loan applicant, another third party, or one of our employees, we generally bear the risk of loss associated with the misrepresentation. Our controls and processes may not have detected or may not detect all misrepresented information in our loan originations or from our business clients. Any such misrepresented information could adversely affect our business, financial condition and results of operations.

The Consumer Group is subject to counterparty risk in its business

We are exposed to counterparty risk in addition to credit risks associated with lending activities. Counterparty risk may arise from, for example, investing in securities of third parties, entering into derivative contracts under which counterparties have obligations to make payments to us or executing securities, futures, currency or commodity trades from proprietary trading activities that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, clearing houses or other financial intermediaries.

We transact with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients. Defaults by, and even rumours or questions about the solvency of, certain financial institutions and the financial services industry generally have led to market-wide liquidity problems and could lead to losses or defaults by other institutions. These liquidity concerns have had, and may continue to have, a cool-down effect on inter-institutional financial transactions in general. Many of the routine transactions we enter into expose the Consumer Group to significant credit risk in the event of default by one of our significant counterparties. A default by a significant financial counterparty, or liquidity problems in the financial services industry in general, could have a material adverse effect on our business, financial condition and results of operations.

The Consumer Group's financial results are constantly exposed to market risk. The Consumer Group is subject to fluctuations in interest rates and other market

risks, which may materially and adversely affect the Consumer Group and its profitability

Changes in market interest rates could affect the interest rates charged on interest earning assets in a different manner to that paid on interest bearing liabilities. This difference could result in an increase in interest expenses relative to interest income leading to a reduction in our net interest income. Rising interest rates may also bring about an increase in the non-performing loan portfolio. Interest rates are sensitive to many factors beyond our control, including increased regulation of the financial sector, monetary policies, domestic and international economic and political conditions and other factors.

Market risks associated with fluctuations in bond prices and other market factors are inherent in our business.

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

Market conditions have resulted and could result in material changes to the estimated fair values of the Consumer Group's financial assets. Negative fair value adjustments could have a material adverse effect on the Consumer Group's operating results, financial condition and prospects

In the past ten years, financial markets have been subject to significant stress resulting in steep falls in perceived or actual financial asset values, particularly due to volatility in global financial markets and the resulting widening of credit spreads. We have material exposures to securities, loans and other investments that are recorded at fair value and are therefore exposed to potential negative fair value adjustments. Asset valuations in future periods, reflecting then-prevailing market conditions, may result in negative changes in the fair values of our financial assets and these may also translate into increased impairments. In addition, the value ultimately realised by us on disposal may be lower than the current fair value. Any of these factors could require us to record negative fair value adjustments, which may have a material adverse effect on our operating results, financial condition or prospects.

In addition, to the extent that fair values are determined using financial valuation models, such values may be inaccurate or subject to change, as the data used by such models may not be available or may become unavailable due to changes in market conditions, particularly for illiquid assets, and particularly in times of economic instability. In such circumstances, our valuation methodologies require us to make assumptions, judgments and estimates in order to establish fair value, and reliable assumptions are difficult to make and are inherently uncertain and valuation models are complex, making them inherently imperfect predictors of actual results. Any

consequential impairments or write-downs could have a material adverse effect on the Consumer Group's operating results, financial condition and prospects.

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

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

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

Operational risks are inherent in the businesses of the Consumer Group

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

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

Failure to successfully implement and continue to improve the Consumer Group's risk management policies, procedures and methods, including the Consumer Group's credit risk management system, could materially and adversely affect the Consumer Group, and it may be exposed to unidentified or unanticipated risks

The management of risk is an integral part of our activities. We seek to monitor and manage our risk exposure through a variety of separate but complementary financial, credit, market, operational, compliance and legal reporting systems. While we employ a broad and diversified set of risk monitoring and risk mitigation techniques, such techniques and strategies may not be fully effective in mitigating our risk exposure in all economic market environments or against all types of risk, including risks that we fail to identify or anticipate.

Some of our qualitative tools and metrics for managing risk are based upon the Consumer Group's use of observed historical market behavior. We apply statistical and other tools to these observations to arrive at quantifications of the Consumer Group's risk exposures. These qualitative tools and metrics may fail to predict future risk exposures. These risk exposures could, for example, arise from factors we did not anticipate or correctly evaluate in the Consumer Group's statistical models. This would limit our ability to manage our risks. Our losses thus could be significantly greater than the historical measures indicate. In addition, our quantified modeling does not take all risks into account. Our more qualitative approach to managing those

risks could prove insufficient, exposing us to material unanticipated losses. We could face adverse consequences as a result of decisions, which may lead to actions by management, based on models that are poorly developed, implemented or used, or as a result of the modeled outcome being misunderstood or the use of such information for purposes for which it was not designed. If existing or potential customers or counterparties believe our risk management is inadequate, they could take their business elsewhere or seek to limit their transactions with us. Any of these factors could have a material adverse effect on our reputation, operating results, financial condition and prospects.

One of the main types of risks inherent in our business is credit risk. For example, an important feature of our credit risk management system is to employ an internal credit rating system to assess the particular risk profile of a customer, taking into account both quantitative and qualitative factors, such as the customer's personal information, contracts, prior applications and historical performance information. While our process is based on analytical models and is fully automated, it is subject to human or IT systems errors. In exercising their judgment on current or future credit risk behavior of our customers, our employees may not always be able to assign an accurate credit rating, which may result in our exposure to higher credit risks than indicated by our risk rating system.

Some of the models and other analytical and judgment-based estimations the Consumer Group uses in managing risks are subject to review by, and require the approval of, the Consumer Group's regulators. If models do not comply with all their expectations, the regulators may require the Consumer Group to make changes to such models, may approve them with additional capital requirements or the Consumer Group may be precluded from using them. Any of these possible situations could limit the Consumer Group's ability to expand its businesses or have a material impact on the Consumer Group's financial results.

Failure to effectively implement, consistently monitor or continuously refine our credit risk management system may result in an increase in the level of NPL and a higher risk exposure for us, which could have a material adverse effect on the Consumer Group.

The Issuer's board of directors is responsible for the approval of its general policies and strategies, and in particular for the general risk policy. In addition to the executive committee that maintains a special focus on risk, the board has a specific risk, regulatory and compliance committee.

Any failure to effectively improve or upgrade the Consumer Group's information technology infrastructure and management information systems in a timely manner could have a material adverse effect on the Consumer Group

Our ability to remain competitive depends in part on our ability to upgrade the Consumer Group's information technology on a timely and cost-effective basis. We must continually make significant investments and improvements in the Consumer Group's information technology infrastructure in order to remain competitive. We cannot assure that in the future we will be able to maintain the level of capital expenditures necessary to support the improvement or upgrading of the Consumer Group's information technology infrastructure. Any failure to effectively improve or

upgrade our information technology infrastructure and management information systems in a timely manner could have a material adverse effect on us.

In addition, several new regulations are defining how to manage cyber risks and technology risks, how to report a data breach, and how the supervisory process should work, among others. These regulations are quite fragmented in terms of definitions, scope and applicability. A failure to successfully implement all or some of these new global and local regulations, that in some cases have severe sanctions regimes, could have a material adverse effect on the Consumer Group.

Risks relating to data collection, processing and storage systems and security are inherent in the Consumer Group's business

Like other financial institutions, we manage and hold confidential personal information of customers in the conduct of the Consumer Group's banking operations, as well as a large number of assets. Accordingly, our business depends on the ability to process a large number of transactions efficiently and accurately, and on the Consumer Group's ability to rely on the Consumer Group's digital technologies, computer and email services, software and networks, as well as on the secure processing, storage and transmission of confidential sensitive personal data and other information using our computer systems and networks. The proper functioning of financial control, accounting or other data collection and processing systems is critical to the Consumer Group's businesses and to our ability to compete effectively. Losses can result from inadequate personnel, inadequate or failed internal control processes and systems, or from external events that interrupt normal business operations. We also face the risk that the design of the Consumer Group's controls and procedures prove to be inadequate or are circumvented such that our data and/or client records are incomplete, not recoverable or not securely stored. Although we work with our clients, vendors, service providers, counterparties and other third parties to develop secure data and information processing, storage and transmission capabilities to prevent against information security risk, we routinely manage personal, confidential and proprietary information by electronic means, and we may be the target of attempted cyber-attack. If we cannot maintain an effective and secure electronic data and information, management and processing system or the Consumer Group fails to maintain complete physical and electronic records, this could result in regulatory sanctions and serious reputational or financial harm to us.

We take protective measures and continuously monitor and develop the Consumer Group's systems to protect the Consumer Group's technology infrastructure, data and information from misappropriation or corruption, but our systems, software and networks nevertheless may be vulnerable to unauthorised access, misuse, computer viruses or other malicious code and other events that could have a security impact. An interception, misuse or mishandling of personal, confidential or proprietary information sent to or received from a client, vendor, service provider, counterparty or third party could result in legal liability, regulatory action, reputational harm and financial loss. There can be no absolute assurance that we will not suffer material losses from operational risk in the future, including those relating to any security breaches.

In recent years, computer systems of companies and organisations have been targeted not only by cyber criminals, but also by activists and rogue states. We have been and continue to be subject to a range of cyber-attacks, such as denial of service, malware

and phishing. Cyber-attacks could give rise to the loss of significant amounts of customer data and other sensitive information, as well as significant levels of liquid assets (including cash). In addition, cyber-attacks could disrupt our electronic systems used to service the Consumer Group's customers. As attempted attacks continue to evolve in scope and sophistication, we may incur significant costs in order to modify or enhance the Consumer Group's protective measures against such attacks, or to investigate or remediate any vulnerability or resulting breach, or in communicating cyber-attacks to the Consumer Group's customers. If we fail to effectively manage our cyber security risk (for example, by failing to update our systems and processes in response to new threats), this could harm the Consumer Group's reputation and adversely affect our operating results, financial condition and prospects through the payment of customer compensation, regulatory penalties and fines and/or through the loss of assets. In addition, we may also be impacted by cyber-attacks against national critical infrastructures of the countries where we operate; for example, the telecommunications network. Our information technology systems are dependent on such national critical infrastructure and any cyber-attack against such critical infrastructure could negatively affect the Consumer Group's ability to service our customers. As we do not operate such national critical infrastructure, the Consumer Group has limited ability to protect our information technology systems from the adverse effects of such a cyber-attack.

Although we have procedures and controls to safeguard personal information in our possession, unauthorised disclosures could subject us to legal actions and administrative sanctions as well as damages and reputational harm that could materially and adversely affect the Consumer Group's operating results, financial condition and prospects. Further, our business is exposed to risk from potential non-compliance with policies, employee misconduct or negligence and fraud, which could result in regulatory sanctions and serious reputational or financial harm. It is not always possible to deter or prevent employee misconduct, and the precautions we take to detect and prevent this activity may not always be effective. In addition, we may be required to report events related to information security issues (including any cyber security issues), events where customer information may be compromised, unauthorised access and other security breaches, to the relevant regulatory authorities. Any material disruption or slowdown of our systems could cause information, including data related to customer requests, to be lost or to be delivered to the Consumer Group's clients with delays or errors, which could reduce demand for our services and products, could produce customer claims and could materially and adversely affect us.

Risks concerning borrower credit quality and general economic conditions are inherent to our business, and the financial problems which our customers may face could adversely affect the Consumer Group

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent to a wide range of the businesses we operate. Market turmoil and economic recession could have a material adverse effect on the liquidity, businesses and/or financial condition of our borrowers, which could in turn further increase our non-performing loan ratios, impair the Consumer Group's loan and other financial assets and result in decreased demand for borrowings in general. In a context of continued market turmoil, economic recession and increasing unemployment, coupled with declining consumer spending, the value of assets acting

as collateral for our secured loans could still decline significantly, which could result in an impairment of the value of our loan assets. Any of the conditions described above could have a material adverse effect on our business and financial condition and results of operations.

Portions of the Consumer Group's loan portfolio are subject to risks relating to force majeure and any such event could have a material adverse effect on its operating results

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

The Consumer Group depends in part upon dividends and other funds from subsidiaries

Some of the Consumer Group's operations are conducted through its subsidiaries. As a result, the Consumer Group's ability to pay dividends, to the extent it decides to do so, depends in part on the ability of its subsidiaries to generate earnings and to pay dividends to the Consumer Group. Payment of dividends, distributions and advances by the Consumer Group's subsidiaries will be contingent upon their earnings and business considerations and is or may be limited by legal, regulatory and contractual restrictions. Additionally, the Consumer Group's right to receive any assets of any of its subsidiaries as an equity holder of such subsidiaries upon their liquidation or reorganisation, will be effectively subordinated to the claims of the Consumer Group's subsidiaries' creditors, including trade creditors. The Consumer Group also has to comply with increased capital requirements, which could result in the imposition of restrictions or prohibitions on discretionary payments including the payment of dividends and other distributions to the Consumer Group by its subsidiaries.

At 31 December 2018, dividend income for Santander Consumer Finance, S.A. represented 65% of its total income.

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

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

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

stores (for some credit products), leasing and factoring companies, mutual fund and pension fund management companies and insurance companies.

Non-traditional providers of banking services, such as internet based e-commerce providers, mobile telephone companies and internet search engines, may offer and/or increase their offerings of financial products and services directly to customers. These non-traditional providers of banking services currently have an advantage over traditional providers because they are not subject to banking regulation. Several of these competitors may have long operating histories, large customer bases, strong brand recognition and significant financial, marketing and other resources. They may adopt more aggressive pricing and rates and devote more resources to technology, infrastructure and marketing. New competitors may enter the market or existing competitors may adjust their services with unique product or service offerings or approaches to providing banking services. If we are unable to successfully compete with current and new competitors, or if the Consumer Group is unable to anticipate and adapt our offerings to changing banking industry trends, including technological changes, our business may be adversely affected. In addition, our failure to effectively anticipate or adapt to emerging technologies or changes in customer behavior, including among younger customers, could delay or prevent our access to new digital-based markets, which would in turn have an adverse effect on our competitive position and business.

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

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

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

The Consumer Group's ability to maintain its competitive position depends, in part, on the success of new products and services it offers its clients and its ability to continue offering products and services from third parties, and the Consumer Group may not be able to manage various risks it faces as it expands its range of

products and services that could have a material adverse effect on the Consumer Group

The success of the Consumer Group's operations and its profitability depends, in part, on the success of new products and services it offers its clients and its ability to continue offering products and services from third parties. However, the Consumer Group cannot guarantee that its new products and services will be responsive to client demands, or that they will be successful. In addition, the Consumer Group's clients' needs or desires may change over time, and such changes may render its products and services obsolete, outdated or unattractive and the Consumer Group may not be able to develop new products that meet its clients' changing needs. The Consumer Group's success is also dependent on its ability to anticipate and leverage new and existing technologies that may have an impact on products and services in the banking industry. Technological changes may further intensify and complicate the competitive landscape and influence client behaviour. If the Consumer Group cannot respond in a timely fashion to the changing needs of its clients, it may lose clients, which could in turn materially and adversely affect the Consumer Group. In addition, the cost of developing products is likely to affect its operational results.

As the Consumer Group expands the range of its products and services, some of which may be at an early stage of development in the markets of certain regions where the Consumer Group operates, it will be exposed to new and potentially increasingly complex risks, such as the conduct risk in the relationship with customers, and development expenses. The Consumer Group's employees and risk management systems, as well as its experience and that of its partners may not be sufficient to enable the Consumer Group to properly manage such risks. Any or all of these factors, individually or collectively, could have a material adverse effect on the Consumer Group.

While the Consumer Group has successfully increased its customer service levels in recent years, should these levels ever be perceived by the market to be materially below those of its competitor financial institutions, the Consumer Group could lose existing and potential business. If the Consumer Group is not successful in retaining and strengthening customer relationships, it may lose market share, incur losses on some or all of its activities or fail to attract new deposits or retain existing deposits, which could have a material adverse effect on its operating results, financial condition and prospects.

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

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

The Consumer Group can give no assurance that its acquisition and partnership activities will perform in accordance with the Consumer Group's expectations. The Consumer Group bases its assessment of potential acquisitions and partnerships on limited and potentially inexact information and on assumptions with respect to operations, profitability and other matters that may prove to be incorrect. In addition, it is possible that the integration process of the Consumer Group's recent (and any

future) acquisitions could take longer or be more costly than anticipated or could result in the loss of key employees, the disruption of each Consumer Group company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of each company within the Consumer Group to maintain relationships with clients, customers or employees. If the Consumer Group takes longer than anticipated or is not able to integrate the aforementioned businesses, the anticipated benefits of the Consumer Group's recent acquisitions may not be realised fully or at all, or may take longer than expected to realise.

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

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

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

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

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

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

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

Our inability to grow our deposits in the future could materially adversely affect our liquidity and ability to grow our business

The deposit business is highly competitive, with intense competition in attracting and retaining deposits. We compete on the basis of the rates we pay on deposits, features and benefits of our products, the quality of our customer service and the competitiveness of our digital banking capabilities. Our ability to originate and maintain retail deposits is also highly dependent on our strength and the perceptions of consumers and others of our business practices and our financial health. Adverse perceptions regarding our reputation could lead to difficulties in attracting and retaining deposits accounts. Negative public opinion could result from actual or alleged conduct in a number of areas, including lending practices, regulatory compliance, inadequate protection of customer information or sales and marketing activities, and from actions taken by regulators or others in response to such conduct.

The demand for the deposit products we offer may also be reduced due to a variety of factors, such as demographic patterns, changes in customer preferences, reductions in consumers' disposable income, regulatory actions that decrease customer access to particular products or the availability of competing products. Competition from other financial services firms and others that use deposit funding products may affect deposit renewal rates, costs or availability. Changes we make to the rates offered on our deposit products may affect our profitability and liquidity.

Goodwill impairments may be required in relation to acquired businesses

The Consumer Group has made business acquisitions in recent years and may make further acquisitions in the future. It is possible that the goodwill which has been attributed, or may be attributed, to these businesses may have to be written-down if the Consumer Group's valuation assumptions are required to be reassessed as a result of any deterioration in their underlying profitability, asset quality and other relevant

matters. Impairment testing in respect of goodwill is performed annually, or more frequently if there are impairment indicators present, and comprises a comparison of the carrying amount of the cash-generating unit with its recoverable amount. Goodwill impairment however does not, however, affect its regulatory capital. There can be no assurances that the Consumer Group will not have to write down the value attributed to goodwill in the future, which would adversely affect its results and net assets.

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

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

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

The Consumer Group relies on third parties and affiliates for important products and services

Third party vendors and certain affiliated companies provide key components of our business infrastructure such as loan and deposit servicing systems, back office and business process support, information technology production and support, internet connections and network access. Relying on these third parties and affiliated companies can be a source of operational and regulatory risk to us, including with respect to security breaches affecting such parties. We are also subject to risk with respect to security breaches affecting the vendors and other parties that interact with these service providers. As our interconnectivity with these third parties and affiliated companies increases, the Consumer Group increasingly faces the risk of operational failure with respect to their systems. We may be required to take steps to protect the integrity of the Consumer Group's operational systems, thereby increasing our operational costs and potentially decreasing customer satisfaction. In addition, any problems caused by these third parties or affiliated companies, including as a result of them not providing us their services for any reason, or performing their services poorly, could adversely affect our ability to deliver products and services to customers and otherwise conduct our business, which could lead to reputational damage and regulatory investigations and intervention. Replacing these third party vendors could also entail significant delays and expense. Further, the operational and regulatory risk we face as a result of these arrangements may be increased to the extent that we restructure such arrangements. Any restructuring could involve significant expense to us and entail significant delivery and execution risk which

could have a material adverse effect on our business, operations and financial condition.

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

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

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

Maintaining a positive reputation is critical to protect our brand, attract and retain customers, investors and employees and conduct business transactions with counterparties. Damage to our reputation or the Santander Parent's reputation can therefore cause significant harm to our business and prospects. Harm to our reputation can arise from numerous sources, including, among others, employee misconduct, including the possibility of fraud perpetrated by the Consumer Group's employees, litigation or regulatory enforcement, failure to deliver minimum standards of service and quality, dealing with sectors that are not well perceived by the public (weapons industries or embargoed countries, for example), dealing with customers in sanctions lists, rating downgrades, compliance failures, unethical behaviour, and the activities of customers and counterparties. Further, negative publicity regarding us may result in harm to the Consumer Group's prospects.

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

We could suffer significant reputational harm if we fail to identify and manage potential conflicts of interest properly. The failure, or perceived failure, to adequately address conflicts of interest could affect the willingness of clients to deal with us, or give rise to litigation or enforcement actions against the Consumer Group. Therefore, there can be no assurance that conflicts of interest will not arise in the future that could cause material harm to us.

The Consumer Group may be the subject of misinformation and misrepresentations deliberately propagated to harm the Consumer Group's reputation or for other deceitful purposes. There can be no assurance that the Consumer Group will effectively neutralise and contain false information that may be propagated regarding

the Consumer Group, which could have an adverse effect on the Consumer Group's operating results, financial condition and prospects.

The Consumer Group engages in transactions with subsidiaries or affiliates that others may not consider to be on an arm's-length basis

The Consumer Group and its affiliates have entered into a number of services agreements pursuant to which they render services, such as administrative, accounting, finance, treasury, legal services and others.

Spanish law provides for several procedures designed to ensure that the transactions entered into with or among the Consumer Group's financial affiliates do not deviate from prevailing market conditions for those types of transactions.

The Consumer Group is likely to continue to engage in transactions with its affiliates. Future conflicts of interests between the Issuer and any of its affiliates, or among its affiliates, may arise, which conflicts may not be resolved in the Consumer Group's favour.

The Consumer Group may not effectively manage risks associated with the replacement of benchmark indices

Interest rate, equity, foreign exchange rate and other types of indices which are deemed to be "benchmarks" are the subject of increased regulatory scrutiny. For example, in 2017, the FCA announced that it will no longer persuade or compel banks to submit rates for the calculation of the London interbank offered rate ("**LIBOR**") benchmark after 2021. This announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. In a further speech on 12 July 2018, Andrew Bailey, the Chief Executive Officer of the FCA, emphasised that market participants should not rely on the continued publication of LIBOR after the end of 2021. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could have consequences which cannot be fully anticipated, presenting a number of risks for the Consumer Group. These risks include (i) legal risks arising from potential changes required to documentation for new and existing transactions; (ii) financial risks arising from any changes in the valuation of financial instruments linked to benchmark rates; (iii) pricing risks arising from how changes to benchmark indices could impact pricing mechanisms on some instruments; (iv) operational risks arising from the potential requirement to adapt IT systems, trade reporting infrastructure and operational processes; and (v) conduct risks arising from the potential impact of communication with customers and engagement during the transition period. The replacement benchmarks, and the timing of and mechanisms for implementation have not yet been confirmed by central banks. Accordingly, it is not currently possible to determine whether, or to what extent, any such changes would affect the Consumer Group. However, the elimination of LIBOR or other benchmarks, and the implementation of alternative benchmark rates, may have a material adverse effect on the Consumer Group's business, results of operations, financial condition and prospects.

Changes in accounting standards could impact reported earnings

The accounting standard setters and other regulatory bodies periodically change the financial accounting and reporting standards that govern the preparation of our consolidated financial statements. These changes can materially impact how we

record and report our financial condition and results of operations, as well as affect the calculation of its capital ratios. In some cases, we could be required to apply a new or revised standard retroactively, resulting in the restatement of prior period financial statements.

We rely extensively on models in managing many aspects of our business, and if they are not accurate or are misinterpreted, it could have a material adverse effect on our business and results of operations

We rely extensively on models in managing many aspects of our business, including liquidity and capital planning (including stress testing), customer selection, credit and other risk management, pricing, reserving and collections management. The models may prove in practice to be less predictive than we expect for a variety of reasons, including as a result of errors in constructing, interpreting or using the models or the use of inaccurate assumptions (including failures to update assumptions appropriately or in a timely manner). Our assumptions may be inaccurate for many reasons including that they often involve matters that are inherently difficult to predict and beyond our control (for example, macroeconomic conditions and their impact on partner and customer behaviors) and they often involve complex interactions between a number of dependent and independent variables, factors and other assumptions. The errors or inaccuracies in our models may be material, and could lead us to make wrong or sub-optimal decisions in managing our business, and this could have a material adverse effect on our business, results of operations and financial condition.

The Consumer Group's financial statements are based in part on assumptions and estimates which, if inaccurate, could cause material misstatement of the results of its operations and financial position

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgments and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The accounting policies deemed critical to our results and financial position, based upon materiality and significant judgments and estimates, include impairment of loans and advances, goodwill impairment, valuation of financial instruments, impairment of available-for-sale financial assets, deferred tax assets provision and pension obligation for liabilities.

If the judgment, estimates and assumptions we use in preparing our consolidated financial statements are subsequently found to be incorrect, there could be a material effect on the Consumer Group's results of operations and a corresponding effect on the Consumer Group's funding requirements and capital ratios.

Some of our business is cyclical. A reduction in demand for our products and failure by us to adapt to such reduction could adversely affect our business, results of operations, and financial condition.

The demand for the products we offer may be reduced due to a variety of factors, such as demographic patterns, changes in customer preferences or financial conditions, regulatory restrictions that decrease customer access to particular products, or the availability of competing products. Should we fail to adapt to significant changes in our customers' demand for, or access to, our products, our revenues could decrease significantly and our operations could be harmed. Even if we do make changes to existing products or introduce new products to fulfill customer demand, customers may resist such changes or may reject such products. Moreover, the effect of any product change on the results of our business may not be fully ascertainable until the change has been in effect for some time, and, by that time, it may be too late to make further modifications to such product without causing further harm to our business, results of operations, and financial condition.

Our income may decrease when demand for certain products or services is in a down cycle. The level of our income derives from certain of our products and services and depends on the strength of the economies in the regions where we operate and certain market trends prevailing in those areas. Therefore, negative cycles may adversely affect our future income.

Changes in procedures over financial reporting standards or policies introduced by IFRS 9 could materially affect Consumer Group's reported results and financial condition and may have a material adverse effect on capital ratios

On 24 July 2014, the International Accounting Standards Board ("**IASB**") announced IFRS 9 on financial instruments which will replace IAS 39, which is effective since 1 January 2018. IFRS 9 entails a comprehensive reform of financial instruments accounting and provides principles for classification and measurement of financial instruments, provisioning for expected credit losses and the new general hedge accounting model. The general hedge accounting model will later be supplemented by a new macro hedge accounting model, which the IASB is working on.

The expected credit losses model will result in earlier recognition of credit losses and thus a higher provision charge because it includes not only credit losses already incurred, but also losses that are expected in the future. We expect that this change is likely to increase credit loss provisions and decrease equity at the date of transition. The European Commission has proposed that the initial effect on equity, as it relates to the capital adequacy ratios, is to be gradually phased in over a five-year period between 2019 and 2023.

The Issuer faces significant risks in implementing its growth strategy, some of which are outside its control

The Issuer intends to continue its growth strategy to (i) expand its vehicle and consumer finance franchise by increasing market penetration via the number and depth of their relationships in the vehicle and consumer finance markets, pursuing additional relationships with manufacturers, and expanding its direct-to-consumer footprint and (ii) continue to grow its unsecured consumer lending platform. Its ability to execute this growth strategy is subject to significant risks, some of which are beyond its control, including:

- the inherent uncertainty regarding general economic conditions;
- its ability to assess the value, strengths and weaknesses of investment or acquisition candidates, including local regulations that could reduce or eliminate expected synergies;
- its ability to finance strategic investments or acquisitions;
- the prevailing laws and regulatory environment of each country in which it operates or seeks to operate, and, to the extent applicable, international regulations, which are subject to change at any time;
- the degree of competition in new markets and the effect on its ability to attract new customers;
- its ability to apply its risk management policy effectively to an enlarged group;
- its ability to recruit qualified personnel, in particular in areas where it faces a great deal of competition; and
- its ability to obtain and maintain any regulatory approvals, government permits, or licenses that may be required on a timely basis.

In addition, the Issuer allocates management and planning resources to develop strategic plans for organic growth, and to identify possible acquisitions and disposals and areas for restructuring its businesses. From time to time, the Issuer evaluates acquisition and partnership opportunities that are consistent with its business strategy. However, the Issuer may not be able to identify suitable acquisition or partnership candidates, and its ability to benefit from any such acquisitions and partnerships will depend in part on its successful integration of those businesses. Any such integration entails significant risks such as unforeseen difficulties in integrating operations and systems and unexpected liabilities or contingencies relating to the acquired businesses, including legal claims. The Issuer can give no assurances that it will, in all cases, be able to manage its growth effectively or deliver its strategic growth objectives.

Decisions adopted by the Syndicate may affect certain Noteholders' interests, and the Term and Conditions of the Notes may otherwise be modified, waived or substituted in detriment to certain Noteholders' interests

The Terms and Conditions include certain provisions regarding Noteholders' meetings, which may be held in order to resolve matters relating to the Noteholders' interests. The Syndicate of Noteholders has authority to modify (in agreement with the Issuer) the Terms and Conditions of the Notes as provided in Condition 12 (*Syndicate of Holders of the Notes and Modifications*) and Article 15 of the Regulations (*Powers of the General Meeting*). Condition 12 (*Syndicate of Holders of the Notes and Modifications*) and the Regulations allow for designated majorities to bind all Noteholders, including Noteholders who have not participated in, or voted at, the actual meeting, or who voted in a manner contrary to the majority in relation to decisions that have been taken at a duly convened and conducted Noteholders' meeting. In particular, these provisions permit amendments to certain payment terms (including terms relating to the redemption of the Notes at the stated maturity or otherwise) with the vote of holders of two thirds or more of the outstanding principal amount of the Notes, and other amendments with the vote of an absolute majority of holders voting at the relevant meeting. The Terms and Conditions of the Notes also provide that we may, with the consent of the Issue and Paying Agent and the Commissioner (as defined in Condition 12) but without the consent of the

Noteholders, amend the Terms and Conditions of the Notes insofar as they apply to the Notes to correct any manifest error.

3. Risks in relation to the Notes

General risks relating to the Notes

Risks related to early intervention and resolution - Law 11/2015 enables a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any action under Law 11/2015 could materially affect the value of any debt securities

On 6 May 2014, the Council of the EU adopted the BRRD, which provides for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms.

The regime provided for by the BRRD is, among other things, stated to be needed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in unsound or failing credit institutions and investment firms ("**institutions**") so as to ensure the continuity of the institution's critical financial and economic functions while minimising the impact of an institution's failure on the economy and financial system. On 18 June 2015, the Spanish government approved Law 11/2015 to implement the BRRD in Spain, which has been developed through Royal Decree 1012/2015.

An institution will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of the requirements necessary for maintaining its authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts as they fall due; or it requires extraordinary public financial support (except in limited circumstances).

Law 11/2015 contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest. The resolution tools and powers are: (i) sale of business - which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution – which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation - which enables resolution authorities to transfer certain categories of assets (including impaired or problematic assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in - which gives resolution authorities the power to write down (including to zero) certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims including senior debt securities and subordinated debt securities to equity (the general bail-in tool), which equity could also be subject to any future application of the general bail-in tool.

The "**Spanish Bail-in Power**" is any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance

with any laws, regulations, rules or requirements in effect in Spain, relating to the transposition of the BRRD, as amended from time to time, including, but not limited to (i) Law 11/2015, as amended from time to time (in particular, by transposition of the New Banking Regulations), (ii) Royal Decree 1012/2015, as amended from time to time (in particular, by transposition of the New Banking Regulations), (iii) the SRM Regulation, as amended by the New Banking Regulations and as subsequently amended from time to time, and (iv) any other laws, rules or standards made in connection with either (i), (ii) or (iii), pursuant to which any obligation of an institution can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such institution or any other person (or suspended for a temporary period).

Condition 19 provides for the contractual recognition by the holders of the Notes (the "**Holders**") of the conversion or write down upon bail-in.

In accordance with Article 48 of Law 11/2015 (and subject to any exclusions that may be applied by the Relevant Resolution Authority under Article 43 of Law 11/2015), in the case of any application of the Spanish Bail-in Power, the sequence of any resulting write-down or conversion shall be as follows: (i) CET1 capital instruments; (ii) the principal amount of additional Tier 1 capital instruments; (iii) the principal amount of Tier 2 Notes; (iv) other subordinated claims that do not qualify as additional Tier 1 capital instruments or Tier 2 Notes; and (v) eligible liabilities prescribed in Article 41 of Law 11/2015 in accordance with the applicable insolvency legislation. Any application of the Spanish Bail-in Power under BRRD shall be in accordance with the hierarchy of claims in normal insolvency proceedings (unless otherwise provided by Applicable Banking Regulations (as defined in Condition 3 below)). Accordingly, the impact of such application on Holders will depend on the ranking of the relevant Notes in accordance with such hierarchy, including any priority given to other creditors such as depositors.

As a result, additional Tier 1 capital instruments will be written down or converted before Tier 2 Notes or subordinated debt that does not qualify as additional Tier 1 capital instruments or Tier 2 Notes (any such Tier 2 Notes or subordinated debt would only be written down or converted if the reduction of additional Tier 1 capital instruments does not sufficiently reduce the aggregate amount of liabilities that must be written down or converted and, accordingly, senior debt Notes would only be written down or converted if the reduction of subordinated Notes does not sufficiently reduce the aggregate amount of liabilities that must be written down or converted).

Under Article 92 of Law 22/2003 dated 9 July 2003 (the "**Insolvency Law**") read in conjunction with Additional Provision 14.3º of Law 11/2015, the Issuer will meet subordinated claims after payment in full of unsubordinated claims, but before distributions to shareholders, in the following order and pro-rata within each class: (i) late or incorrect claims; (ii) contractually subordinated liabilities in respect of principal (firstly, those that do not qualify as additional Tier 1 capital instruments or Tier 2 Notes; secondly, those that qualify as Tier 2 Notes and thirdly, those that qualify as additional Tier 1 capital instruments); (iii) interest (including accrued and unpaid interest due on the Notes); (iv) fines; (v) claims of creditors which are specially related to the Issuer (if applicable) as provided for under the Insolvency Law; (vi) detrimental claims against the Issuer where a Spanish Court has determined that the relevant creditor has acted in bad faith (*rescisión concursal*); and (vii) claims

arising from contracts with reciprocal obligations as referred to in Articles 61, 62, 68 and 69 of the Insolvency Law, wherever the court rules, prior to the administrators' report of insolvency (*administración concursal*) that the creditor repeatedly impedes the fulfilment of the contract against the interest of the insolvency.

The Spanish Bail-in Power contains an express safeguard designed to leave no creditor worse off than in the case of insolvency.

In addition to the Spanish Bail-in Power, the BRRD and Law 11/2015 provide for resolution authorities to have the further power to permanently write-down (including to zero) or convert into equity capital instruments such as the Subordinated Tier 2 Notes at the point of non-viability ("**Non-Viability Loss Absorption**"). The point of non-viability of an institution is the point at which the **FROB**, the Single Resolution Board established pursuant to the SRM Regulation and/or any other authority entitled to exercise or participate in the exercise of the Spanish Bail-in Power from time to time (each, a "**Relevant Resolution Authority**") as appropriate, determines that the institution meets the conditions for resolution or will no longer be viable unless the relevant capital Notes are written down or converted into equity or extraordinary public support is to be provided and without such support the Relevant Resolution Authority determines that the institution would no longer be viable. The point of non-viability of the Consumer Group is the point at which the Consumer Group infringes or there are objective elements to support a determination that the Consumer Group, in the near future, will infringe its consolidated solvency requirements in a way that would justify action by the Relevant Resolution Authority in accordance with Article 38.3 of Law 11/2015. These additional measures may be imposed prior to or in combination with any exercise of any other resolution tool or power (where the conditions for resolution referred to above are met).

In accordance with Article 64.1.(i) of Law 11/2015, the FROB has also the power to alter the amount of interest payable under debt Notes and other eligible liabilities of institutions subject to resolution proceedings and the date on which the interest becomes payable under the debt instrument (including the power to suspend payment for a temporary period).

The powers set out in the BRRD as implemented through Law 11/2015, the Royal Decree 1012/2015 and the SRM Regulation will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Holders of the Notes may be subject to write-down (including to zero) or conversion into equity on any application of the general bail-in tool, which may result in such Holders losing some or all of their investment. The exercise of any power under Law 11/2015 or any suggestion of such exercise could, therefore, materially adversely affect the rights of Holders, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

There may be limited protections, if any, that will be available to holders of securities subject to the bail-in power and to the broader resolution powers of the Relevant Resolution Authority. Accordingly, Holders may have limited or circumscribed rights to challenge any decision of the Relevant Resolution Authority to exercise its Spanish Bail-in Power. There remains uncertainty as to how or when the Spanish Bail-in Power and/or in the case of Subordinated Tier 2 Notes, the Non-Viability Loss Absorption may be exercised and how it would affect the Consumer Group and the Notes. The determination that all or part of the principal amount of the Notes will be subject to loss absorption is likely to be inherently unpredictable and may depend on

a number of factors which may be outside of the Issuer's control. Although there are proposed pre-conditions for the exercise of the bail-in power, there remains uncertainty regarding the specific factors which the Relevant Resolution Authority would consider in deciding whether to exercise the Spanish Bail-in Power with respect to the financial institution and/or securities issued or guaranteed by that institution. In particular, in determining whether an institution is failing or likely to fail, the Relevant Resolution Authority shall consider a number of factors, including, but not limited to, an institution's capital and liquidity position, governance arrangements and any other elements affecting the institution's continuing authorisation. Moreover, although the EBA has recently issued guidelines on the treatment of shareholders in bail-in or the write-down and conversion of capital instruments and on the rate of conversion of debt to equity in bail-in as the final criteria that the Relevant Resolution Authority would consider in exercising any bail-in power are likely to provide it with discretion. Therefore, Holders may not be able to refer to publicly available criteria in order to anticipate a potential exercise of any such Spanish Bail-in Power and/or, in the case of Subordinated Tier 2 Notes, the Non-Viability Loss Absorption. Because of this inherent uncertainty, it will be difficult to predict when, if at all, the exercise of any such powers may occur.

The uncertainty may adversely affect the value of Holders' investments in the Notes and the price and trading behaviour of the Notes may be affected by the threat of a possible exercise of any power under Law 11/2015 (including any early intervention measure before any resolution) or any suggestion of such exercise, even if the likelihood of such exercise is remote. Moreover, the Relevant Resolution Authority may exercise any such power without providing any advance notice to the Holders.

In addition, the preparation by the EBA of certain regulatory technical standards and implementing technical standards to be adopted by the European Commission (pending) and the amendments to the BRRD introduced by the New Banking Regulations, which require national transposition by EU member states, could be relevant to determining when or how a Relevant Resolution Authority may exercise the Spanish Bail-in Power and/or, in the case of Subordinated Tier 2 Notes, the Non-Viability Loss Absorption. No assurance can be given that, once adopted, these standards or new legislation will not be detrimental to the rights of a Holder under, and the value of a Holder's investment in, the Notes.

In addition to the BRRD, it is possible that the application of other relevant laws, such as the Basel Committee on Banking Supervision package of reforms to the regulatory capital framework for internationally active banks designed, in part, to ensure that capital Notes issued by such banks fully absorb losses before tax payers are exposed to loss and any amendments thereto or other similar regulatory proposals, including proposals by the FSB on cross-border recognition of resolution actions, could be used in such a way as to result in the Notes absorbing losses in the manner described above. Any actions by the Relevant Resolution Authority pursuant to the ones granted by Law 11/2015, or other measures or proposals relating to the resolution of institutions, may adversely affect the rights of Holders, the price or value of an investment in the Notes and/or the Consumer Group's ability to satisfy its obligations under the Notes.

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

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

Risks relating to the Insolvency Law

The Insolvency Law, which came into force on 1 September 2004 supersedes all pre-existing Spanish provisions which regulated the bankruptcy, insolvency (including suspension of payments) and any process affecting creditors' rights generally, including the ranking of its credits.

The 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 one month from the last official publication of the court order declaring the insolvency (if the insolvency proceeding is declared as abridged, the term to report may be reduced to fifteen days), (ii) provisions in a contract granting one party the right to terminate by reason only of the other's insolvency may not be enforceable, and (iii) interest (other than interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security) shall cease to accrue as from the date of the declaration of insolvency and any amount of interest accrued up to such date (other than any interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security) shall become subordinated.

The Notes may be denominated in a currency different to the investor's home currency

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

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

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the

ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Change of law

The Terms and Conditions will be subject to Spanish law or English law ((except for Conditions 3 and 12 which are subject to Spanish law) as specified in the relevant Final Terms), as in effect as at the date of this Base Prospectus. Changes in European, English or Spanish laws or their official interpretation by regulatory authorities after the date hereof may affect the rights and effective remedies of Holders as well as the market value of the Notes. Such changes in law or official interpretation of such laws may include changes in statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on an investment in the Notes. No assurance can be given as to the impact of any possible judicial decision or change to such laws or official interpretation of such laws or administrative practices after the date of this Base Prospectus.

In particular, in relation to the Subordinated Notes, the Senior Non Preferred Note and Ordinary Senior Notes (each as defined below) eligible to comply with the TLAC/MREL Requirements, as of the date of this Base Prospectus, the provisions of the New Banking Regulations amending CRDIV and BRRD would yet have to be transposed into national legislation within the deadlines provided by the New Banking Regulations. Among these New Banking Regulations, the amendments to BRRD were proposed in order to facilitate the creation of a new asset class of "non-preferred" senior debt eligible to count as TLAC and MREL. The recognition of the "non-preferred" senior debt was effectively implemented in the EU through the Directive (EU) 2017/2399 amending the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy which was published in the Official Journal of the EU on 27 December 2017. It had to be transposed into national law by the Member States by 29 December 2018, provided that the relevant member states had not previously legislated in the sense of such Directive. In Spain, the new class of "non preferred" senior debt and its insolvency ranking were introduced earlier through RDL 11/2017, which entered into force on 25 June 2017 and amended Additional Provision 14 of Law 11/2015, which paragraph 2 provides for the legal recognition of unsubordinated and unsecured senior non preferred obligations (*créditos ordinarios no preferentes*) in Spain.

Furthermore, any change in the laws or regulations of Spain, Applicable TLAC/MREL Regulations (as defined in the Terms and Conditions) or the application or interpretation thereof may in certain circumstances result in the Issuer having the option to redeem, substitute or vary the terms of the Subordinated Notes, the Senior Non Preferred Notes or certain Ordinary Senior Notes (see "*—The Subordinated Notes, the Senior Non Preferred Notes and certain Ordinary Senior Notes may be redeemed prior to maturity upon the occurrence of a Capital Disqualification Event or a TLAC/MREL Disqualification Event*" and "*—The Notes may be subject to substitution and/or variation without Holder consent*"). In any such case, the Subordinated Notes, the Senior Non Preferred Notes or certain Ordinary Senior Notes would cease to be outstanding, be substituted or be varied, each of which actions could materially and adversely affect investors and frustrate investment strategies and goals.

Such legislative and regulatory uncertainty could affect an investor's ability to value the Notes accurately and therefore affect the market price of the Notes given the extent and impact on the Notes of one or more regulatory or legislative changes.

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

If so specified in the Final Terms, the Notes may be redeemed at the option of the Issuer, as further described in Condition 5.06. The Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

In addition, the Issuer may, at its option, redeem all, but not some only, of the Notes, at any time at their early redemption amount, together with accrued but unpaid interest up to (but excluding) the date of redemption, for taxation reasons as further described in Condition 5.02.

In the case of Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes eligible to comply with the TLAC/MREL Requirements redemption at the option of the Issuer or for taxation reasons will be subject to the prior consent of the Regulator and/or the Relevant Resolution Authority (as these terms are defined in the Terms and Conditions) if and as required therefor under Applicable Banking Regulations (as defined in the Terms and Conditions) and may only take place in accordance with Applicable Banking Regulations in force at the relevant time. See more detail in "*–The Subordinated Notes, the Senior Non Preferred Notes and certain Ordinary Senior Notes may be redeemed prior to maturity upon the occurrence of a Capital Disqualification Event or a TLAC/MREL Disqualification Event*" below.

Early redemption features (including any redemption of the Notes at the option of the Issuer pursuant to Condition 5.06 or for taxation reasons pursuant to Condition 5.02) is likely to limit the market value of the Notes. During any period when the Issuer may redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period or at any time where there is any actual increase in the likelihood that the Issuer will be able to redeem the Notes early.

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

Suitability

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

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

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

(i) has sufficient knowledge and expertise to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus, taking into account that the Notes may only be a suitable investment for professional or institutional investors;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for payments in respect of the Notes is different from the potential investor's currency;

(iv) understands thoroughly the terms of the Notes, including the provisions relating to their status, and is familiar with the behaviour of financial markets; and

(v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear applicable risks.

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

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

The trading market for debt securities issued by banks is influenced by economic and market conditions and, to varying degrees, interest rates, currency exchange rates and inflation rates in other Western and industrialised countries. There can be no assurance that events in Spain, the UK (including the UK's exit strategy), Europe, the United States or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions will not have any other adverse effect.

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

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

may limit the ability of the Issuer to meet its obligations in respect of the Notes, and result in a Holder losing all or some of its investment in the Notes.

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

The Subordinated Notes, the Senior Non Preferred Notes and certain Ordinary Senior Notes may be redeemed prior to maturity upon the occurrence of a Capital Disqualification Event or a TLAC/MREL Disqualification Event

The Issuer may, at its option, redeem all, but not some only, of the Subordinated Notes, the Senior Non Preferred Notes or certain Ordinary Senior Notes where the TLAC/MREL Disqualification Event has been specified as applicable in the relevant Final Terms, as applicable, at any time at their early redemption amount, together with accrued but unpaid interest up to (but excluding) the date of redemption, upon or following the occurrence of a Capital Disqualification Event (in the case of Tier 2 Subordinated Notes only) or a TLAC/MREL Disqualification Event (as these terms are defined in the Terms and Conditions).

The early redemption of the Subordinated Notes, the Senior Non Preferred Notes or the Ordinary Senior Notes where the TLAC/MREL Disqualification Event has been specified as applicable in the relevant Final Terms upon the occurrence of a Capital Disqualification Event or a TLAC/MREL Disqualification Event, as applicable, will be subject to the prior consent of the Regulator and/or the Relevant Resolution Authority if and as required therefor under Applicable Banking Regulations and may only take place in accordance with Applicable Banking Regulations in force at the relevant time.

The New Banking Regulations provide that the redemption of MREL eligible liabilities prior to the date of their contractual maturity is subject to the prior permission of the competent authority. According to the New Banking Regulations, such consent will be given only if either of the following conditions are met:

(i) on or before such redemption, the institution replaces the instruments with own funds or eligible liabilities instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or

(ii) the institution has demonstrated to the satisfaction of the competent authority that the own funds and eligible liabilities of the institution would, following such redemption, exceed the requirements laid down in the CRR, the CRD IV Directive and the BRRD by a margin that the competent authority considers necessary.

It is not possible to predict whether or not the Subordinated Notes, the Senior Non Preferred Notes or certain Ordinary Senior Notes will or may qualify as TLAC/MREL-Eligible Notes (see *" –The qualification of the Subordinated Notes, the Senior Non Preferred Notes and certain Ordinary Senior Notes as TLAC/MREL-Eligible Notes is subject to uncertainty"*) or if any further change in the laws or regulations of Spain, Applicable Banking Regulations, Applicable TLAC/MREL Regulations or in the application or official interpretation thereof will occur and so

lead to the circumstances in which the Issuer is able to elect to redeem the Subordinated Notes, the Senior Non Preferred Notes or certain Ordinary Senior Notes, and if so whether or not the Issuer will elect to exercise such option to redeem such Notes or any prior consent of the Regulator and/or the Relevant Resolution Authority, if required, will be given.

Early redemption features (including any redemption of the Notes pursuant to Condition 5.03 or pursuant to Condition 5.04) are likely to limit the market value of the Notes. During any period when the Issuer may redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period or at any time where there is any actual increase in the likelihood that the Issuer will be able to redeem the Notes early. The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The qualification of the Subordinated Notes, the Senior Non Preferred Notes and certain Ordinary Senior Notes as TLAC/MREL-Eligible Notes is subject to uncertainty

The Subordinated Notes, the Senior Non Preferred Notes and certain Ordinary Senior Notes may be intended to be TLAC/MREL-Eligible Notes (as defined in the Terms and Conditions) under the Applicable TLAC/MREL Regulations. However, there is uncertainty regarding the final implementation into national law of the Applicable TLAC/MREL Regulations and how applicable regulations are to be interpreted and applied and the Issuer cannot provide any assurance that the Subordinated Notes, the Senior Non Preferred Notes and certain Ordinary Senior Notes will or may be (or thereafter remain) TLAC/MREL-Eligible Notes.

The New Banking Regulations are, among others, intended to give effect to the FSB TLAC Term Sheet and to modify the requirements for MREL eligibility. While the Terms and Conditions may be consistent with the New Banking Regulations, these New Banking Regulations have not yet been interpreted and they still need to be transposed by Member States.

Because of the uncertainty surrounding the substance of the final regulations implementing the TLAC requirements and their interpretation and application and any potential changes to the regulations giving effect to MREL, the Issuer cannot provide any assurance that the Subordinated Notes, the Senior Non Preferred Notes and certain Ordinary Senior Notes will or may ultimately be TLAC/MREL-Eligible Notes.

If for any reasons the Subordinated Notes, the Senior Non Preferred Notes and the Ordinary Senior Notes where the TLAC/MREL Disqualification Event has been specified as applicable in the relevant Final Terms are not TLAC/MREL-Eligible Notes or if they initially are TLAC/MREL-Eligible Notes and subsequently become ineligible due to a change in Spanish law or Applicable TLAC/MREL Regulations, then a TLAC/MREL Disqualification Event (as defined in the Terms and Conditions) will occur, with the consequences indicated in the Terms and Conditions. See "—*The*

Subordinated Notes, the Senior Non Preferred Notes and certain Ordinary Senior Notes may be redeemed prior to maturity upon the occurrence of a Capital Disqualification Event or a TLAC/MREL Disqualification Event" and "*—The Notes may be subject to substitution and/or variation without Holder consent*".

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

Subject as provided herein, in particular to the provisions of Condition 8, if a Capital Disqualification Event, a TLAC/MREL Disqualification Event or a circumstance giving rise to the right to redeem the Notes early for taxation reasons, occurs, the Issuer may, at its option, and without the consent or approval of the Holders, elect either (i) to substitute all (but not some only) of the Notes or (ii) to modify the terms of all (but not some only) of such Notes, in each case so that they are substituted for, or varied to, become, or remain Qualifying Notes. While Qualifying Notes generally must contain terms that are materially no less favourable to Holders as the original terms of the Notes, there can be no assurance that the terms of any Qualifying Notes will be viewed by the market as equally favourable, or that the Qualifying Notes will trade at prices that are equal to the prices at which the Notes would have traded on the basis of their original terms.

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

The terms of the Notes may contain a waiver of set-off rights

The Terms and Conditions provide that, if so specified in the Final Terms, Holders of Notes waive any set-off, netting or compensation rights against any right, claim, or liability the Issuer has, may have or acquire against any Holder, directly or indirectly, howsoever arising. As a result, Holders will not at any time be entitled to set-off the Issuer's obligations under the Notes against obligations owed by them to the Issuer.

Risks relating to the Commissioner

Prospective investors should note that the Commissioner (which owes certain obligations to the Syndicate of Holders of Notes) will be appointed by the Issuer and that it may be an employee or officer of the Issuer.

Potential conflicts of interest between the investor and the Calculation Agent

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

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

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

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

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Deed of Covenant dated 18 June 2019 (the "**Deed of Covenant**").

Credit ratings may not reflect all risks

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

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings will be disclosed in the relevant Final Terms.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each prospective investor

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

Taxation in Spain

Article 44 of Royal Decree 1065/2007 (as amended among others by Royal Decree 1145/2011 of 29 July) ("**Royal Decree 1065/2007**") sets out the reporting obligations applicable to specific preferred securities and debt Notes issued under Law 10/2014. The procedures apply to income deriving from preferred shares and debt Notes to which Law 10/2014 refers, including debt Notes issued at a discount for a period equal to or less than twelve months.

According to the literal wording of Article 44.5 of Royal Decree 1065/2007, income derived from preferred shares or debt Notes to which Law 10/2014 applies originally registered with the entities that manage clearing systems located outside Spain, and are recognised by Spanish law or by the law of another Organisation for Economic Co-operation Development ("**OECD**") country (such as the Depository Trust Company, Euroclear or Clearstream, Luxembourg), will be paid free of Spanish withholding tax provided that the Issue and Paying Agent appointed by the Issuer submits, in a timely manner, a statement to the Issuer, the form of which is attached as Exhibit I, with the following information:

(i) identification of the securities;

(ii) income payment date (or refund if the securities are issued at discount or are segregated);

(iii) total amount of income (or total amount to be refunded if the securities are issued at discount or are segregated); and

(iv) total amount of the income corresponding to each clearing system located outside Spain.

These obligations refer to the total amount paid to investors through each foreign clearing house. For these purposes, "income" means interest and the difference, if any, between the aggregate amount payable on the redemption of the Notes and the issue price of the Notes. In accordance with Article 44 of Royal Decree 1065/2007, the Issue and Paying Agent should provide the Issuer with the statement reflecting the information described above at the close of business on the business day immediately prior to each interest payment date. In the event that on such date, the entity(ies) obliged to provide the declaration fail to do so, the Issuer or Issue and Paying Agent on its behalf will make a withholding at the general rate of 19% on the total amount of the return on the relevant Notes otherwise payable to such entity. Notwithstanding the foregoing, the Issuer has agreed that in the event that withholding tax were required by law due to the failure of the relevant Paying Agent

to submit in a timely manner a duly executed and completed certificate pursuant to Law 10/2014 and Royal Decree 1065/2007 and any implementing legislation or regulation, the Issuer will not pay any additional amounts with respect to any such withholding, as provided in Condition 10.

In the event that the currently applicable procedures are modified, amended or supplemented by, among other things, any Spanish law, regulation, interpretation or ruling of the Spanish tax authorities, the Issuer will notify the Beneficial Owners of the Notes of such information procedures and their implications, as the Issuer may be required to apply withholding tax on any payments made under the Notes if the Beneficial Owners of the Notes do not comply with such information procedures.

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

Reference rates and indices such as Euro Interbank Offered Rate ("**EURIBOR**") or London Interbank Offered Rate ("**LIBOR**") and other interest rate or other types of rates and indices which are deemed to be "benchmarks" (each a "**Benchmark**" and together, the "**Benchmarks**"), to which the interest on securities may be linked, have become the subject of regulatory scrutiny and recent national and international regulatory guidance and proposals for reform. This has resulted in regulatory reform and changes to existing Benchmarks, with further change anticipated. Such reform of Benchmarks includes the Benchmark Regulation which was published in the official journal on 29 June 2016. The Benchmark Regulation applies to the provision of Benchmarks, the contribution of input data to a Benchmark and the use of a Benchmark within the European Union. It will, among other things, (i) require Benchmark administrators to be authorised or registered (or, if non-EU based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities such as the Issuer of Benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Separately, on 27 July 2017, the FCA announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021. In a further speech on 12 July 2018, the FCA emphasised that market participants should not rely on the continued publication of LIBOR after the end of 2021, which indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

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

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of Benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements. Such factors may have the following effects on certain Benchmarks including EURIBOR and LIBOR: (i) discourage market participants from continuing to administer or contribute to the Benchmark;

(ii) trigger changes in the rules or methodologies used in the Benchmark or (iii) lead to the disappearance of the Benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of, and return on, any Notes linked to or referencing to a Benchmark.

In relation to Reset Notes and, where Screen Rate Determination is specified as the manner in which the Rate of Interest is to be determined, in relation to Floating Rate Notes or CMS-Linked Notes, the Terms and Conditions provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where such Original Reference Rate is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available.

Where the Relevant Screen Page is not available, and no successor or replacement for the Relevant Screen Page is available, the Terms and Conditions provide for the Rate of Interest to be determined by the Calculation Agent (in the case of the Reset Notes) or the Determination Agent (in the case of the Floating Rate Notes or CMS-Linked Notes) by reference to quotations from banks communicated to the Calculation Agent or the Determination Agent, as the case may be.

Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such Original Reference Rate), the Rate of Interest may ultimately revert to the Rate of Interest applicable in respect of the preceding Reset Period or Interest Period, as the case may be, before the Original Reference Rate was discontinued. Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from reference banks, and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the Reset Notes, Floating Rate Notes and CMS-Linked Notes.

If a Benchmark Event (as defined in Condition 4G.07) (which, amongst other events, includes the permanent discontinuation of an Original Reference Rate) occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. After consulting with the Independent Adviser, the Issuer shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest will result in Notes linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Issuer, the Terms and Conditions provide that the Issuer may vary the Terms and Conditions, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Holders.

If a Successor Rate or Alternative Rate is determined by the Issuer, the Terms and Conditions also provide that an Adjustment Spread may be determined by the Issuer and applied to such Successor Rate or Alternative Rate. The aim of the Adjustment Spread is to reduce or eliminate, to the extent reasonably practicable, any economic prejudice or benefit (as the case may be) to Holders as a result of the replacement of

the Original Reference Rate with the Successor Rate or the Alternative Rate. However, it may not be possible to determine or apply an Adjustment Spread and even if an Adjustment Spread is applied, such Adjustment Spread may not be effective to reduce or eliminate economic prejudice to Holders. If no Adjustment Spread can be determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Rate of Interest. The use of any Successor Rate or Alternative Rate (including with the application of an Adjustment Spread) will still result in Notes linked to or referenncing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form.

The Issuer may not be able to determine a Successor Rate or Alternative Rate in accordance with the Terms and Conditions of the Notes.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or is unable to determine a Successor Rate or Alternative Rate before the next Reset Determination Date or Interest Determination Date, as the case may be, the Rate of Interest for the next succeeding Interest Period will be the Rate of Interest applicable in respect of the last preceding Reset Period or Interest Period, respectively, before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Interest Payment Date, the Rate of Interest will be the Initial Rate of Interest.

Where the Issuer has been unable to appoint an Independent Adviser or has failed to determine a Successor Rate or Alternative Rate in respect of any given Reset Period or Interest Period, as the case may be, it will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Reset Determination Date or Interest Determination Date, respectively, and/or to determine a Successor Rate or Alternative Rate to apply in respect of the next succeeding and any subsequent Reset Periods or Interest Periods, respectively, as necessary.

Applying the Initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Reset Determination Date or Interest Determination Date before the occurrence of the Benchmark Event will result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

If the Issuer is unable to appoint an Independent Adviser or, fails to determine a Successor Rate or Alternative Rate for the life of the relevant Notes, the Initial Rate of Interest, or the Rate of Interest applicable in respect of the last preceding Reset Period or Interest Period before the occurrence of the Benchmark Event, will continue to apply to maturity. This will result in the Reset Notes, Floating Rate Notes or CMS-Linked Notes, as the case may be, becoming, in effect, fixed rate Notes.

No Successor Rate or Alternative Rate will be adopted, nor any Adjustment Spread applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 Subordinated Notes or TLAC/MREL-Eligible Notes for the purposes of the Applicable Banking Regulations.

Where ISDA Determination is specified as the manner in which the Rate of Interest is to be determined, in respect of Floating Rate Notes or CMS-Linked Notes, the Terms and Conditions provide that the Rate of Interest in respect of the Notes shall

be determined by reference to the relevant Floating Rate Option in the 2006 Definitions of the International Swaps and Derivatives Association, Inc. Where the Floating Rate Option specified is an "IBOR" Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If the relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return on, the Floating Rate Notes or CMS-Linked Notes, as the case may be.

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

Partly-paid Notes

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

Inverse Floating Rate Notes

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

Zero Coupon Notes

The Issuer may issue Zero Coupon Notes. Such Notes will bear no interest and an investor will receive no return on the Notes until redemption. Any investors holding these Notes will be subject to the risk that the amortised yield in respect of the Notes may be less than market rates.

Notes issued at a substantial discount or premium

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

There is no active trading market for the Notes

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the

case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although applications have been made for the Notes issued under the Programme to be admitted to listing on the Regulated Market of Euronext Dublin, there is no assurance that such applications will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

Risks relating to Subordinated Notes and Senior Non Preferred Notes

The risks factors relating to Subordinated Notes and Senior Non Preferred Notes described below should be read together with the general risk factors relating to the Notes described above.

The Senior Non Preferred Notes are senior non preferred obligations and are junior to certain obligations

The Senior Non Preferred Notes constitute direct, unconditional, unsubordinated and unsecured senior non preferred obligations (*créditos ordinarios no preferentes*) of the Issuer in accordance with Additional Provision 14.2º of Law 11/2015. Upon the insolvency of the Issuer, the payment obligations of the Issuer in respect of principal under the Senior Non Preferred Notes rank, subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise) (and unless they qualify as subordinated claims (*créditos subordinados*) pursuant to Article 92.1º or 92.3º to 92.7º of the Insolvency Law), (a) *pari passu* among themselves and with any Senior Non Preferred Liabilities (as defined in the Terms and Conditions), (b) junior to the Senior Higher Priority Liabilities (as defined in the Terms and Conditions) (and, accordingly, upon the insolvency of the Issuer, the claims in respect of Senior Non Preferred Notes will be met after payment in full of the Senior Higher Priority Liabilities and (c) senior to any present and future subordinated obligations (*créditos subordinados*) of the Issuer in accordance with Article 92 of the Insolvency Law.

The Issuer's Senior Higher Priority Liabilities would include, among other liabilities, its deposits obligations (other than the deposits obligations qualifying as preferred liabilities (*créditos con privilegio general*) under Additional Provision 14.1º of Law 11/2015 which will rank senior), its obligations in respect of derivatives and other financial contracts and its unsubordinated and unsecured debt securities other than the Senior Non Preferred Liabilities. If the Issuer were wound up, liquidated or dissolved, the liquidator would apply the assets which are available to satisfy all claims in respect of its unsubordinated and unsecured liabilities, first to satisfy claims of all other creditors ranking ahead of Holders, including holders of Senior Higher Priority Liabilities, and then to satisfy claims in respect of principal of the Senior Non Preferred Notes (and other Senior Non Preferred Liabilities). If the Issuer does not have sufficient assets to settle the claims of higher ranking creditors in full, the claims of the Holders under the Senior Non Preferred Notes will not be satisfied. Holders will share equally in any distribution of assets available to satisfy all claims in respect of its unsubordinated and unsecured liabilities with the creditors under any

other senior parity liabilities if the Issuer does not have sufficient funds to make full payment to all of them.

In addition, if the Issuer enters into resolution, its eligible liabilities (including the Senior Non Preferred Notes) will be subject to bail-in, meaning potential write-down or conversion into equity securities or other instruments. The sequence of any resulting write-down or conversion of eligible instruments under Article 48 of the BRRD and Article 48 of Law 11/2015 provides for claims to be written-down or converted into equity in accordance with the hierarchy of claims provided in the applicable insolvency legislation. Because the Senior Non Preferred Notes are senior non preferred liabilities (*créditos ordinarios no preferentes*) the Issuer expects them to be written down or converted in full after any subordinated obligations of the Issuer under article 92 of the Insolvency Law and before any of the Issuer's Senior Higher Priority Liabilities are written down or converted. See "*—Risks related to early intervention and resolution - Law 11/2015 enables a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any action under Law 11/2015 could materially affect the value of any debt securities*".

As a consequence, Holders of the Senior Non Preferred Notes would bear significantly more risk than creditors of the Issuer's Senior Higher Priority Liabilities and could lose all or a significant part of their investment if the Issuer were to become (i) subject to resolution under the BRRD (as implemented through Law 11/2015 and Royal Decree 1012/2015) and the Senior Non Preferred Notes become subject to the application of the bail-in or (ii) insolvent.

Senior Non Preferred Notes are new types of instruments for which there is little trading history

On 25 June 2017, RDL 11/2017 entered into force amending Additional Provision 14 of Law 11/2015, which paragraph 2 provides for the legal recognition of unsubordinated and unsecured senior non preferred obligations (*créditos ordinarios no preferentes*) in Spain. Although certain Spanish financial institutions have issued senior non-preferred securities or securities with similar features in the past, there is little trading history for securities of Spanish financial institutions with this ranking. Market participants, including credit rating agencies, are in the initial stages of evaluating the risks associated with senior non preferred securities. The credit ratings assigned to senior non preferred securities such as the Senior Non Preferred Notes may change as the rating agencies refine their approaches and the value of such securities may be particularly volatile as the market becomes more familiar with them. It is possible that, over time, the credit ratings and value of senior non preferred securities such as the Senior Non Preferred Notes will be lower than those expected by investors at the time of issuance of the Senior Non Preferred Notes. If so, Holders may incur losses in respect of their investments in the Senior Non Preferred Notes.

An investor in Subordinated Notes assumes an enhanced risk of loss in the event of the Issuer's insolvency or resolution

The Issuer's obligations under the Subordinated Notes (as defined in the Terms and Conditions) will be unsecured and subordinated obligations (*créditos subordinados*) of the Issuer and will rank junior to all unsubordinated obligations (*créditos ordinarios*) of the Issuer (including any Senior Non Preferred Liabilities ((as defined in the Terms and Conditions)). Although Subordinated Notes may pay a higher rate

of interest than comparable Notes which are not subordinated, there is a greater risk that an investor in Subordinated Notes will lose all or some of its investment should the Issuer become (i) subject to resolution under the BRRD (as implemented through Law 11/2015 and Royal Decree 1012/2015) and the Subordinated Notes become subject to the application of the Spanish Bail-In Power (and, in case they constitute Tier 2 Notes, the Non-Viability Loss Absorption) or (ii) insolvent.

In the case of any exercise of the Spanish Bail-In Power by the Relevant Resolution Authority, the sequence of any resulting write-down or conversion of eligible Notes under Article 48 of the BRRD and Article 48 of Law 11/2015 provides for the principal amount of Tier 2 Notes (such as the Tier 2 Subordinated Notes if they qualify as such as it is expected) to be written-down or converted into equity or other securities or obligations prior to the principal amount of subordinated debt that is not *additional Tier 1 capital instruments* or Tier 2 Notes (which is expected to be the case of Subordinated Notes) in accordance with the hierarchy of claims provided in the Insolvency Law and for the latter to be written-down or converted into equity or other securities or obligations prior to any write-down or conversion of the principal amount or outstanding amount of any other eligible liabilities (such as the Ordinary Senior Notes and Senior Non Preferred Notes), in accordance with the hierarchy of claims provided in the applicable insolvency legislation. Subordinated Notes which constitute Tier 2 Notes may be subject to Non-Viability Loss Absorption, which may be imposed prior to or in combination with any exercise of the Spanish Bail-In Power. See "*Risks Related to early intervention and resolution - Law 11/2015 enables a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any action under Law 11/2015 could materially affect the value of any debt securities*".

In the event of insolvency, after payment in full of unsubordinated claims, but before distributions to shareholders, under Article 92 of the Insolvency Law read in conjunction with Additional Provision 14.3º of Law 11/2015, the Issuer will meet subordinated claims after payment in full of unsubordinated claims, but before distributions to shareholders, in the following order and pro-rata within each class: (i) late or incorrect claims; (ii) contractually subordinated liabilities in respect of principal (firstly, those that do not qualify as *additional Tier 1 capital instruments* or Tier 2 Notes under Additional Provision 14.3º(a) of Law 11/2015 – which is expected to be the case of Subordinated Notes –, secondly, those that qualify as Tier 2 Notes under Additional Provision 14.3º(b) of Law 11/2015 – which is expected to be the case of Tier 2 Subordinated Notes – and thirdly, *additional Tier 1 capital instruments* under Additional Provision 14.2º(c) of Law 11/2015); (iii) interest (including accrued and unpaid interest due on the Subordinated Notes); (iv) fines; (v) claims of creditors which are specially related to the Issuer (if applicable) as provided for under the Insolvency Law; (vi) detrimental claims against the Issuer where a Spanish Court has determined that the relevant creditor has acted in bad faith (*rescisión concursal*); and (vii) claims arising from contracts with reciprocal obligations as referred to in Articles 61, 62, 68 and 69 of the Insolvency Law, wherever the court rules, prior to the administrators' report of insolvency (*administración concursal*) that the creditor repeatedly impedes the fulfilment of the contract against the interest of the insolvency.

The Subordinated Notes, the Senior Non Preferred Notes and, to the extent so specified in the relevant Final Terms, the Ordinary Senior Notes, provide for

limited events of default. Holders of Notes may not be able to exercise their rights on an event of default in the event of the adoption of any early intervention or resolution measure under Law 11/2015

Holders have no ability to accelerate the maturity of their Subordinated Notes, Senior Non Preferred Notes and, to the extent so specified in the relevant Final Terms, the Ordinary Senior Notes. The terms and conditions of the Subordinated Notes, the Senior Non Preferred Notes and, to the extent so specified in the relevant Final Terms, the Ordinary Senior Notes do not provide for any events of default, except in the case that an order is made by any competent court commencing insolvency proceedings against the Issuer or for its winding up or dissolution. Accordingly, in the event that any payment on the Subordinated Notes, the Senior Non Preferred Notes or, if applicable, the Ordinary Senior Notes, as the case may be, is not made when due, each Holder will have a claim only for amounts then due and payable on their Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes and, as provided for in the Terms and Conditions, a right to institute proceedings for the winding up or dissolution of the Issuer.

As mentioned above, the Issuer may be subject to a procedure of early intervention or resolution pursuant to the BRRD as implemented through Law 11/2015 and Royal Decree 1012/2015. Pursuant to Law 11/2015 the adoption of any early intervention or resolution procedure shall not itself constitute an event of default or entitle any counterparty of the Issuer to exercise any rights it may otherwise have in respect thereof. Any provision providing for such rights shall further be deemed not to apply, although this does not limit the ability of a counterparty to declare any event of default and exercise its rights accordingly where an event of default arises either before or after the exercise of any such procedure and does not necessarily relate to the exercise of any relevant measure or power which has been applied pursuant to Law 11/2015.

Any enforcement by a Holder of its rights under the Notes upon the occurrence of an event of default following the adoption of any early intervention or any resolution procedure will, therefore, be subject to the relevant provisions of the BRRD, Law 11/2015 and Royal Decree 1012/2015 in relation to the exercise of the relevant measures and powers pursuant to such procedure, including the resolution tools and powers referred to above (see "*—Risks related to early intervention and resolution - Law 11/2015 enables a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any action under Law 11/2015 could materially affect the value of any debt securities*"). Any claims on the occurrence of an event of default will consequently be limited by the application of any measures pursuant to the provisions of Law 11/2015 and Royal Decree 1012/2015. There can be no assurance that the taking of any such action would not adversely affect the rights of Holders, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes and the enforcement by a Holder of any rights it may otherwise have on the occurrence of any event of default may be limited in these circumstances.

GENERAL DESCRIPTION OF THE PROGRAMME

The programme is a €15,000,000,000 Medium Term Note Programme under which the Issuer may from time to time issue Notes in accordance with and subject to all applicable laws and regulations and denominated in any currency, subject as set out herein. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer prior to the issue of the Notes and will be endorsed on that Note, and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which complete those terms and conditions, as more fully described under "*Form of the Notes*" below.

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

Moody's:	
Senior unsecured debt:	A-2
Commercial paper:	P-1
Subordinated debt:	Baa2
S&P:	
Senior unsecured debt maturing in one year or more:	A-
Senior unsecured debt maturing in less than one year:	A-2
Senior subordinated debt:	BBB+/A-2
Subordinated debt:	BBB
Fitch:	
Long-term senior non-preferred debt:	A-
Long-term senior preferred debt:	A-
Short-term senior unsecured debt:	F2

INFORMATION INCORPORATED BY REFERENCE

The following information has been filed with the Central Bank and shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

1. an English language translation of the audited consolidated financial statements of the Issuer, prepared under IFRS-EU, including the Auditor's reports thereon and the notes thereto and the Director's reports as of and for the years ended 31 December 2018 and 31 December 2017.

   Pursuant to Spanish regulatory requirements, Directors' reports are required to accompany the audited consolidated financial statements as of and for each of the years ended 31 December 2018 and 2017. Investors are cautioned that the reports contain information of various historical dates and may not contain a current description of the business, affairs or results of the Consumer Group. The information contained in the Directors' reports has not been audited or prepared for the specific purpose of the issue of the Notes and/or this Base Prospectus. Accordingly, the Directors' reports should be read together with the other sections of this Base Prospectus. Any information contained in the Directors' reports is deemed to be modified or superseded by any information contained elsewhere in this Base Prospectus that is subsequent to or inconsistent with it. Furthermore, the Directors' reports include certain forward-looking statements that are subject to inherent uncertainty. Accordingly, investors are cautioned not to rely upon the information contained in such Directors' reports.

2. the terms and conditions set out on pages 90 to 139 of the base prospectus dated 18 June 2018 under the heading "*Terms and Conditions of the Notes*" available for inspection at https://www.ise.ie/debt_documents/Base%20Prospectus_f582da83-1833-4d65-85dd-c3d6d0e4eea9.PDF;

3. the terms and conditions set out on pages 80 to 111 of the base prospectus dated 15 June 2017 under the heading "*Terms and Conditions of the Notes*" available for inspection at https://www.ise.ie/debt_documents/Final%20Base%20Prospectus_46b2fe2d-8ad6-4def-8e59-9e0efc4c70cb.PDF;

4. the terms and conditions set out on pages 39 to 60 of the base prospectus dated 16 June 2016 under the heading "*Terms and Conditions of the Notes*" available for inspection at https://www.ise.ie/debt_documents/Base%20Prospectus_b7439255-cbaa-4315-878c-c5f2ac1d5627.pdf;

5. the terms and conditions set out on pages 37 to 58 of the base prospectus dated 12 June 2015 under the heading "*Terms and Conditions of the Notes*" available for inspection at https://www.ise.ie/debt_documents/Base%20Prospectus_7eb247ab-c279-4f29-95a0-768be80fc625.PDF;

6. the terms and conditions set out on pages 34 to 56 of the base prospectus dated 24 June 2014 under the heading "*Terms and Conditions of the Notes*" available for

inspection at https://www.ise.ie/debt_documents/Base%20Prospectus_fb4e21b0-3db8-4b97-b2fa-6fd84420735a.PDF; and

7. the terms and conditions set out on pages 51 to 81 of the base prospectus dated 26 June 2013 under the heading "*Terms and Conditions of the Notes*" available for inspection at https://www.ise.ie/debt_documents/Base%20Prospectus_6a634cb6-7865-4815-bdc6-2db2c265f912.PDF.

The tables below set out the relevant page references for the English language balance sheet, income statement, cash-flow statement, explanatory notes and auditor's report of the Issuer for the years ended 31 December 2018 (the "**2018 Audited Consolidated Financial Statements**") and 31 December 2017 (the "**2017 Audited Consolidated Financial Statements**"), as set out in the financial statements for the years ended 31 December 2018 and 31 December 2017:

2018 Audited Consolidated Financial Statements	**Page reference**
	(pdf document page numbers)
Consolidated Balance Sheets	11-12
Consolidated Income Statements	13
Consolidated Statements of Recognised Income and Expense	14
Consolidated Statements of Changes in Equity	15-16
Consolidated Statements of Cash Flows	17
Notes to the Audited Consolidated Financial Statements	18-222
Auditor's report on the Audited Consolidated Financial Statements	2-9

2017 Audited Consolidated Financial Statements	**Page reference**
	(pdf document page numbers)
Consolidated Balance Sheets	13-14
Consolidated Income Statements	15
Consolidated Statements of Recognised Income and Expenses	16
Consolidated Statements of Changes in Equity	17-18
Consolidated Statements of Cash Flows	19
Notes to the Audited Consolidated Financial Statements	20-257
Auditor's report on the Audited Consolidated Financial Statements	2-11

The English language translation of the 2018 Audited Consolidated Financial Statements of the Issuer are available on the following:

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

The English language translation of the 2017 Audited Consolidated Financial Statements of the Issuer are available on the following:

https://www.santanderconsumer.com/wp-content/uploads/2018/06/Annual-Report-2017.pdf

Copies of the documents specified above as containing information incorporated by reference in this Base Prospectus may also be inspected, free of charge, at the specified offices of the Issuer and the Issue and Paying Agent. Copies of such documents are also available on the website of Euronext Dublin.

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

Information incorporated by reference that is not included in the cross-reference list above, is not required by the relevant schedules of the prospectus regulations.

FINAL TERMS AND DRAWDOWN PROSPECTUSES

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

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

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

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

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

FORMS OF THE NOTES

Each Tranche of Notes will initially be in the form of either a temporary global note (the "**Temporary Global Note**"), without interest coupons, or a permanent global note (the "**Permanent Global Note**"), with or without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in new global note ("**NGN**") form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank SA/NV as operator of the Euroclear System ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

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

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

Temporary Global Note exchangeable for Permanent Global Note

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

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

(i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Issue and Paying Agent; and

(ii) receipt by the Issue and Paying Agent of a certificate or certificates of non-U.S. beneficial ownership,

within 7 days of the bearer requesting such exchange.

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

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

(i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or

(ii) at any time, if so specified in the relevant Final Terms; or

(iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 6 (*Events of Default*) occurs.

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

Temporary Global Note exchangeable for Definitive Notes

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

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

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant

Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Issue and Paying Agent within 30 days of the bearer requesting such exchange.

Permanent Global Note exchangeable for Definitive Notes

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

(i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or

(ii) at any time if so specified in the relevant Final Terms; or

(iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 6 (*Events of Default*) occurs.

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

Exchanges of Notes and Specified Denominations

The exchange upon expiry of a period of notice or at any time options should not be expressed to be applicable if the Specified Denomination of the Notes includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000". Furthermore, such Specified Denomination construction is not permitted in relation to any issuance of Notes which is to be represented on issue by a Permanent Bearer Global Notes exchangeable for Definitive Notes.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which complete those terms and conditions.

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

Legend concerning United States persons

In the case of any Tranche of Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

> "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

USE OF PROCEEDS

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

TERMS AND CONDITIONS OF THE NOTES

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

Introduction

The Notes of each Tranche will be constituted by virtue of a public deed of issuance (the "**Public Deed of Issuance**") to be executed before a Spanish notary public on or prior to the issue date of the relevant Tranche of Notes specified in the relevant Final Terms (the "**Issue Date**"), and which shall contain, among other information, the terms and conditions of the Notes. Notes where the relevant Final Terms specify English law as the governing law (the "**English law Notes**") and Notes where the relevant Final Terms specify Spanish law as the governing law (the "**Spanish law Notes**") will be issued in accordance with, and will have the benefit of, an issue and paying agency agreement (the "**Issue and Paying Agency Agreement**", which expression shall include any amendments or supplements thereto) dated 18 June 2019 and made between Santander Consumer Finance, S.A. (the "**Issuer**"), The Bank of New York Mellon, London Branch in its capacities as issue and paying agent (the "**Issue and Paying Agent**" which expressions shall include any successor to The Bank of New York Mellon, London Branch, in its capacities as such). For the purposes of making determinations or calculations of interest rates, interest amounts, redemption amounts or any other matters requiring determination or calculation in accordance with the Conditions of any Series of Notes (as defined below), the Issuer may appoint a Determination Agent (as defined under Condition 4E.03) for the purposes of such Notes, in accordance with the provisions of the Issue and Paying Agency Agreement, and such Determination Agent shall be specified in the applicable Final Terms. In relation to English law Notes only, the Issuer has executed and delivered a deed of covenant dated 18 June 2019 (the "**Deed of Covenant**"). Copies of the Issue and Paying Agency Agreement (to which the form of the Global Notes is attached) and the Deed of Covenant are, or will be, available for inspection during normal business hours at the specified office of each of the Issue and Paying Agents and Matheson in its capacity as listing agent (the "**Listing Agent**"). All persons from time to time entitled to the benefit of obligations under any Notes shall be deemed to have notice of all of the provisions of the Issue and Paying Agency Agreement and the Deed of Covenant (in relation to English law Notes only) and the provisions of the Global Note insofar as they relate to the relevant Notes.

The Notes are issued in series (each, a "**Series**"), and each Series may comprise one or more tranches ("**Tranches**" and each, a "**Tranche**") of Notes. The aggregate principal amount of each Tranche being the total principal amount issued thereunder (the "**Aggregate Principal Amount**") as specified in the relevant Final Terms. Each Tranche will be the subject of a Final Terms (each, a "**Final Terms**"), a copy of which will be available for inspection during normal business hours at the specified office of the Issue and Paying Agent and/or the Listing Agent (as defined above), as the case may be, and, in the case of a Tranche of Notes listed on the Regulated Market of Euronext Dublin, on the website of Euronext Dublin.

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

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

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

1. **Form and Denomination**

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

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

(i) interests in a permanent global note (a "**Permanent Global Note**") representing the Notes of that Tranche and in substantially the form (subject to amendment and completion) scheduled to the Issue and Paying Agency Agreement; or

(ii) if so specified in the relevant Final Terms, serially numbered definitive Notes ("**Definitive Notes**").

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

1.04 Interests in a Permanent Global Note will be exchanged by the Issuer in whole (but not in part), at the option of the Holder of such Permanent Global Note, for serially numbered Definitive Notes, (a) if any Note of the relevant Series becomes due and repayable following an Event of Default (as defined herein); or (b) if either Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of fourteen days (other than by reason of public holidays) or announces an intention to cease business permanently or in

fact does so or announces its intention to withdraw its acceptance of the Notes for clearance and settlement through its system or in fact does so; or (c) if so specified in the Final Terms, at the option of the Holder of such Permanent Global Note upon such Holder's request, in all cases at the cost and expense of the Issuer, unless otherwise specified in the relevant Final Terms. In order to exercise the option contained in part (c) of the preceding sentence, the Holder must, not less than forty-five days before the date upon which the delivery of such Definitive Notes is required, deposit the relevant Permanent Global Note with the Issue and Paying Agent at its specified office with the form of exchange notice endorsed thereon duly completed. If default is made by the Issuer in the required delivery of Definitive Notes and such default is continuing at 6.00 p.m. (Irish time) on the thirtieth day after the day on which the relevant notice period expires or, as the case may be, such Permanent Global Note becomes so exchangeable, such Permanent Global Note will become void in accordance with its terms but without prejudice to the rights of the accountholders with Euroclear or Clearstream, Luxembourg or any other relevant clearing system in relation thereto under the Deed of Covenant.

1.05 Definitive Notes will, if so specified in the relevant Final Terms, have attached thereto at the time of their initial delivery coupons ("**Coupons**"), presentation of which will be a prerequisite to the payment of interest in certain circumstances specified below. Definitive Notes will also, if so specified in the relevant Final Terms, have attached thereto at the time of their initial delivery, a talon ("**Talon**") for further coupons and the expression "Coupons" shall, where the context so requires, include Talons.

1.06 Bearer Notes, the principal amount of which is repayable by instalments ("**Instalment Notes**") have attached thereto at the time of their initial delivery, payment receipts ("**Receipts**") in respect of the instalments of principal.

Denomination Notes

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

Currency of Notes

1.08 Notes may be denominated in any currency, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

1.09 For the purposes of these Terms and Conditions, references to Notes shall, as the context may require, be deemed to be to Temporary Global Notes, Permanent Global Notes or Definitive Notes.

2. **Title**

2.01 Title to Notes and Coupons passes by delivery. References herein to the "**Holders**" of Notes or of Coupons, or "**Noteholders**" or "**Couponholders**", are to the bearers of such Notes or such Coupons (as applicable).

2.02 The Holder of any Note or Coupon will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder.

3. **Status of the Notes**

Status of Senior Notes

3.01 The payment obligations of the Issuer under Notes which specify their status as Ordinary Senior Notes ("**Ordinary Senior Notes**") or as Senior Non Preferred Notes ("**Senior Non Preferred Notes**", together with the Ordinary Senior Notes the "**Senior Notes**") in the relevant Final Terms constitute direct, unconditional, unsubordinated and unsecured obligations (*créditos ordinarios*) of the Issuer and, but subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), upon the insolvency of the Issuer (and unless they qualify as subordinated claims (*créditos subordinados*) pursuant to Article 92.1º or 92.3º to 92.7º of Law 22/2003 of 9 July 2003 (*Ley Concursal*) (the "**Insolvency Law**"), such payment obligations in respect of principal rank:

(i) in the case of Ordinary Senior Notes:

(a) *pari passu* among themselves and with any Senior Higher Priority Liabilities; and

(b) *senior* to (i) Senior Non Preferred Liabilities and (ii) any present and future subordinated obligations (*créditos subordinados*) of the Issuer in accordance with Article 92 of the Insolvency Law; and

(ii) in the case of Senior Non Preferred Notes, and in accordance with Additional Provision 14.2º of Law 11/2015:

(a) *pari passu* among themselves and with any Senior Non Preferred Liabilities;

(b) *junior* to the Senior Higher Priority Liabilities (and, accordingly, upon the insolvency of the Issuer the claims in respect of Senior Non Preferred Notes will be met after payment in full of the Senior Higher Priority Liabilities); and

(c) *senior* to any present and future subordinated obligations (*créditos subordinados*) of the Issuer in accordance with Article 92 of the Insolvency Law.

Claims of Holders of Senior Notes in respect of interest accrued but unpaid as of the commencement of any insolvency procedure in respect of the Issuer shall constitute subordinated claims (créditos subordinados) against the Issuer ranking in accordance with the provisions of Article 92.3º of the Insolvency Law and no further interest shall accrue from the date of the declaration of insolvency of the Issuer.

The obligations of the Issuer under the Senior Notes are subject to the Bail-in Power.

For the purposes of the Terms and Conditions of the Notes:

"**Bail-in Power**" includes both the Spanish Bail-in Power and the Non-Viability Loss Absorption and means any power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Kingdom of Spain, relating to (i) the transposition of the BRRD (including but not limited to, Law 11/2015, Royal Decree 1012/2015 and any other implementing regulations) as amended or superseded from time to time (in particular, by transposition of the New Banking Regulations), (ii) the Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the Single Resolution Mechanism and the Single Resolution Fund and amending Regulation (EU) No. 1093/2010 (as amended or superseded from time to time, in particular, by transposition of the New Banking Regulations, the "**SRM Regulation**"), and (iii) the instruments, rules and standards created thereunder, pursuant to which any obligation of a Regulated Entity (or an affiliate of such Regulated Entity) can be reduced, cancelled, suspended, modified, or converted into shares, other securities, or other obligations of such Regulated Entity (or affiliate of such Regulated Entity);

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

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

"**Senior Non Preferred Liabilities**" means any unsubordinated and unsecured senior non preferred obligations (*créditos ordinarios no preferentes*) of the Issuer under Additional Provision 14.2º of Law 11/2015, as amended by Royal Decree-Law 11/2017, of 23 June, on urgent measures in financial matters, and as further amended from time to time, (including any Senior Non Preferred Notes) and any other obligations which, by law and/or by their terms, and to the extent permitted by Spanish law, rank *pari passu* with the Senior Non Preferred Liabilities.

Status of Subordinated Notes

3.02 *Status of Subordinated Notes*: The payment obligations of the Issuer under Notes which specify their status as Subordinated Notes in the relevant Final Terms ("**Subordinated Notes**", which may be, in turn, Senior Subordinated Notes ("**Senior Subordinated Notes**") or Tier 2 Subordinated Notes ("**Tier 2 Subordinated Notes**"), as specified in the relevant Final Terms) on account of principal constitute direct, unconditional, unsecured and subordinated obligations (*créditos subordinados*) of the Issuer according to Article 92.2º of the Insolvency Law and, in accordance with Additional Provision 14.3º of Law 11/2015, but subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), upon the insolvency of the Issuer (unless they qualify as subordinated claims (*créditos subordinados*) pursuant to Articles 92.3º to 92.7º of the Insolvency Law) rank:

(i) for so long as the obligations of the Issuer in respect of the relevant Subordinated Notes constitute Senior Subordinated Liabilities of the Issuer:

This would be expected to be the case if the Subordinated Notes are specified as Senior Subordinated Notes in the relevant Final Terms.

(a) *pari passu* among themselves and with (i) all other claims for principal in respect of Senior Subordinated Liabilities which are not subordinated obligations (*créditos subordinados*) under Articles 92.3º to 92.7º of the Insolvency Law, and (ii) any other subordinated obligations (*créditos subordinados*) which by law and/or by their terms, to the extent permitted by Spanish law, rank *pari passu* with the Issuer's obligations under the relevant Subordinated Notes;

(b) *junior* to (i) any unsubordinated obligations (*créditos ordinarios*) of the Issuer (including any Senior Non Preferred Liabilities), (ii) any subordinated obligations (*créditos subordinados*) of the Issuer which become subordinated pursuant to Article 92.1º of the Insolvency Law, and (iii) any other subordinated obligations (*créditos subordinados*) which by law and/or by their terms, to the extent permitted by Spanish law, rank senior to the Issuer's obligations under the relevant Subordinated Notes; and

(c) *senior* to (i) any claims for principal in respect of additional Tier 1 capital instruments or Tier 2 Notes, (ii) any subordinated obligations (*créditos subordinados*) under Articles 92.3º to 92.7º of the Insolvency Law, and (iii) any other subordinated obligations (*créditos subordinados*) of the Issuer which by law and/or by their terms, to the extent permitted by Spanish law, rank junior to the obligations of the Issuer under the relevant Subordinated Notes; and

(ii) for so long as the obligations of the Issuer in respect of the relevant Subordinated Notes constitute Tier 2 Notes of the Issuer:

This would be expected to be the case if the Subordinated Notes are specified as Tier 2 Subordinated Notes in the relevant Final Terms.

(a) *pari passu* among themselves and with (i) all other claims for principal in respect of Tier 2 Notes which are not subordinated obligations under Articles 92.3º to 92.7º of the Insolvency Law, and (ii) any other subordinated obligations (*créditos subordinados*) which by law and/or by their terms, to the extent permitted by Spanish law, rank *pari passu* with the Issuer's obligations under the relevant Subordinated Notes;

(b) *junior* to (i) any unsubordinated obligations (*créditos ordinarios*) of the Issuer (including any Senior Non Preferred Liabilities), (ii) any subordinated obligations (*créditos subordinados*) of the Issuer under Article 92.1º of the Insolvency Law, (iii) any claims for principal in respect of Senior Subordinated Liabilities which are not subordinated obligations under Articles 92.3º to 92.7º of the Insolvency Law, and (iv) any other subordinated obligations (*créditos subordinados*) which by law and/or by their terms, to the extent permitted by Spanish law, rank senior to the Issuer's obligations under the relevant Subordinated Notes; and

(c) *senior* to (i) any claims for principal in respect of additional Tier 1 capital instruments of the Issuer, (ii) any subordinated obligations (*créditos subordinados*) under Articles 92.3º to 92.7º of the Insolvency Law, and (iii) any other subordinated obligations (*créditos subordinados*) of the Issuer which by law and/or by their terms, to the extent permitted by Spanish law, rank junior to the obligations of the Issuer under the relevant Subordinated Notes.

The obligations of the Issuer under the Subordinated Notes are subject to the Bail-in Power.

For the purposes of the Terms and Conditions:

"**Applicable Banking Regulations**" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency then applicable to the Issuer and/or the Consumer Group including, without limitation to the generality of the foregoing, CRD IV, the BRRD and those regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency then in effect of the Regulator and/or the Relevant Resolution Authority, in each case to the extent then in effect in Spain (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Consumer Group);

"**BRRD**" means Directive 2014/59/EU of 15 May establishing the framework for the recovery and resolution of credit institutions and investment firms or such other directive as may come into effect in place thereof, as implemented into Spanish law by Law 11/2015 and RD 1012/2015, as amended or superseded from time to time and including any other relevant implementing regulatory provisions;

"**CRD IV**" means any, or any combination of, the CRD IV Directive, the CRR, and any CRD IV Implementing Measures;

"**CRD IV Directive**" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended from time to time, or such other directive as may come into effect in place thereof;

"**CRD IV Implementing Measures**" means any rules implementing the CRD IV Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the Regulator, the European Banking Authority or any other relevant authority, which are applicable to the Issuer (on a stand alone basis) or the Consumer Group (on a consolidated basis) and which prescribe the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital or the minimum requirement for own funds and eligible liabilities, as the case may be, of the Issuer (on a stand alone basis) or the Consumer Group (on a consolidated basis);

"**CRR**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on the prudential requirements for credit institutions and investment firms, as amended from time to time, or such other regulation as may come into effect in place thereof;

"**Group**" means the Issuer and its consolidated subsidiaries;

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

"**RD 1012/2015**" means Royal Decree 1012/2015 of 6 November implementing Law 11/2015;

"**Regulated Entity**" means any entity to which BRRD, as implemented in the Kingdom of Spain (including but not limited to, Law 11/2015, Royal Decree 1012/2015 and any other implementing regulations) and as amended or superseded from time to time, or any other Spanish piece of legislation relating to the Bail-in Power, applies, which includes, certain credit institutions, investment firms, and certain of their parent or holding companies;

"**Regulator**" means the European Central Bank or such other or successor governmental authority exercising primary bank supervisory authority from time to time, in each case with respect to prudential matters in relation to the Issuer and/or the Consumer Group;

"**Senior Subordinated Liabilities**" means any contractually subordinated obligation (*créditos subordinados*) of the Issuer according to Article 92.2º of the Insolvency Law, ranking as subordinated debt which is not an additional Tier 1 capital instrument or a Tier 2 Note (*deuda subordinada que no sea capital adicional de nivel 1 o 2*) under Additional Provision 14.3º(a) of Law 11/2015; and

"**Tier 2 Note**" means any contractually subordinated obligation (*créditos subordinados*) of the Issuer according to Article 92.2º of the Insolvency Law, ranking as a tier 2 instrument (*instrumentos de capital de nivel 2*) under Additional Provision 14.3º(b) of Law 11/2015.

4. Interest

Notes will be interest-bearing. The Final Terms in relation to each Tranche of Notes shall specify which of Condition 4A (*Interest – Fixed Rate*) and/or 4B (*Interest – Floating Rate Notes and CMS-Linked Notes*) shall be applicable and Condition 4E (*Interest – Supplemental Provision*) will be applicable to each Tranche of Notes as specified therein save, in each case, to the extent inconsistent with the relevant Final Terms. In relation to any Tranche of Notes, the relevant Final Terms may specify actual amounts of interest payable rather than, or in addition to, a rate or rates at which interest accrues.

4A Interest — Fixed Rate

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

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

4B Interest — Floating Rate Notes and CMS-Linked Notes

4B.01 Notes in relation to which this Condition 4B is specified in the relevant Final Terms as being applicable, shall bear interest at the rate or rates per annum (or otherwise, as specified in the relevant Final Terms) determined in accordance with this Condition 4B. The Rate of Interest payable from time to time in respect of Floating Rate Notes and CMS-Linked Notes will be determined in the manner specified in the applicable Final Terms.

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

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

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

(i) the Determination Agent will determine the offered rate for deposits (or, as the case may require, the arithmetic mean (rounded, if necessary, to the nearest ten thousandth of a percentage point, 0.00005 being rounded upwards) of the rates for deposits) in the relevant currency for a period of the duration of the relevant Interest Period (as defined in Condition 4E.01) on the Relevant Screen Page as of 11.00 a.m. (London time, in the case of the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (as at the date of the Base Prospectus, Thomson Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks ("**LIBOR**"), or Brussels time, in the case of the interest rate

benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (as at the date of the Base Prospectus, Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks ("**EURIBOR**")) on the second London Banking Day or, in the case of Notes denominated in Euro, on the second TARGET Business Day, before (or, in the case of Notes in another currency if so specified in the relevant Final Terms, on) the first day of the relevant Interest Period (the "**Interest Determination Date**");

(ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the relevant time on the relevant Interest Determination Date, where:

(A) one rate shall be determined as if the relevant period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(B) the other rate shall be determined as if the relevant period were the period of time for which rates are available next longer than the length of the relevant Interest Period;

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Issuer, following consultation with an Independent Adviser (as defined in Condition 4G.07 below) and acting in good faith and in a commercially reasonable manner, shall determine such rate at such time and by reference to such sources as it determines appropriate;

(iii) if, on any Interest Determination Date, no such rate for deposits so appears (or, as the case may be, if fewer than two such rates for deposits so appear) or if the Relevant Screen Page is unavailable, the Determination Agent will request appropriate quotations and will determine the arithmetic mean (rounded as aforesaid) of the rates at which deposits in the relevant currency are offered by four major banks in the London interbank market or, where the basis for calculating the Rate of Interest is EURIBOR, in the Euro-zone interbank market, selected by the Determination Agent, at approximately 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date to prime banks in the London interbank market or, where the basis for calculating the Rate of Interest is EURIBOR, in the Euro-zone interbank market for a period of the duration of the

relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time;

(iv) if, on any Interest Determination Date, only two or three rates are so quoted, the Determination Agent will determine the arithmetic mean (rounded as aforesaid) of the rates so quoted; or

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

and the Rate of Interest applicable to such Notes during each Interest Period will be the sum of the relevant margin (the "**Relevant Margin**") specified in the Final Terms and the rate (or, as the case may be, the arithmetic mean (rounded as aforesaid) of rates) so determined; **provided**, **however**, **that**, if the Determination Agent is unable to determine a rate (or, as the case may be, an arithmetic mean (rounded as aforesaid) of rates) in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to such Notes during such Interest Period will be the sum of the Relevant Margin and the rate (or, as the case may be, the arithmetic mean (rounded as aforesaid) of rates) determined in relation to such Notes in respect of the last preceding Interest Period; **provided always that** if there is specified in the relevant Final Terms a minimum interest rate or a maximum interest rate then the Rate of Interest shall in no event be less than or, as the case may be, exceed it. For the purposes of these Terms and Conditions "**London Banking Day**" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London.

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

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the 2006 Definitions of the International Swaps and Derivatives Association, Inc. (the "**ISDA Definitions**") (as amended and updated as at the date specified in the relevant Final Terms)) that would be determined by the Determination Agent under an interest rate swap transaction if the Determination Agent were acting as Determination Agent for that interest

rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;

(ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and

(iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms; and

(iv) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:

(A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period

provided, however, that if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Issuer, following consultation with an Independent Adviser (as defined in Condition 4G.07 below) and acting in good faith and in a commercially reasonable manner, shall determine such rate at such time and by reference to such sources as it determines appropriate.

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

The Determination Agent will, as soon as practicable after determining the Rate of Interest in relation to each Interest Period, calculate the amount of interest (the "**Interest Amount**") payable in respect of the principal amount of the smallest or minimum denomination of such Notes specified in the relevant Final Terms for the relevant Interest Period.

The Interest Amount will be calculated as follows:

(i) If "Margin Plus Rate" is specified as applicable in the applicable Final Terms, the Rate of Interest will be equal to the Margin plus the Screen Rate or ISDA Rate, as applicable;

(ii) If "Specified Percentage Multiplied by Rate" is specified in the applicable Final Terms, the Rate of Interest will be equal to the

Specified Percentage multiplied by the Screen Rate or ISDA Rate, as applicable; or

(iii) If "Difference in Rates" is specified in the applicable Final Terms, the Rate of Interest will be equal to the Specified Percentage multiplied by the difference between Rate 1 and Rate 2, each of Rate 1 and Rate 2 to be determined in accordance with Condition 4B.03 or with Condition 4B.04 as specified in the relevant Final Terms.

4B.06 ***CMS-Linked Interest Provisions:*** If the CMS-Linked Interest Notes provisions are specified in the relevant Final Terms as being applicable, the Rate of Interest applicable to the Notes for each Interest Period will be calculated by reference to a constant maturity swap rate specified in the relevant Final Terms and the relevant provisions of this Condition 4B will apply as though references to Floating Rate Notes were references to CMS-Linked Notes where "Screen Rate Determination" and "Margin Plus Rate" are applicable.

4B.07 ***Maximum or Minimum Rate of Interest:*** If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then, subject to Condition 4F.01, the Rate of Interest shall in no event be greater than the Maximum Rate of Interest or be less than the Minimum Rate of Interest so specified. Where the Rate of Interest is determined to be higher than the Maximum Rate of Interest or lower than the Minimum Rate of Interest, such higher rate shall be deemed to be equal to such Maximum Rate of Interest and such lower rate shall be deemed to be equal to such Minimum Rate of Interest, as applicable.

4C Interest — Zero Coupon Notes

This Condition 4C applies to Zero Coupon Notes only. The applicable Final Terms contain provisions applicable to the determination of zero coupon interest and must be read in conjunction with this Condition 4C for full information on the manner in which interest is calculated on Zero Coupon Notes.

Notes in relation to which this Condition 4C applies and the relevant Final Terms specify as being applicable shall not bear interest. Where such Zero Coupon Note is repayable prior to the Maturity Date (as such term is defined below) and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount (Zero Coupon) (as defined in Condition 5.05). As from the Maturity Date, the Rate of Interest for any overdue principal of such an Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5.05).

"**Maturity Date**" has the meaning given in the relevant Final Terms.

4D Interest — Reset Notes

This Condition 4D applies to Reset Notes only. The applicable Final Terms contain provisions applicable to the determination of reset rate interest and must be read in conjunction with this Condition 4D for full information on the manner in which interest is calculated on Reset Notes.

Rates of Interest and Interest Payment Dates

4D.01 Notes in relation to which this Condition 4D applies and the relevant Final Terms specify as being applicable shall bear interest:

(i) from (and including) their Issue Date or from such other date as may be specified in the relevant Final Terms until (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest;

(ii) from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and

(iii) for each Subsequent Reset Period thereafter (if any), at the rate per annum equal to the relevant Subsequent Reset Rate of Interest,

the relevant Rate of Interest being payable, in each case, on each Interest Payment Date specified in the relevant Final Terms and on the Maturity Date. The Interest Amount in respect of a period of less than one year will be calculated on such basis as may be specified in Condition 01 and the relevant Final Terms.

For the purposes of these Terms and Conditions:

"**First Margin**" means the margin specified as such in the applicable Final Terms;

"**First Reset Date**" means the date specified in the applicable Final Terms as adjusted (if so specified in the applicable Final Terms) as if the relevant Reset Date was an Interest Payment Date;

"**First Reset Period**" means the period from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date;

"**First Reset Rate of Interest**" means, in respect of the First Reset Period and subject to Condition 4D.02, the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the First Margin;

"**Initial Rate of Interest**" has the meaning specified in the applicable Final Terms;

"**Mid-Swap Rate**" means, in relation to a Reset Determination Date and subject to Condition 4D.02, either:

(i) if Single Mid-Swap Rate is specified in the applicable Final Terms, the rate for swaps in the Specified Currency:

(A) with a term equal to the relevant Reset Period; and

(B) commencing on the relevant Reset Date,

which appears on the Relevant Screen Page (as defined in Condition 4B.03) or such replacement page on that service which displays the information; or

(ii) if Mean Mid-Swap Rate is specified in the applicable Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001% (0.0005% being rounded upwards), of

the bid and offered swap rate quotations for swaps in the Specified Currency:

(A) with a term equal to the relevant Reset Period; and

(B) commencing on the relevant Reset Date,

which appear on the Relevant Screen Page (as defined in Condition 4B.03) or such replacement page on that service which displays the information,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent;

"**Reset Business Day**" means a day on which commercial banks are open for business and foreign exchange markets settle payments in any Reset Business Centre specified in the relevant Final Terms;

"**Reset Date**" means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable);

"**Reset Determination Date**" means, in respect of the First Reset Period, the second Reset Business Day prior to the First Reset Date, in respect of the first Subsequent Reset Period, the second Reset Business Day prior to the Second Reset Date and, in respect of each Subsequent Reset Period thereafter, the second Reset Business Day prior to the first day of each such Subsequent Reset Period;

"**Reset Period**" means the First Reset Period or a Subsequent Reset Period, as the case may be;

"**Second Reset Date**" means the date specified in the applicable Final Terms as adjusted (if so specified in the applicable Final Terms) as if the relevant Reset Date was an Interest Payment Date;

"**Subsequent Margin**" means the margin specified as such in the applicable Final Terms;

"**Subsequent Reset Date**" means the date or dates specified in the applicable Final Terms as adjusted (if so specified in the applicable Final Terms) as if the relevant Reset Date was an Interest Payment Date;

"**Subsequent Reset Period**" means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date; and

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period and subject to Condition 4D.02, the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the relevant Subsequent Margin.

4D.02 ***Fallbacks***

If on any Reset Determination Date, the Relevant Screen Page (as defined in Condition 4B.03) is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page (as defined in Condition 4B.03), the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its

Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date in question.

If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001% (0.0005% being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent.

If on any Reset Determination Date only one of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this paragraph, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be the sum of the relevant Mid-Market Swap Rate Quotation (rounded, if necessary, to the nearest 0.001% (0.0005% being rounded upwards)) and the First or Subsequent Margin (as applicable), all as determined by the Calculation Agent.

If on any Reset Determination Date none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be (i) the rate determined on the previous Reset Determination Date (if any) or (ii) if there is no such previous Reset Determination Date, the Initial Rate of Interest, in each case, substituting, where a different margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the margin relating to the relevant Interest Period in place of the margin relating to that last preceding Interest Period.

For the purposes of this Condition 4D.02:

"**Mid-Market Swap Rate**" means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the Fixed Leg Swap Duration specified in the relevant Final Terms (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the applicable Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

"**Mid-Market Swap Rate Quotation**" means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

"**Mid-Swap Floating Leg Benchmark Rate**" means EURIBOR if the Specified Currency is euro or LIBOR if the Specified Currency is not euro; and

"**Reference Banks**" means the principal office in the principal financial centre of the Specified Currency of four major banks in the swap, money, securities or other

market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer on the advice of an investment bank of international repute.

4E **Interest — Supplemental Provision**

Interest Payment Date Conventions and other Calculations

4E.01 (a) *Business Day Convention*

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

(i) the "**FRN Convention**", in which case interest shall be payable in arrear on each date (each an "**Interest Payment Date**") which numerically corresponds to their date of issue or such other date as may be specified in the relevant Final Terms or, as the case may be, the preceding Interest Payment Date in the calendar month which is the number of months specified in the relevant Final Terms after the calendar month in which such date of issue or such other date as aforesaid or, as the case may be, the preceding Interest Payment Date occurred **provided that**:

(a) if there is no such numerically corresponding day in the calendar month in which an Interest Payment Date should occur, then the relevant Interest Payment Date will be the last day which is a Business Day (as defined in Condition 8B.02) in that calendar month;

(b) if an Interest Payment Date would otherwise fall on a day which is not a Business Day, then the relevant Interest Payment Date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(c) if such date of issue or such other date as aforesaid or the preceding Interest Payment Date occurred on the last day in a calendar month which was a Business Day, then all subsequent Interest Payment Dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which such date of issue or such other date as aforesaid or, as the case may be, the preceding Interest Payment Date occurred;

(ii) the "**Modified Following Business Day Convention**", in which case interest shall be payable in arrear on such dates (each an "**Interest Payment Date**") as are specified in the relevant Final Terms **Provided that**, if any Interest Payment Date would otherwise fall on a date which is not a Business Day, the relevant Interest Payment Date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case

the relevant Interest Payment Date will be the first preceding day which is a Business Day;

(iii) the "**Following Business Day Convention**" in which case interest shall be payable in arrear on such dates (each an "**Interest Payment Date**") as are specified in the relevant Final Terms **Provided that**, if any Interest Payment Date would otherwise fall on a date which is not a Business Day, the relevant Interest Payment Date will be the first following day which is a Business Day;

(iv) "**No Adjustment**" in which case the relevant date shall not be adjusted in accordance with any Business Day Convention; or

(v) such other convention as may be specified in the relevant Final Terms.

(b) "**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time ("**Calculation Period**"), such day count fraction as may be specified in the Final Terms and:

(i) if "**Actual/Actual**", "**Actual/Actual (ISDA)**", "**Act/Act**" or "**Act/Act (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**", "**Act/365 (Fixed)**", "**A/365 (Fixed)**" or "**A/365F**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/Actual (ICMA)**"or "**Act/Act (ICMA)**" is so specified, means a fraction equal to "number of days accrued/number of days in year", as such terms are used in Rule 251 of the statutes, by-laws, rules and recommendations of the International Capital Market Association (the "**ICMA Rule Book**"), calculated in accordance with Rule 251 of the ICMA Rule Book as applied to non U.S. Dollar denominated straight and convertible bonds issued after 31 December 1998, as though the interest coupon on a bond were being calculated for a coupon period corresponding to the Calculation Period;

(iv) if "**Actual/360**", "**Act/360**" or "**A/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

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

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

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

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

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

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30.

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

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

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Termination Date or (ii) such number would be 31, in which case D2 will be 30.

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

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

4E.02 The Determination Agent will cause each Rate of Interest, floating rate, Interest Payment Date, final day of a calculation period, Interest Amount, floating amount or other item, as the case may be, determined or calculated by it to be notified to the Issuer and the Issue and Paying Agent. The Issue and Paying Agent will cause all such determination or calculations to be notified to the other Issue and Paying Agents (from whose respective specified offices such information will be available) and to the Holders in accordance with Condition 13 (*Notices*) as soon as practicable after such determination or calculation but in any event not later than the fourth

London Banking Day thereafter or, if earlier, in the case of notification to any listing authority, stock exchange and/or quotation system, the time required by the rules of any such listing authority, stock exchange and/or quotation system. The Determination Agent will be entitled to amend any Interest Amount, floating amount, Interest Payment Date or final day of a calculation period (or to make appropriate alternative arrangements by way of adjustment) without prior notice in the event of the extension or abbreviation of any relevant Interest Period or calculation period and such amendment will be notified in accordance with the first two sentences of this Condition 4E.02.

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

"**Determination Agent**" means the Issue and Paying Agent or such other person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms.

Accrual of Interest

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

4F ***Step Up Provisions:***

4F.01

(a) This Condition 4F.01 applies to Ordinary Senior Notes if the Step Up Provisions are specified in the relevant Final Terms as being applicable. If so applicable, the rate of interest payable on Ordinary Senior Notes will be subject to adjustment from time to time, as follows:

(i) subject to paragraph (iii) below, from and including the first Interest Payment Date following the date a Step Down Rating Change occurs, the rate of interest payable on the Ordinary Senior Notes shall be the Initial Interest Rate. For the avoidance of doubt, the rate of interest payable on the Ordinary Senior Notes shall remain at the Initial Interest Rate notwithstanding any further increase in the rating assigned to the Senior Notes above BBB-/Baa3 (or equivalent);

(ii) subject to paragraph (iii) below, from and including the first Interest Payment Date following the date a Step Up Rating Change occurs, the rate of interest payable on the Ordinary Senior Notes shall be the Initial Interest Rate plus the applicable Step Up Margin specified in the relevant Final Terms (together, the "**Increased Rate of Interest**"). For the avoidance of doubt, the rate of interest payable on the Ordinary Senior Note shall remain at the Increased Rate of Interest notwithstanding any further decrease in the rating of the Senior Notes below BB+/Ba1 (or equivalent); and

(iii) if, within the same Interest Period, at least one Step Up Rating Change and at least one Step Down Rating Change occurs (A) where the majority of Rating Agencies announce a Step Down Rating Change, paragraph (i) above shall apply, (B) where the majority of Rating Agencies announce a Step Up Rating Change, paragraph (ii) above shall apply and (C) otherwise, the rate of interest payable on the Ordinary Senior Note shall neither be increased nor decreased.

(b) Notwithstanding any other provision of this Condition 4F.01, there shall be no adjustment in the rate of interest applicable to the Ordinary Senior Notes (1) on the basis of any rating assigned to the Senior Note by any rating agency other than on a basis solicited by or on behalf of the Issuer even if at the relevant time such rating is the only rating then assigned to the Ordinary Senior Notes and (2) at any time after notice of redemption has been given pursuant to Conditions 5.06 or 5.07.

(c) There shall be no limit on the number of times that adjustments to the rate of interest payable on the Senior Notes may be made pursuant to this Condition 4F.01 during the term of the Ordinary Senior Notes, provided always that at no time during the term of the Ordinary Senior Notes will the rate of interest payable on the Ordinary Senior Notes be less than the Initial Interest Rate or more than the Increased Rate of Interest.

(d) In the event the rate of interest payable on the Ordinary Senior Notes is the (ii) Increased Rate of Interest, any Maximum Rate of Interest or Minimum Rate of Interest specified hereon shall be increased by the Step Up Margin specified hereon and (ii) Initial Interest Rate as a result of a Step Down Rating Change, the Maximum Rate of Interest and the Minimum Rate of Interest shall be restored to the Maximum Rate of Interest and the Minimum Rate of Interest specified hereon.

(e) If the rating designations employed by any of Moody's, Fitch or S&P are changed from those which are described in this Condition 4F.01, or if a rating is procured from a Substitute Rating Agency, the Issuer shall

determine, the rating designations of Moody's, Fitch or S&P or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's, Fitch or S&P and this Condition 4F.01 shall be read accordingly.

(f) The Issuer will cause the occurrence of an event giving rise to an adjustment in the rate of interest payable on the Ordinary Senior Notes pursuant to this Condition 4F.01 to be notified to the Issue and Paying Agent and notice thereof to be given in accordance with Condition 15 as soon as possible after the occurrence of the relevant event.

In these Terms and Conditions:

"**Initial Interest Rate**" means the initial Rate of Interest either specified or calculated in accordance with the provisions hereon;

"**Fitch**" means Fitch Ratings Ltd. or any of its affiliates or successor;

"**Moody's**" means Moody's Investors Service Limited or any of its affiliates or successor;

"**Rating Agencies**" means Moody's, Fitch, S&P or any other rating agency selected by the Issuer from time to time to assign a credit rating to the relevant Ordinary Senior Notes (a "**Substitute Rating Agency"**) and "**Rating Agency"** means any one of them;

"**S&P**" means S&P Global Ratings Europe Limited, a division of The McGraw-Hill Companies, Inc. or any of its affiliates or successor;

"**Step Down Rating Change**" means the public announcement by any Rating Agency assigning a credit rating to the Ordinary Senior Notes of an increase in or a confirmation of the rating of the Ordinary Senior Notes to or as BBB-/Baa3 (or equivalent) or better; and

"Step Up Rating Change" means the public announcement by any Rating Agency assigning a credit rating to the Ordinary Senior Notes of a decrease in or a confirmation of the rating of the Ordinary Senior Notes to or as BB+/Ba1 (or equivalent) or below.

4F.02 The Calculation Agent will, as soon as practicable after determining the Rate of Interest in relation to each Interest Period, calculate the Interest Amount. The Interest Amount payable per Calculation Amount in respect of any Note for any Interest Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified in the relevant Final Terms, and the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Period shall equal such Interest Amount (or be calculated in accordance with such formula). In respect of any period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

In this condition 4F.02:

"**Interest Amount**" means: (i) in respect of an Interest Period, the amount of interest payable per Calculation Amount for that Interest Period and which, in the case of Fixed Rate Notes, and unless otherwise specified in the relevant Final Terms, shall mean the Fixed Coupon Amount specified in the relevant Final Terms as being payable on the Interest Payment Date ending the relevant Interest Period; and (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

4G Interest - Benchmark discontinuation:

Independent Adviser

4G.01 If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate (subject to the terms of this Condition 4G), failing which an Alternative Rate (in accordance with Condition 4G.02) and, in either case, an Adjustment Spread if any (in accordance with Condition 4G.03) and any Benchmark Amendments (in accordance with Condition 4G.04).

An Independent Adviser appointed pursuant to this Condition 4G shall act in good faith and in a commercially reasonable manner. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agents, or the Holders for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4G.01.

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4G.01 prior to the relevant Reset Determination Date or Interest Determination Date, as applicable, the Rate of Interest applicable to the next succeeding Reset Period or Interest Period, as applicable, shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Reset Period or Interest Period, respectively. If there has not been a first Interest Payment Date, the Rate of Interest shall be the Initial Rate of Interest. Where a different First Margin, Subsequent Margin, Margin Plus Rate, Specified Percentage Multiplied by Rate, Difference in Rates or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Reset Period or Interest Period, as applicable, from that which applied to the last preceding Reset Period or Interest Period, respectively, the First Margin, Subsequent Margin, Margin Plus Rate, Specified Percentage Multiplied by Rate, Difference in Rates or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Reset Period or Interest Period, respectively, shall be substituted in place of the First Margin, Subsequent Margin, Margin Plus Rate, Specified Percentage Multiplied by Rate, Difference in Rates or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Reset Period or Interest Period, respectively. For the avoidance of doubt, this Condition 4G.01 shall apply

to the relevant next succeeding Reset Period or Interest Period only and any subsequent Reset Periods or Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4G.01. However, the Issuer intends that, in circumstances where it has been unable to determine a Successor Rate or Alternative Rate (as applicable) and (in either case) Adjustment Spread pursuant to Condition 4G, it will elect to re-apply the provisions of Condition 4G if and when, in its sole determination, there have been such subsequent developments (whether in applicable law, market practice or otherwise) as would enable it successfully to apply such provisions and determine a Successor Rate or Alternative Rate (as applicable) and (in either case) the applicable Adjustment Spread and the applicable Benchmark Amendments (if any).

Successor Rate or Alternative Rate

4G.02 If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines that:

(i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4G.03) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof), as applicable, for all future payments of interest on the Notes (subject to the operation of this Condition 4G); or

(ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 4G.03) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof), as applicable, for all future payments of interest on the Notes (subject to the operation of this Condition 4G).

Adjustment Spread

4G.03 If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

Benchmark Amendments

4G.04 If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4G and the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these Terms and Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "Benchmark Amendments") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice

thereof in accordance with Condition 4F.05, without any requirement for the consent or approval of Holders, vary these Terms and Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 4G.04, the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 4G, no Successor Rate or Alternative Rate will be adopted, nor any Adjustment Spread applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 Subordinated Notes or TLAC/MREL-Eligible Notes for the purposes of the Applicable Banking Regulations.

Notices, etc.

4G.05 Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4G will be notified promptly by the Issuer to the Calculation Agent, the Paying Agents and, in accordance with Condition 15, the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

Survival of Original Reference Rate

4G.06 Without prejudice to the obligations of the Issuer under Conditions 4G.01, 4G.02, 4G.03 and 4G.04, the Original Reference Rate and the fallback provisions provided for in Conditions 4D.02 and 4B.03 will continue to apply unless and until a Benchmark Event has occurred. Upon the occurrence of a Benchmark Event, this Condition 4G shall prevail.

Definitions:

4G.07 As used in this Condition 4G:

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Holders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such

recommendation has been made, or in the case of an Alternative Rate),

(ii) the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Issuer determines that no such spread is customarily applied),

(iii) the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or (if the Issuer determines that no such industry standard is recognised or acknowledged),

(iv) the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines to be appropriate.

"**Alternative Rate**" means an alternative benchmark or screen rate which the Issuer following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines in accordance with Condition 4G.02 is customary in market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

"**Benchmark Amendments**" has the meaning given to it in Condition 4G.02.

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to exist or ceasing to be published for a period of at least 5 Business Days in relation to a Rate of Interest of Floating Rate Notes or CMS-Linked Notes or 5 Reset Business Days in relation to a Reset Notes; or

(ii) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes, in each case within the following six months; or

(v) it has become unlawful for any Paying Agent, Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Holder using the Original Reference Rate.

provided that, in the case of sub-paragraphs (ii), (iii) and (iv), the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be, and not the date of the relevant public statement. Notwithstanding the aforementioned, the Issuer may start the proceedings to replace the Original Reference Rate as provided in this Clause 4G as soon as such public statement is made.

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise in international debt capital markets appointed by the Issuer.

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

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

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

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

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

5 Redemption and Purchase

Redemption at Maturity

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

Amount") (which shall be its principal amount) (or, in the case of Instalment Notes, in such number of instalments and in such amounts as may be specified in the relevant Final Terms) on the date or dates (or, in the case of Notes which bear interest at a floating rate of interest, on the date or dates upon which interest is payable) specified in the relevant Final Terms. Tier 2 Subordinated Notes qualifying as regulatory capital (*recursos propios*) in accordance with applicable capital adequacy requirements will have a maturity of not less than five years or as otherwise permitted by applicable laws or Applicable Banking Regulations.

Senior Non Preferred Notes will have an original maturity of at least one year from their date of effective disbursement or such minimum or maximum maturity as may be permitted or required from time to time by Applicable Banking Regulations.

Early Redemption for Taxation Reasons

5.02 If, in relation to any Series of Notes, (i) as a result of any change in the laws or regulations of Spain or in either case of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or application of any such laws or regulations which becomes effective on or after the date of issue of such Notes or any earlier date specified in the relevant Final Terms, (a) the Issuer would be required to pay additional amounts as provided in Condition 7 (*Taxation*), or (b) in the case of Subordinated Notes and Senior Non Preferred Notes, the Issuer is no longer entitled to claim a deduction in respect of any payments in relation to the Subordinated Notes or the Senior Non Preferred Notes in computing its taxation liabilities or the value of such deduction to the Issuer would be materially reduced, and (ii) such circumstances are evidenced by the delivery by the Issuer to the Issue and Paying Agent of a certificate signed by two Authorised Signatories of the Issuer stating that the said circumstances prevail and describing the facts leading thereto, an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail and, in the case of (a) Subordinated Notes and Senior Non Preferred Notes qualifying as regulatory capital (*recursos propios*) and TLAC/MREL instruments, and (b) Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements, a copy of the Relevant Authority consent to the redemption (when required at the time by Applicable Banking Regulations), the Issuer may, at its option and having given no less than thirty nor more than sixty days' notice (ending, in the case of Notes which bear interest at a floating rate, on a day upon which interest is payable) to the Holders of the Notes in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes (in the case of (i) Subordinated Notes and Senior Non Preferred Notes qualifying as regulatory capital (*recursos propios*) and TLAC/MREL instruments, and (ii) Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements in accordance with the Applicable Banking Regulations) comprising the relevant Series at their early tax redemption amount (the "**Early Redemption Amount (Tax)**") (which shall be their principal amount or at such other Early Redemption Amount (Tax) as may be specified in the relevant Final Terms) less, in the case of any Instalment Note, the aggregate amount of all instalments that shall have become due and payable in respect of such Note prior to the date fixed for redemption under any other Condition (which amount, if and to the extent not then paid, remains due and payable), together with accrued interest (if any) thereon **provided**, **however**, **that**

(i) no such notice of redemption may be given earlier than 90 days (or, in the case of Notes which bear interest at a floating rate a number of days which is equal to the aggregate of the number of days falling within the then current interest period applicable to the Notes plus 60 days) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due, and (ii) in the case of Subordinated Notes and Senior Non Preferred Notes qualifying as regulatory capital (*recursos propios*) and TLAC/MREL instruments, and Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements, that the Relevant Authority consents to redemption of the relevant Senior Notes or Subordinated Notes (as applicable).

Article 78(4) of the CRR provides that the Regulator may only permit the redemption of Tier 2 Subordinated Notes before the fifth anniversary of the Issue Date for taxation reasons if, in addition to meeting one of the conditions referred to in paragraphs (a) or (b) of Article 78(1) of the CRR (as described below), there is a change in the applicable tax treatment of the instruments and the institution demonstrates to the satisfaction of the Regulator that such change is material and was not reasonably foreseeable at the Issue Date.

For the purposes of these Terms and Conditions:

"**Relevant Authority**" means the European Central Bank or such other successor authority or institution carrying out such duties on its / their behalf (including the Bank of Spain, FROB, the SRB), in each case with respect to prudential matters in relation to the Issuer and / or the Consumer Group;

"**FROB**" means the Spanish banking resolution authority or *Fondo de Resolución Ordenada Bancaria*; and

"**SRB**" means the Single Resolution Board or *Junta Única de Resolución*.

Early Redemption due to Capital Disqualification Event

5.03 If, in the case of Tier 2 Subordinated Notes only, a Capital Disqualification Event occurs as a result of a change (or any pending change which the Regulator considers sufficiently certain) in Spanish law or Applicable Banking Regulations becoming effective on or after the Issue Date, the Issuer may, at its option and having given not less than 30 nor more than 60 calendar days' notice to the Issue and Paying Agent and, in accordance with Condition 13, the Holders of the Tier 2 Subordinated Notes (which notice shall be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions all, but not some only, of the Tier 2 Subordinated Notes.

Tier 2 Subordinated Notes redeemed pursuant to this Condition 5.03 will be redeemed at their early redemption amount (the "**Early Redemption Amount (Capital Disqualification Event)**") (which shall be their principal amount or a such other Early Redemption Amount (Capital Disqualification Event) as may be specified in the relevant Final Terms) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Redemption of Tier 2 Subordinated Notes for regulatory reasons pursuant to this Condition 5.03 is subject to the prior consent of the Regulator and/or the Relevant Resolution Authority if and as required therefor under Applicable Banking

Regulations and may only take place in accordance with Applicable Banking Regulations in force at the relevant time.

Article 78(4) of the CRR provides that the Regulator may only permit the redemption of Tier 2 Subordinated Notes before the fifth anniversary of the Issue Date for regulatory reasons if, in addition to meeting one of the conditions referred to in paragraphs (a) or (b) of Article 78(1) of the CRR (as described below), there is a change in the regulatory classification of the instruments that would be likely to result in their exclusion from own funds or reclassification as a lower quality form of own funds, the Regulator considers such change to be sufficiently certain and the institution demonstrates to the satisfaction of the Regulator that the regulatory classification was not reasonably foreseeable at the Issue Date.

For the purposes of these Terms and Conditions:

"**Capital Disqualification Event**" means the determination by the Issuer after consultation with the Regulator that the Tier 2 Subordinated Notes are not eligible for inclusion in whole or, to the extent not prohibited by Applicable Banking Regulations, in part, in the Tier 2 Capital of the Issuer or the Consumer Group pursuant to Applicable Banking Regulations or any other regulations applicable in Spain from time to time (other than as a result of any applicable limitation on the amount of such capital as applicable to the Issuer);

"**Tier 2 Capital**" means tier 2 capital (*capital de nivel 2*) as provided under the Applicable Banking Regulations;

"**CRD IV**" means the CRD IV Directive, the CRR and any CRD IV Implementing Measures;

"**CRD IV Directive**" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended from time to time, or such other directive as may come into effect in place thereof;

"**CRR**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on the prudential requirements for credit institutions and investment firms, as amended from time to time, or such other regulation as may come into effect in place thereof; and

"**CRD IV Implementing Measures**" means any regulatory capital rules implementing the CRD IV Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the *Banco de España*, the European Banking Authority or any other relevant authority, which are applicable to the Issuer (on a standalone basis) or the Issuer together with its consolidated Subsidiaries (on a consolidated basis) and which prescribe the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital of the Issuer (on a standalone or consolidated basis).

Early Redemption due to TLAC/MREL Disqualification Event

5.04 If, in the case of Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes where the TLAC/MREL Disqualification Event has been specified as applicable in the relevant Final Terms only, following the TLAC/MREL Requirement Date, a TLAC/MREL Disqualification Event has occurred and is continuing, then the Issuer may, at its option and having given not less than 30 nor more than 60 days' notice to the Issue and Paying Agent and, in accordance with Condition 15, the Holders of the relevant Notes (as applicable) (which notice shall be irrevocable and shall specify the date for redemption), elect to redeem in accordance with these Conditions all, but not some only, of the relevant Notes (as applicable). Upon the expiry of such notice, the Issuer shall redeem the relevant Notes (as applicable).

Notes redeemed pursuant to this Condition 5.04 will be redeemed at their early redemption amount (the "**Early Redemption Amount (TLAC/MREL Disqualification Event)**") (which shall be their principal amount or such other Early Redemption Amount (TLAC/MREL Disqualification Event) as may be specified in or determined in accordance with the relevant Final Terms) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Redemption of Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes where the TLAC/MREL Disqualification Event has been specified as applicable in the relevant Final Terms, for regulatory reasons pursuant to this Condition 5.04 will be subject to the prior consent of the Relevant Authority if and as required therefor under Applicable Banking Regulations and may only take place in accordance with Applicable Banking Regulations in force at the relevant time.

For the purposes of these Terms and Conditions:

"**Applicable TLAC/MREL Regulations**" means, at any time, the laws, regulations, requirements, guidelines and policies then in effect in the Kingdom of Spain giving effect to the MREL and the principles set forth in the FSB TLAC Term Sheet or any successor principles then applicable to the Issuer and/or the Consumer Group, including, without limitation to the generality of the foregoing, CRD IV, the BRRD and those regulations, requirements, guidelines and policies giving effect to the MREL and the principles set forth in the FSB TLAC Term Sheet or any successor principles then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Consumer Group);

"**New Banking Regulations**" means the directives and regulations amending and supplementing certain provisions of the CRD IV Directive, the CRR, the SRM Regulation and the BRRD adopted and published in the Official Journal of the EU on 7 June 2019, namely:

(i) Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings,

large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012;

(ii) Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 806/2014 as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms;

(iii) Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures; and

(iv) Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC.

"**FSB TLAC Term Sheet**" means the Total Loss-absorbing Capacity (TLAC) term sheet set forth in the document dated 9 November 2015 published by the Financial Stability Board, entitled "Principles on Loss-absorbing and Recapitalisation Capacity of G-SIIs in Resolution", as amended from time to time;

"**MREL**" means the "minimum requirement for own funds and eligible liabilities" for credit institutions under the BRRD, set in accordance with Article 45 of the BRRD (as transposed in Spain), Commission Delegated Regulation (EU) 2016/1450 of 23 May 2016, supplementing Directive 2014/59/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible liabilities, or any successor requirement under EU legislation and relevant implementing legislation and regulation in Spain;

"**TLAC/MREL Disqualification Event**" means at any time, on or following the TLAC/MREL Requirement Date, that all or part of the outstanding nominal amount of the Subordinated Notes, the Senior Non Preferred Notes or the Ordinary Senior Notes where the TLAC/MREL Disqualification Event has been specified as applicable in the relevant Final Terms does not fully qualify as TLAC/MREL-Eligible Notes of the Issuer and/or the Consumer Group, except where such non-qualification (i) is due solely to the remaining maturity of the relevant Notes (as applicable) being less than any period prescribed for TLAC/MREL-Eligible Notes by the Applicable TLAC/MREL Regulations or (ii) is as a result of the relevant Notes (as applicable) being bought back by or on behalf of the Issuer or a buy back of the relevant Notes which is funded by or on behalf of the Issuer or (iii) in the case of Ordinary Senior Notes where the TLAC/MREL Disqualification Event has been specified as applicable in the relevant Final Terms, is due to the relevant Ordinary Senior Notes not meeting any requirement in connection to their ranking upon insolvency of the Issuer or any limitation on the amount of such Notes that may be eligible for the inclusion in the amount of TLAC/MREL-Eligible Notes of the Issuer and/or the Consumer Group.

A TLAC/MREL Disqualification Event shall, without limitation, be deemed to include where any non-qualification of the Subordinated Notes, Senior Non Preferred Notes or, as applicable, Ordinary Senior Notes as TLAC/MREL-Eligible Notes arises as a result of (a) any legislation which gives effect to the New Banking Regulations in the Kingdom of Spain differing in any respect from the New Banking Regulations published in the Official Journal of the EU on 7 June 2019, or (b) the official interpretation or application of the New Banking Regulations as implemented in the Kingdom of Spain (including any interpretation or pronouncement by any relevant court, tribunal or authority) differing in any respect from the New Banking Regulations;

"**TLAC/MREL-Eligible Note**" means an instrument that complies with the TLAC/MREL Requirements;

"**TLAC/MREL Requirement Date**" means the time from which the Issuer and/or the Consumer Group is obliged to meet any TLAC/MREL Requirements;

"**TLAC/MREL Requirements**" means the total loss-absorbing capacity requirements and/or minimum requirement for own funds and eligible liabilities applicable to the Issuer and/or the Consumer Group under the Applicable TLAC/MREL Regulations; and

"**BRRD**" means Directive 2014/59/EU of 15 May establishing the framework for the recovery and resolution of credit institutions and investment firms or such other directive as may come into effect in place thereof, as implemented into Spanish law by Law 11/2015 and RD 1012/2015, as amended or replaced from time to time and including any other relevant implementing regulatory provisions.

5.05 Early Redemption (Zero Coupon Notes)

(a) The early redemption amount payable in respect of any Zero Coupon Note (the "**Early Redemption Amount (Zero Coupon)**") upon redemption of such Note pursuant to Condition 5.02, Condition 5.03, Condition 5.04, Condition 5.06 or Condition 5.09 or upon it becoming due and payable as provided in Condition 6 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(b) Subject to the provisions of sub-paragraph (c) below, the "**Amortised Face Amount**" of any such Note shall be the scheduled Maturity Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is set out in the relevant Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(c) If the Early Redemption Amount (Zero Coupon) payable in respect of any such Note upon its redemption pursuant to Condition 5.02, Condition 5.03, Condition 5.04, Condition 5.06 or Condition 5.09 or upon it becoming due and payable as provided in Condition 6 is not paid when due, the Early Redemption Amount (Zero Coupon) due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (b) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of

the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Maturity Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4E.

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

5.06 ***Optional Early Redemption (Call)***

If this Condition 5.06 is specified in the relevant Final Terms as being applicable, then the Issuer may, upon the expiry of the appropriate notice (and subject, in the case of (i) Subordinated Notes and Senior Non Preferred Notes qualifying as regulatory capital (*recursos propios*) and TLAC/MREL instruments, and (ii) Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements, to the prior consent of the Relevant Authority if required at the time by Applicable Banking Regulations) redeem all (but not, unless and to the extent that the relevant Final Terms specifies otherwise, some only) of the Notes of the relevant Series at their call early redemption amount (the "**Early Redemption Amount (Call)**") (which shall be their principal amount or such other Early Redemption Amount (Call) as may be specified in the relevant Final Terms) less, in the case of any Instalment Note, the aggregate amount of all instalments that shall have become due and payable under any other Condition (which amount, if and to the extent not then paid, remains due and payable), together with accrued interest (if any) thereon.

Article 78(1) of the CRR provides that the Regulator will give its consent to a redemption of Tier 2 Subordinated Notes in such circumstances provided that either of the following conditions is met:

(a) on or before such redemption of the Tier 2 Subordinated Notes, the institution replaces the Tier 2 Subordinated Notes with own funds instruments of an equal or higher quality on terms that are sustainable for the income capacity of the institution; or

(b) the institution has demonstrated to the satisfaction of the Regulator that its own funds would, following such redemption, exceed the requirements laid down in Article 92(1) of the CRR and the combined buffer requirement as defined in point (6) of Article 128 of the CRD IV Directive by a margin that the Regulator may consider necessary on the basis of Article 104(3) of the CRD IV Directive.

5.07 The appropriate notice referred to in Condition 5.06 is a notice given by the Issuer to the Issue and Paying Agent and the Holders of the Notes of the relevant Series, which notice shall be signed by two duly authorised officers of the Issuer and shall specify:

- the Series of Notes subject to redemption;

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

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

Partial Redemption

5.08 If the Notes of a Series are to be redeemed in part only on any date in accordance with Condition 5.06, the Notes to be redeemed shall be drawn by lot, with the intervention of the relevant Commissioner and before a Notary Public who will take the minutes, in such European city as the Issue and Paying Agent may specify, or identified in such other manner or in such other place as the Issue and Paying Agent may approve and deem appropriate and fair subject always to compliance with all applicable laws and the requirements of any listing authority, stock exchange and/or quotation system on which the relevant Notes may be listed and/or quoted.

In connection with an exercise of the option contained in Condition 5.06 (*Optional Early Redemption (Call)*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

In the case of (i) Subordinated Notes and Senior Non Preferred Notes qualifying as regulatory capital (*recursos propios*) and TLAC/MREL instruments, and (ii) Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements, partial redemption will be (if required at the time by the Applicable Banking Regulations) subject to the prior consent of the Relevant Authority and may not take place within a period of five years from their date of issue or as otherwise permitted by Applicable Banking Regulations.

Optional Early Redemption (Put) – Senior Notes

5.09 If this Condition 5.09 is specified in the relevant Final Terms as being applicable to the Senior Notes, then the Issuer shall, upon the exercise of the relevant option by the Holder of any Note of the relevant Series, redeem such Note on the date or the dates specified in the relevant Final Terms at its put early redemption amount (the "**Early Redemption Amount (Put)**") (which shall be its principal amount or such other Early Redemption Amount (Put) as may be specified in the relevant

Final Terms) less, in the case of any Instalment Note, the aggregate amount of all instalments that shall have become due and payable in respect of such Note under any other Condition prior to the date fixed for redemption (which amount, if and to the extent not then paid, remains due and payable), together with accrued interest (if any) thereon. In order to exercise such option, the Holder must, not less than sixty days before the date so specified (or such other period as may be specified in the relevant Final Terms), deposit the relevant Note (together, in the case of a Definitive Note, with any unmatured Coupons appertaining thereto) with any Paying Agent together with a duly completed redemption notice in the form which is available from the specified office of any of the Issue and Paying Agents. No Note so deposited and option exercised may be withdrawn.

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

The Holder of a Note may not exercise such option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under either Condition 5.02, 5.03, 5.04 or 5.05.

Purchase of Notes

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

In the case of (i) Subordinated Notes and Senior Non Preferred Notes which qualify as regulatory capital (*recursos propios*) and TLAC/MREL instruments, and (ii) Ordinary Senior Notes eligible to comply with TLAC/MREL Requirements, the purchase of the Notes by the Issuer or any of its subsidiaries shall take place in accordance with the requirements of the Applicable Banking Regulations.

Under the current Applicable Banking Regulations an institution requires the prior permission of the Regulator (Article 77(b) of the CRR) to effect the repurchase of tier 2 instruments, and these may not be repurchased before five years after the date of issuance (Article 63(j) of the CRR).

Cancellation of Redeemed and Purchased Notes

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

Further Provisions applicable to Redemption Amount and Instalment Amounts

5.12 The provisions of Condition 4E.02 shall apply to any determination or calculation of the Redemption Amount or any Instalment Amount required by the Final Terms to be made by the Determination Agent.

5.13 References herein to "**Redemption Amount**" shall mean, as appropriate, the Maturity Redemption Amount, the final Instalment Amount, Early Redemption Amount (Tax), Early Redemption Amount (TLAC/MREL Disqualification Event), Early Redemption Amount (Zero Coupon), Early Redemption Amount (Call), Early Redemption Amount (Put) and Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in the Final Terms.

Notices

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

Notification of Euronext Dublin

5.15 The Issuer shall notify Euronext Dublin of any early redemption (whether full or partial) of Notes.

6 **Events of Default**

Events of Default for Ordinary Senior Notes

6.01 Unless otherwise specified in the relevant Final Terms, if, in the case of Ordinary Senior Notes, any of the following events occurs and is continuing (each an "**Event of Default**" solely in respect of Ordinary Senior Notes), such Event of Default shall be an acceleration event in relation to the Ordinary Senior Notes of any Series, namely:

(i) *Non-payment*: if default is made in the payment of any interest or principal due in respect of the Ordinary Senior Notes of the relevant Series and such default continues for a period of seven days (or such other period as may be specified in the relevant Final Terms); or

(ii) *Breach of other obligations*: if the Issuer fails to perform or observe any of its other obligations under or in respect of the Ordinary Senior Notes, the Issue and Paying Agency Agreement and (except in any case where such failure is incapable of remedy when no such continuation as is hereinafter mentioned will be required) the failure continues for a period of 30 days following the service by the relevant Commissioner (as defined in Condition 12 below) on the Issuer of a notice requiring the same to be remedied; or

(iii) *Winding up*: if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer (except in any such case for the purpose of reconstruction or a merger or amalgamation which has been previously approved by a resolution of the relevant Syndicate of Holders of the Ordinary Senior Notes or a merger with another financial institution in this case even without being approved by a resolution of the relevant Syndicate of Holders of the Ordinary Senior Notes, **provided that** any entity that survives or is created as a result of such merger is given a rating by an internationally recognised rating agency at least equal to the then current rating of the Issuer at the time of such merger); or

(iv) *Cessation of business*: if the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of a reorganisation (except in any such case for the purpose of reconstruction or a merger or amalgamation which has been previously approved by a resolution of the relevant Syndicate of Holders of the Ordinary Senior Notes or a merger with another financial institution in this case even without being approved by a resolution of the relevant Syndicate of Holders of the Ordinary Senior Notes, **provided that** any entity that survives or is created as a result of such merger is given a rating by an internationally recognised rating agency at least equal to the then current rating of the Issuer at the time of such merger), or the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class thereof) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(v) *Insolvency proceedings*: if (a) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or in relation to the whole or a part of the undertaking or assets of it, or an encumbrancer takes possession of the whole or a part of the undertaking or assets of either of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a part of the undertaking or assets or any of them, and (b) in any case is not discharged within 14 days; or

(vi) *Arrangements with creditors*: if the Issuer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors).

6.02 If any Event of Default shall occur in relation to any Series of the Ordinary Senior Notes, the relevant Commissioner, acting upon a resolution of the relevant Syndicate of Holders of the Ordinary Senior Notes of the relevant Series, in respect of all the Ordinary Senior Notes of a relevant Series, or any Holder of an Ordinary Senior Note of the relevant Series in respect of such Ordinary Senior Note and **provided that** such Holder does not contravene the resolution of the relevant Syndicate (if any) may, by written notice to the Issuer, at the specified office of the Issue and Paying Agent, declare that such Ordinary Senior Note or Ordinary Senior Notes and all interest then accrued on such Ordinary Senior Note or Ordinary Senior Notes shall (when permitted by applicable Spanish law) be forthwith due and payable, whereupon the same shall become immediately due and payable at its early termination amount (the "**Early Termination Amount**") (which shall be its principal amount or such other Early Termination Amount as may be specified in the relevant Final Terms) less, in the case of any Instalment Note, the aggregate amount of all instalments that shall have become due and payable in respect of such Ordinary Senior Notes under any other Condition prior

to the date fixed for redemption (which amount, if and to the extent not then paid, remains due and payable), together with all interest (if any) accrued thereon without presentment, demand, protest or other notice of any kind, all of which the Issuer will expressly waive, anything contained in such Ordinary Senior Note or Ordinary Senior Notes to the contrary notwithstanding, unless, prior thereto, all Events of Default in respect of the Ordinary Senior Notes of the relevant Series shall have been cured.

No Events of Default for Subordinated Notes, Senior Non Preferred Notes and certain Ordinary Senior Notes

6.03 Save as provided below, there are no events of default under the Subordinated Notes and the Senior Non Preferred Notes and, to the extent Conditions 6.01 and 6.02 have been so specified in the relevant Final Terms as not applicable, the Ordinary Senior Notes, which could lead to an acceleration of the relevant Subordinated Notes, Senior Non Preferred Notes or Ordinary Senior Notes.

However, if an order is made by any competent court commencing insolvency proceedings against the Issuer or if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer (except in any such case for the purpose of a reconstruction, a merger or an amalgamation which has been previously approved by a resolution of the Syndicate of Holders of Notes or a merger with another financial institution, whether or not approved by the Syndicate of Holders of Notes, provided that any entity that survives or is created as a result of such merger is given a rating by an internationally recognised rating agency at least equal to the then current rating of the Issuer at the time of such merger) and such order is continuing, then any Note may, unless there has been a resolution to the contrary by the Syndicate of Holders of Notes, by written notice addressed by the Holder thereof to the Issuer and delivered to the Issuer or to the specified office of the Issue and Paying Agent, be declared immediately due and payable, whereupon the principal amount of such Notes together with any accrued and unpaid interest thereon to the date of payment shall become immediately due and payable without further action or formality.

Notwithstanding the above, if default is made in the payment of any interest or principal due in respect of the Notes and such default continues for a period of seven days then, (i) the Commissioner, acting upon a resolution of the Syndicate of Holders of Notes, in respect of all Subordinated Notes, Senior Non Preferred Notes or Ordinary Senior Notes, as the case may be, or (ii) unless there has been a resolution to the contrary by the Syndicate of Holders of Notes (which resolution shall be binding on all Holders), any Holder in respect of the Subordinated Notes, Senior Non Preferred Notes or Ordinary Senior Notes, as the case may be, held by such Holder, may institute proceedings for the winding up or dissolution of the Issuer but may take no further or other action in respect of such default.

In addition, (i) the Commissioner, acting upon a resolution of the Syndicate of Holders of Notes, or (ii) unless there has been a resolution to the contrary by the Syndicate of Holders of Notes (which resolution shall be binding on all Holders), any Holder in respect of the Notes held by such Holder, may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under

the Notes, provided that the Issuer shall not as a consequence of such proceedings be obliged to pay any sum or sums representing or measured by reference to principal or interest in respect of the Notes sooner than the same would otherwise have been payable by it or any damages.

Neither a cancellation of the Notes, a reduction, in part or in full, of the principal amount of the Notes or any accrued and unpaid interest on the Notes, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the Bail-in Power by the Relevant Authority with respect to the Issuer, nor the exercise of any Bail-in Power by the Relevant Authority with respect to the Notes will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Holders to any remedies (including equitable remedies), which are hereby expressly waived.

7. Taxation

7.01 All amounts payable (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Notes, the Receipts and the Coupons by the Issuer will be made free and clear of, and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by, within or on behalf of Spain or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges ("**Taxes**") is required by law. In that event, the Issuer shall pay such additional amounts (in the case of Tier 2 Subordinated Notes and/or Coupons of Tier 2 Subordinated Notes, in respect of the payment of any interest in respect of such Tier 2 Subordinated Notes and/or such Coupons of Tier 2 Subordinated Notes only (but not in respect of the payment of any principal in respect of such Tier 2 Subordinated Notes)) as will result in receipt by the holder or beneficial owner of any interest herein or rights of any Note, Receipt or Coupon (each, a "**Beneficial Owner**") of such amounts as would have been received by them had no such withholding or deduction been required.

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

(i) to, or to a third party on behalf of, a Beneficial Owner of a Note, Receipt or Coupon who is liable for such Taxes in respect of such Note, Receipt or Coupon by reason of his having some connection with Spain other than the mere holding of such Note, Receipt or Coupon; or

(ii) to, or to a third party on behalf of, a Beneficial Owner if the Issuer does not receive the information in respect of the notes as may be required in order to comply with the applicable Spanish tax reporting obligations; or

(iii) presented for payment more than thirty days after the Relevant Date, except to the extent that the relevant Beneficial Owner would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of thirty days; or

(iv) to, or to a third party on behalf of, individuals resident for tax purposes in the Kingdom of Spain; or

(v) to, or to a third party on behalf of, a Spanish-resident legal entity subject to Spanish corporation tax if the Spanish tax authorities determine that the Notes do not comply with exemption requirements specified in the Reply to a Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 and require a withholding to be made.

In addition, additional amounts as referred to in Condition 7 will not be payable with respect to any Taxes that are imposed in respect of any combination of the items set forth above.

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

Notwithstanding any other provision of these Terms and Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer, will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

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

7.04 Unless the context otherwise requires, any reference in these Terms and Conditions to "**principal**" shall include any premium payable in respect of a Note, any Instalment Amount or Redemption Amount and any other amounts in the nature of principal payable pursuant to these Terms and Conditions and "**interest**" shall include all amounts payable pursuant to Condition 4 (*Interest*) and any other amounts in the nature of interest payable to these Terms and Conditions.

8. **Payments**

8A **Payments**

8A.01 Payment of amounts (other than interest) due in respect of Bearer Notes will be made against presentation and (save in the case of a partial redemption which includes, in the case of an Instalment Note, payment of

any instalment other than the final instalment) surrender of the relevant Bearer Notes at the specified office of any of the Issue and Paying Agents.

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

(i) in the case of a Temporary Global Note or Permanent Global Note, against presentation of the relevant Temporary Global Note or Permanent Global Note at the specified office of any of the Issue and Paying Agents outside (unless Condition 8A.03 applies) the United States and, in the case of a Temporary Global Note, upon due certification as required therein;

(ii) in the case of Definitive Notes without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Definitive Notes at the specified office of any of the Issue and Paying Agents outside (unless Condition 8A.03 applies) the United States; and

(iii) in the case of Definitive Notes delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons or, in the case of interest due otherwise than on a scheduled date for the payment of interest, against presentation of the relevant Definitive Notes, in either case at the specified office of any of the Issue and Paying Agents outside (unless Condition 8A.04 applies) the United States.

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

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

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

(i) in the case of Definitive Notes which bear interest at a fixed rate or rates (other than Reset Notes), the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the redemption amount paid bears to the total redemption amount due) (excluding, for this purpose, Talons) will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Issue and Paying Agents at any time within ten years of the Relevant Date applicable to payment of such final redemption amount;

(ii) in the case of Definitive Notes which bear interest at, or at a margin above or below, a floating rate or which are Reset Notes, all unmatured Coupons (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) relating to such Definitive Notes (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them; and

(iii) in the case of Definitive Notes initially delivered with Talons attached thereto, all unmatured Talons (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them.

The provisions of paragraph (i) of this Condition 8A.05 notwithstanding, if any Definitive Notes which bear interest at a fixed rate or rates should be issued with a maturity date and a fixed rate or fixed rates such that, on the presentation for payment of any such Definitive Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required by paragraph (i) to be deducted would be greater than the amount otherwise due for payment, then, upon the due date for redemption of any such Definitive Note, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon application of the provisions of paragraph (i) in respect of such Coupons as have not so become void, the amount required by paragraph (i) to be deducted would not be greater than the amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Definitive Note to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

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

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

8B **Payments — General Provisions**

8B.01 Payments of amounts due (whether principal, redemption amount, interest or otherwise) in respect of Notes not denominated in Renminbi will be made in the currency in which such amount is due by (a) cheque or (b) at the option of the payee, transfer to an account denominated in the relevant currency specified by the payee.

Payments of amounts due (whether principal, redemption amount, interest or otherwise) in respect of Notes denominated in Renminbi will be made in Renminbi by transfer to an account denominated in Renminbi in Hong Kong specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto.

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

(i) "**Business Day**" means a day:

- in relation to Notes denominated or payable in euro which is a TARGET Business Day; and
- in relation to Notes payable in any other currency, on which commercial banks are open for business and foreign exchange markets settle payments in the Relevant Financial Centre in respect of the relevant currency; and, in either case,

- on which commercial banks are open for business and foreign exchange markets settle payments in any place specified in the relevant Final Terms;

(ii) "**local banking day**" means a day (other than a Saturday and Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place of presentation of the relevant Note or, as the case may be, Coupon;

(iii) "**Relevant Financial Centre**" means such financial centre or centres as may be specified in relation to the relevant currency for the purposes of the definition of "**Business Day**" in the ISDA Definitions;

(iv) "**Relevant Financial Centre Day**" means, in the case of any currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the Relevant Financial Centre (which in the case of Australian dollars shall be Melbourne, in the case of New Zealand dollars shall be Wellington and which in the case of Renminbi shall be Hong Kong) and in any other place specified in the relevant Final Terms and in the case of payment in euro, a day which is a TARGET Business Day;

(v) "**TARGET Business Day**" means any day on which the TARGET2 System, or any successor thereto, is open for the settlement of payments in euro; and

(vi) "**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) payment system which utilises a single shared platform and which was launched on 19 November 2007.

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

9. Prescription

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

9A English law

9A.01 If English law is specified as the governing law of the Notes in the relevant Final Terms, the provisions of Condition 9A shall apply to the Notes.

9A.02 Claims against the Issuer for payment of principal and interest in respect of Notes will be prescribed and become void unless made, in the case of principal, within

ten years or, in the case of interest, five years after the Relevant Date for payment thereof.

9B **Spanish law**

9B.01 If Spanish law is specified as the governing law of the Notes in the relevant Final Terms, the provisions of Condition 9B shall apply to the Notes.

9B.02 Prescription (*prescripción*) of claims against the Issuer for payment of principal and interest in respect of Notes will be five years after the date on which such payment becomes due and payable.

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

10.01 The initial Issue and Paying Agents and their respective initial specified offices are specified below. The Determination Agent in respect of any Notes shall be specified in the Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Issue and Paying Agent) or the Determination Agent and to appoint additional or other Issue and Paying Agents or another Determination Agent provided that it will at all times maintain (i) an Issue and Paying Agent, (ii) a Paying Agent (which may be the Issue and Paying Agent) with a specified office in a continental European city, (iii) so long as the Notes are listed on Euronext Dublin and/or any other listing authority, stock exchange and/or quotation system, a Paying Agent (which may be the Issue and Paying Agent) with a specified office in such place as may be required by the rules of such other listing authority, stock exchange and/or quotation system, (iv) in the circumstances described in Condition 8A.03, a Paying Agent with a specified office in New York City, and (v) a Determination Agent where required by the Terms and Conditions applicable to any Notes (in the case of (i), (ii) and (v) with a specified office located in such place (if any) as may be required by the Terms and Conditions). The Issue and Paying Agents and the Determination Agent reserve the right at any time to change their respective offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of the Issue and Paying Agents or the Determination Agent will be given promptly by the Issuer to the Holders of the Notes in accordance with Condition 13 (*Notices*).

10.02 The Issue and Paying Agents and the Determination Agent act solely as agents of the Issuer and, save as provided in the Issue and Paying Agency Agreement or any other agreement entered into with respect to its appointment, do not assume any obligations towards or relationship of agency or trust for any Holder of any Note or Coupon and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Issue and Paying Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

11. **Replacement of Notes**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issue and Paying Agent or such Paying Agent or Issue and Paying Agents as may be specified for such purpose in the relevant Final Terms (in the case of Notes and Coupons), subject to all applicable

laws and the requirements of any listing authority, stock exchange and/or quotation system on which the relevant Notes are listed and/or quoted, upon payment by the claimant of all expenses incurred in connection with such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Issue and Paying Agent or the relevant Paying Agent may require. Mutilated or defaced Notes and Coupons must be surrendered before replacements will be delivered therefor.

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

The Holders of the Notes of the relevant Series shall meet in accordance with the regulations governing the relevant Syndicate of Holders of the Notes (the "**Regulations**"). The Regulations contain the rules governing the functioning of each Syndicate of Holders of the Notes, including the provisions for meetings of such Syndicate to take place, and the rules governing its relationship with the Issuer and shall be attached to the relevant Public Deed of Issuance. A set of pro forma Regulations is included in this Base Prospectus and in the Issue and Paying Agency Agreement.

A Commissioner will be appointed for each Syndicate.

The Issuer may, with the consent of the Issue and Paying Agent and the relevant Commissioner, but without the consent of the Holders of the Notes of any Series or Coupons, amend these Terms and Conditions, the Notes, the Coupons, the Talons, the Deed of Covenant and the Issue and Paying Agency Agreement, insofar as they may apply to such Notes to correct a manifest error or to make any modification that is of a minor, formal or technical nature or to comply with a mandatory provision of law. Subject as aforesaid, no other modification may be made to these Terms and Conditions, the Notes, the Coupons, the Talons, the Deed of Covenant or the Issue and Paying Agency Agreement except with the sanction of a resolution of the relevant Syndicate of Holders of Notes.

For the purposes of these Terms and Conditions,

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

(ii) "**Syndicate**" means the syndicate (*sindicato*) as this term is described under the Spanish Companies Law.

13. **Notices**

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

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

To Commissioners

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

14. **Further Issues**

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

15. Currency Indemnity

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

be deemed to constitute a loss suffered by the relevant Holder of a Note or Coupon and no proof or evidence of any actual loss will be required by the Issuer.

16. **Waiver and Remedies**

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

17. **Law and Jurisdiction**

The governing law and jurisdiction of the Notes will be specified in Part A of the relevant Final Terms.

17A **English law**

If English law is specified as the governing law of the Notes in the relevant Final Terms, the provisions of this Condition 17A shall apply to the Notes.

Governing Law

17A.01 The issue of the Notes, including their legal nature (*obligaciones*), the status of the Notes, the capacity of the Issuer, the relevant corporate resolutions, the appointment of the Commissioner and the constitution of the Syndicates of Holders of the Notes are governed by Spanish law. The terms and conditions of the Notes (other than Condition 3 (Status of the Notes), Condition 12 (Syndicate of Holders of the Notes and Modification) and Condition 19 (Bail-in) which are governed by Spanish law), the Issue and Paying Agency Agreement and the Deed of Covenant and all non-contractual obligations arising out of or in connection with the terms and conditions of the Notes, the Issue and Paying Agency Agreement and the Deed of Covenant, are governed by, and shall be construed in accordance with, English law.

Jurisdiction

17A.02 The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or in connection with the Notes including a dispute regarding the existence, validity or termination of the Notes or any non-contractual obligation arising out of or in connection with the Notes) or the consequences of their nullity.

Notwithstanding the above, the Courts of the city of Madrid (Spain) are to have exclusive jurisdiction to settle any dispute that may arise out of or in connection with the exercise of the Bail-in Power by the Relevant Resolution Authority (a "**Bail-in Dispute**") and accordingly, each of the Issuer and any Holders in relation to any Bail-In Dispute submits to the exclusive jurisdiction of such Courts. Each of the Issuer and any Holders in relation to any Bail-In Dispute further waives any objection to the Courts of the city of Madrid (Spain) on the

ground that they are an inconvenient or inappropriate forum to settle a Bail-in Dispute.

17A.03 The Issuer irrevocably waives any objection which they might now or hereafter have to the courts of England being nominated as the forum to hear and determine any proceedings and to settle any Disputes and agrees not to claim that any such court is not a convenient or appropriate forum.

17A.04 Without prejudice to any other mode of service allowed under any relevant law, the Issuer irrevocably (a) appoints Banco Santander S.A., London Branch at 2 Triton Square, Regent's Place, London NW1 3AN, United Kingdom as its agent for service of process in relation to any Proceedings or, if different, at any other address of the Issuer in Great Britain at which service of process may from time to time be served on it and (b) agrees that failure by an agent for service of process to notify the Issuer of the process will not invalidate the Proceedings concerned. If the appointment of the person mentioned in this Condition 17A.04 ceases to be effective, the Issuer shall forthwith appoint a further person in England to accept service of process on its behalf in England and notify the name and address of such person to the Issue and Paying Agent and, failing such appointment within fifteen days, any Holder of Notes shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Issue and Paying Agent. Nothing contained herein shall affect the right of any Holder of Notes to serve process in any other manner permitted by law. This condition applies to proceedings in England and to proceedings elsewhere.

17A.05 The submission to the exclusive jurisdiction of the courts of England is for the benefit of the Holders of the Notes only and therefore shall not (and shall not be construed so as to) limit the right of the Holders of the Notes or any of them to take proceedings in any other court of competent jurisdiction nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

17B **Spanish law**

If Spanish law is specified as the governing law of the Notes in the relevant Final Terms, the provisions of this Condition 17B shall apply to the Notes.

Governing Law

17B.01 The Notes, any non-contractual obligations arising out of or in connection with the Notes and the exercise of the Bail-in Power by the Relevant Resolution Authority shall be governed by, and shall be construed in accordance with, Spanish law.

Jurisdiction

17B.02 The Issuer hereby irrevocably agrees for the benefit of each of the Holders that the Courts of the city of Madrid (Spain) are to have jurisdiction to settle any disputes which may arise out of or in connection with any Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes) and that accordingly any suit, action or proceedings

arising out of or in connection with the Notes (together referred to as "**Proceedings**") may be brought in such courts.

17B.03 The Issuer irrevocably waives any objection which it may have now or hereinafter to the laying of the venue of any Proceedings in the courts of the city of Madrid (Spain). To the extent permitted by law, nothing contained in this Condition 17B shall limit any rights of any Holders (other than in relation to a Bail-in Dispute) to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other competent jurisdictions, whether concurrently or not.

17B.04 In addition, the Courts of the city of Madrid (Spain) have exclusive jurisdiction to settle any Bail-in Dispute and accordingly each of the Issuer and any Holders in relation to any Bail-in Dispute submits to the exclusive jurisdiction of the Courts of the city of Madrid (Spain). Each of the Issuer and any Holders in relation to any Bail-in Dispute further waives any objection to the Courts of the city of Madrid (Spain) on the ground that they are an inconvenient or inappropriate forum to settle any Bail-in Dispute.

18. **Rights of Third Parties**

In the case of Notes specified in the Final Terms as being governed by English law, no person shall have any right to enforce any term or condition of any Series of Notes under the Contracts (Rights of Third Parties) Act 1999.

19. **Bail-in**

Acknowledgement

19.01 Notwithstanding any other term of the Notes or any other agreement, arrangement or understanding between the Issuer and the Holders, by its subscription and/or purchase and holding of the Notes, each Holder (which for the purposes of this Condition 19 includes each holder of a beneficial interest in the Notes) acknowledges, accepts, consents to and agrees:

(i) to be bound by the effect of the exercise of the Bail-in Power by the Relevant Authority, which may include and result in any of the following, or some combination thereof:

- the reduction of all, or a portion, of the Amounts Due (as defined below) on a permanent basis;
- the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or another person (and the issue to the Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes, in which case the Holder agrees to accept in lieu of its rights under the Notes any such shares, other securities or other obligations of the Issuer or another person;
- the cancellation of the Notes or Amounts Due;

- the amendment or alteration of the maturity of the Notes or amendment of the Interest Amount payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and

(ii) that the terms of the Notes are subject to, and may be varied, if necessary, to give effect to, the exercise of the Bail-in Power by the Relevant Authority.

Payment of Interest and Other Outstanding Amounts Due

19.02 No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Bail-in Power by the Relevant Authority with respect to the Issuer unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer under the laws and regulations in effect in the Kingdom of Spain and the European Union applicable to the Issuer or other members of the Consumer Group.

Notice to Holders

19.03 Upon the exercise of any Bail-in Power by the Relevant Authority with respect to the Notes, the Issuer will make available a written notice to the Holders as soon as practicable regarding such exercise of the Bail-in Power. The Issuer will also deliver a copy of such notice to the Agents for information purposes.

Duties of the Agents

19.04 Upon the exercise of any Bail-in Power by the Relevant Authority, (a) the Agents shall not be required to take any directions from Holders, and (b) the Issue and Paying Agency Agreement shall impose no duties upon any of the Agents whatsoever, in each case with respect to the exercise of any Bail-in Power by the Relevant Authority.

Proration

19.05 If the Relevant Authority exercises the Bail-in Power with respect to less than the total Amounts Due, unless any of the Agents is otherwise instructed by the Issuer or the Relevant Authority, any cancellation, write-off or conversion made in respect of the Notes pursuant to the Bail-in Power will be made on a pro-rata basis.

Conditions Exhaustive

19.06 The matters set forth in this Condition 19 shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer and any holder of a Note.

For the purposes of the Terms and Conditions:

"**Amounts Due**" means the principal amount or outstanding amount, together with any accrued but unpaid interest, and additional amounts, if any, due on the Notes. References to such amounts will include amounts that have become due

and payable, but which have not been paid, prior to the exercise of the Bail-in Power by the Relevant Authority.

"**Regulated Entity**" means any entity to which BRRD, as implemented in the Kingdom of Spain (including but not limited to, Law 11/2015, Royal Decree 1012/2015 and any other implementing regulations) and as amended or superseded from time to time, or any other Spanish piece of legislation relating to the Bail-in Power, applies, which includes, certain credit institutions, investment firms, and certain of their parent or holding companies.

20. **Waiver of Set-off**

If this Condition 20 is specified in the relevant Final Terms as being applicable to the Notes, no Holder may at any time exercise or claim any Waived Set-Off Rights against any right, claim, or liability the Issuer has or may have or acquire against such Holder, directly or indirectly, howsoever arising (and, for the avoidance of doubt, including all such rights, claims and liabilities arising under or in relation to any and all agreements or other instruments of any sort, whether or not relating to such Notes) and each Holder shall be deemed to have waived all Waived Set-Off Rights to the fullest extent permitted by applicable law in relation to all such actual and potential rights, claims and liabilities. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Issuer in respect of, or arising under or in connection with the Notes is discharged by set-off, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer and accordingly any such discharge shall be deemed not to have taken place.

For the avoidance of doubt, nothing in this Condition is intended to provide, or shall be construed as acknowledging, any right of deduction, set-off, netting, compensation, retention or counterclaim or that any such right is or would be available to any Holder of any Notes but for this Condition.

For the purposes of these Terms and Conditions:

"**Waived Set-Off Rights**" means any and all rights of or claims of any Holder for deduction, set-off, netting, compensation, retention or counterclaim arising directly or indirectly under or in connection with any Note.

21. **Substitution and Variation**

If this Condition 21 is specified in the relevant Final Terms as being applicable to the Notes, and a Capital Disqualification Event, a TLAC/MREL Disqualification Event or a circumstance giving rise to the right of the Issuer to redeem the Notes for taxation reasons under Condition 5.02 occurs and is continuing, the Issuer may substitute all (but not some only) of the Notes (as the case may be) or modify the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Holders, so that they are substituted for, or varied to, become, or remain, Qualifying Notes, subject to having given not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 13, the Issue and Paying Agent (which notice shall be irrevocable and shall specify the date for substitution or, as applicable, variation), and subject to obtaining the prior

consent of the Regulator and/or the Relevant Resolution Authority if and as required therefor under Applicable Banking Regulations and in accordance with Applicable Banking Regulations in force at the relevant time.

Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Holders can inspect or obtain copies of the new terms and conditions of the Notes. Such substitution or variation will be effected without any cost or charge to the Holders.

Holders shall, by virtue of subscribing and/or purchasing and holding any Notes, be deemed to accept the substitution or variation of the terms of such Notes and to grant to the Issuer full power and authority to take any action and/or to execute and deliver any document in the name and/or on behalf of the Holders which is necessary or convenient to complete the substitution or variation of the terms of the Notes.

In these Terms and Conditions:

"**Qualifying Notes**" means, at any time, any securities denominated in the Specified Currency and issued directly by the Issuer, other than in respect of the effectiveness and enforceability of Condition 19, that have terms (excluding for this purpose any terms changing the governing law of such securities from English law to Spanish law) not otherwise materially less favourable to the Holders than the terms of the Notes provided that the Issuer shall have delivered a certificate signed by two authorised signatories to that effect to the Issue and Paying Agent and the Commissioner not less than five Business Days prior to (x) in the case of a substitution of the Notes pursuant to this Condition 21, the issue date of the relevant securities or (y) in the case of a variation of the Notes pursuant to this Condition 21, the date such variation becomes effective, provided that such securities shall:

(a) (i) in the case of Notes eligible to comply with TLAC/MREL Requirements, if the TLAC/MREL Requirement Date has occurred, contain terms which comply with the then current requirements for TLAC/MREL-Eligible Notes as embodied in the Applicable TLAC/MREL Regulations, and (ii) in the case of Tier 2 Subordinated Notes, contain terms which comply with the then current requirements for their inclusion in the Tier 2 Capital of the Issuer; and

(b) carry the same rate of interest as the Notes prior to the relevant substitution or variation pursuant to this Condition 21; and

(c) have the same denomination and aggregate outstanding principal amount as the Notes prior to the relevant substitution or variation pursuant to this Condition 21; and

(d) have the same date of maturity and the same dates for payment of interest as the Notes prior to the relevant substitution or variation pursuant to this Condition 21; and

(e) have at least the same ranking as set out in Condition 3; and

(f) not, immediately following such substitution or variation, be subject to a Capital Disqualification Event, a TLAC/MREL Disqualification Event

and/or an early redemption right for taxation reasons according to Condition 5.02, as applicable; and

(g) be listed or admitted to trading on any stock exchange as selected by the Issuer, if the Notes were listed or admitted to trading on a stock exchange immediately prior to the relevant substitution or variation pursuant to this Condition 21.

For the avoidance of doubt, any variation in the ranking of the relevant Notes as set out in Condition 3 resulting from any such substitution or modification shall be deemed not to be materially less favourable to the interests of the Holders of the Notes where the ranking of such Notes following such substitution or modification is at least the same ranking as is applicable to such Notes under Condition 3 on the issue date of such Notes.

22. **Direct Rights**

If any Global Note representing all or part of a Tranche of Notes becomes void in accordance with its terms, each Accountholder shall have against the Issuer all rights granted under (i) this Condition 22, (ii) in the case of Spanish law Notes, the provisions of the Global Notes, and (iii) in the case of English law Notes, the provisions of the Deed of Covenant ("**Direct Rights**") which such Accountholder would have had in respect of the Notes if, immediately before the Determination Date in relation to that Global Note, it had been the holder of Definitive Notes of that Tranche, duly executed, authenticated and issued, in an aggregate principal amount equal to the Principal Amount of such Accountholder's Entries relating to such Global Note including (without limitation) the right to receive all payments due at any time in respect of such Definitive Notes as if such Definitive Notes had (where required by these Conditions) been duly presented and (where required by these Conditions) surrendered on the due date in accordance with these Conditions. Anything which might prevent the issuance of Definitive Notes in an aggregate principal amount equal to the Principal Amount of any Entry of any Accountholder shall be disregarded for the purposes of this Condition 22, but without prejudice to its effectiveness for any other purpose.

No further action shall be required on the part of the Issuer or any other person:

- *Direct Rights:* for the Accountholders to enjoy the Direct Rights; or
- *Benefit of the Conditions:* for each Accountholder to have the benefit of the Conditions as if they had been incorporated *mutatis mutandis* into the Deed of Covenant (in the case of English law Notes) or the Global Notes (in the case of Spanish law Notes),

provided, however, that nothing herein shall entitle any Accountholder to receive any payment in respect of any Global Note which has already been made.

The Direct Rights are subject to the limitations contained in the Spanish Companies Law (as defined above).

In this Condition 22:

"**Accountholder**" means a holder of a securities account, except for a Clearing System or a Custodian to the extent that any securities, or rights in respect of securities, credited to such Clearing System or Custodian's securities account are

held by such Clearing System or Custodian for the account or benefit of a holder of a securities account with that Clearing System or Custodian;

"**Clearing System**" means Clearstream, Luxembourg, Euroclear or any other person who falls within the definition of "Alternative Clearing System" in these Terms and Conditions;

"**Custodian**" means a person who acknowledges to a Clearing System (or to a Custodian and therefore indirectly to a Clearing System) that it holds securities, or rights in respect of securities, for the account or benefit of that Clearing System (or Custodian);

"**Determination Date**" means, in relation to any Global Note, the date on which such Global Note becomes void in accordance with its terms;

"**Entry**" means, in relation to a Global Note, any entry which is made in the securities account of any Accountholder with a Clearing System in respect of Notes represented by such Global Note;

"**Global Notes**" means a Global Instrument (whether in temporary or permanent form) issued pursuant to the Issue and Paying Agency Agreement; and

"**Principal Amount**" means, in respect of any Entry, the aggregate principal amount of the Notes to which such Entry relates.

PART A - PRO FORMA REGULATIONS

OF THE SYNDICATE OF THE HOLDERS OF THE NOTES

Part 1
Pro Forma Regulations

The following is an English translation of the pro forma Regulations as attached to the relevant public deed of issuance in respect of each issue. In the event of any discrepancies between this translation and the Spanish language original, the Spanish version of these Regulations shall prevail.

REGULATIONS OF THE SYNDICATE OF HOLDERS FOR THE ISSUE OF NOTES BY SANTANDER CONSUMER FINANCE, S.A.

CHAPTER I

Article 1. Object. – The object of this Syndicate is to protect the legitimate interests of Noteholders as against the Issuer, in accordance with current law and these Regulations, by using and preserving such interests collectively and through the representation determined by these Regulations.

Article 2. Address. – The address of the Syndicate shall be Boadilla del Monte, Ciudad Grupo Santander, Avenida de Cantabria s/n, 28660 Madrid. The General Meeting may, however, take place at any other location in Madrid for reasons of convenience and such location shall be specified in the relevant notice of meeting.

Article 3. Duration. – The Syndicate shall exist until the rights of Noteholders to principal, interest and any other right shall have been fulfilled. The Syndicate shall be automatically dissolved upon the fulfilment of all such rights.

CHAPTER II

Governance of Syndicate

Article 4. Governance. The governance of the Syndicate lies with the General Meeting and the Commissioner.

CHAPTER III

General Meeting

Article 5. Legal Nature. - A duly convened and constituted General Meeting is the body that expresses the will of the Syndicate and its resolutions, approved in accordance with these Regulations, binding all Noteholders in the manner established by current law.

Article 6. Convening General Meetings. - The General Meeting shall be convened by the Board of Directors of Santander Consumer Finance, S.A. or by the Commissioner, whenever they consider it appropriate. However, the Commissioner shall convene a General Meeting whenever the Noteholders, representing at least one-twentieth of the Notes outstanding, request a General Meeting in writing and specify in such request the aim of such a meeting. In this case, the General Meeting shall be held within thirty days following the date on which the Commissioner receives such a request.

Article 7. Method of Convening General Meetings. - The General Meeting shall be convened (i) by publication in an English language newspaper in London (which is expected to be the Financial Times) and so long as any Note is listed on Euronext Dublin and Euronext Dublin so requires, by publication on the website of Euronext Dublin; (ii) by mail or e-mail to Euroclear Bank SA/NV as Euroclear system operator, Clearstream Banking, S.A. Luxembourg, or any other relevant clearing system; (iii) by publication of an announcement, in the Official Bulletin of the Mercantile Registry (*Boletín Oficial del Registro Mercantil)*; and (iv) in one of the daily newspapers of greatest circulation in Madrid; in each case not less than fifteen (15) days in advance.

Article 8. Right of Attendance. - All Noteholders who have registered their name in the relevant securities account of at least one outstanding Note not less than 5 days prior to the date of the General Meeting shall be entitled to attend such meeting. The Directors of Santander Consumer Finance, S.A. shall be entitled to attend the General Meeting, even if they are not given notice.

The Commissioner or the Issuer may approve the attendance of such experts or other advisers as it may deem necessary. The Commissioner must assist to the General Meeting even if had not been convened by the latter.

Article 9. Proxies. - All Noteholders with a right to attend the General Meeting shall be entitled to delegate their representation in any manner permitted by the Spanish Companies Law. The right to represent shall be conferred in writing for each General Meeting.

Article 10. Resolutions of the General Meeting. - The General Meeting shall approve valid resolutions with the absolute majority of emmited votes. By way of exception, amendments to term of the Notes or conditions for the redemption of the nominal value of the Notes, to the Notes conversion or its exchange will require the vote of two thirds of outstanding Notes.

The resolutions approved according to this article shall be binding on all Noteholders, including those that do not attend or those that dissent.

Article 11. Chairman. - The General Meeting shall be chaired by the Commissioner, who shall direct debates, deem discussions to be ended, as appropriate, and rule, in each case, whenever matters should be subject to a vote.

Article 12. General Meeting. - The General Meeting shall be held in Madrid, at the place and on the date set out in the announcement.

Article 13. Attendance List. - Before starting the agenda, the Commissioner shall make a list of attendees describing the nature or form of representation of each attendee and the number of Notes owned or held on behalf of another in respect of each attendee, totalling at the end of the list the number of Notes in attendance or represented, as well as the number of Notes in circulation.

Article 14. Right to Vote. – Each Note shall confer the Noteholder with a voting right proportionate to the outstanding nominal value of the Notes owned by such Noteholder.

Article 15. Powers of the General Meeting. - The General Meeting may approve resolutions necessary for the better protection of the legitimate interests of the Noteholders as against the Issuer; modify, in agreement with the Issuer and with the

relevant prior official authority, the terms and conditions of the Notes and adopt decisions on other similar matters; remove and appoint the Commissioner; exercise any corresponding judicial proceedings; and approve the expenses incurred in the protection of common interests.

Article 16. Challenges to Resolutions. - Resolutions of the General Meeting may be challenged by Noteholders in the circumstances set out in the Spanish Companies Law.

Article 17. Minutes.– Minutes of a General Meeting may be approved by the General Meeting itself immediately after the meeting, or otherwise within fifteen days following the date of the General Meeting, by the Commissioner and two Noteholders assigned such responsibility by the General Meeting.

Article 18. Certification. - The certification of the minute book shall be expedited by the Commissioner.

CHAPTER IV

The Commissioner

Article 19. Legal Nature of the Commissioner. - The Commissioner is concerned with the legal representation of the Syndicate and to act as the relationship body between the Syndicate and the Issuer.

Article 20. Appointment and Duration of Post. - The Commissioner shall be appointed by the General Meeting and shall exercise his post until substituted at a General Meeting.

Article 21. Powers. - The powers of the Commissioner shall be:

1. Protecting the common interests of the Noteholders.

2. Calling and chairing General Meetings.

3. Ability to attend, with the right to speak but not vote, the deliberations and meetings of the General Shareholders' Meetings of Santander Consumer Finance, S.A.

4. Informing the Issuer of the resolutions of the Syndicate.

5. Requiring from the Issuer the reports that either himself or the General Meeting determine to be of interest to the Noteholders.

6. Supervising the payment of interest and principal.

7. Execution of resolutions of the General Meeting.

8. When the Issuer, by a reason imputable to it, postpones for more that six months the redemption of principal and payment of interest, the Commissioner shall have the power to propose to the Board the suspension of any of the directors and to call a General Shareholders' Meeting, if it has not already been called, when it considers that the directors should be substituted.

Article 22. Responsibility. - The Commissioner shall be responsible against the Noteholders and, if applicable, against the Issuer for all damages caused by lack of the required professional diligence in the performance of its duties.

CHAPTER V

General Arrangements

Article 23. Syndicate Expenses. - Ordinary expenses resulting from the maintenance of the Syndicate shall be for the account of Santander Consumer Finance, S.A., but they will not, in any case, exceed 2% of the gross annual interest accrued by the issued Notes.

Article 24. Accounts. - The Commissioner shall be responsible for keeping the accounts of the Syndicate and will submit them for approval to the General Meeting and to the Board Meeting of Santander Consumer Finance, S.A.

Article 25. Dissolution of the Syndicate. - If the Syndicate is dissolved for one of the reasons given in Article 3, the Commissioner in charge at the time shall continue with his duties until the dissolution of the Syndicate and shall produce final accounts to the last General Meeting and to the Board of Directors of Santander Consumer Finance, S.A.

Article 26. Jurisdiction. - For the purposes of any issues arising from these Regulations, the Noteholders, by reason only of being such, expressly renounce their own jurisdiction for that of the courts of Madrid.

Article 27. (Additional). - The current applicable legislation shall apply to matters for which no provision is made in these Regulations.

PART B - PROVISIONS FOR MEETINGS OF NOTEHOLDERS

1. (A) As used in this Schedule, the following expressions shall have the following meanings unless the context otherwise requires:

(1) "**voting certificate**" shall mean a certificate in the English language issued by any Paying Agent and dated, in which it is stated:

(a) that on the date thereof outstanding Notes of any Series (not being Notes in respect of which a block voting instruction (as defined below) has been issued and is outstanding in respect of the meeting specified in such voting certificate or any adjournment thereof) bearing specified serial numbers have been deposited to the order of such Paying Agent and that no such Notes will be released until the first to occur of:

(i) the conclusion of the meeting specified in such certificate or any adjournment thereof; and

(ii) the surrender of the certificate to such Paying Agent; and

(b) that the bearer thereof or his duly appointed representative is entitled to attend and vote at such meeting or any adjournment thereof in respect of the Notes represented by such certificate; and

(2) "**block voting instruction**" shall mean a document in the English language issued by any Paying Agent and dated, in which:

(a) it is certified that outstanding Notes of any Series (not being Notes in respect of which a voting certificate has been issued and is outstanding in respect of the meeting specified in such block voting instruction or any adjournment thereof) have been deposited to the order of such Paying Agent and that no such Notes will be released until the first to occur of:

(i) the conclusion of the meeting specified in such document or any adjournment thereof; and

(ii) the surrender, not less than 5 days before the time for which such meeting or adjournment thereof is convened, of the receipt for each such deposited Note which has been deposited to the order of such Paying Agent, coupled with notice thereof being given by such Paying Agent to the Issuer; or

(b) it is certified that each depositor of such Notes or a duly authorised agent on his or its behalf has instructed the Paying Agent that the vote(s) attributable to his or its Notes so deposited should be cast in a particular way in relation to the resolution or resolutions to be put to such meeting or any adjournment thereof and that all such instructions are, during the period of 5 days prior to the time for which such meeting or adjourned meeting is convened, neither revocable nor subject to amendment;

(c) the total number, principal amount outstanding and the serial numbers and series numbers of the Notes so deposited are listed, distinguishing with regard to each such resolution between those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and

(d) any person named in such document (hereinafter called a "**proxy**") is authorised and instructed by the Paying Agent to cast the votes attributable to the Notes so listed in accordance with the instructions referred to in (b) and (c) above as set out in such document.

(B) Voting certificates and block voting instructions shall be valid for so long as the relevant Notes shall not have been released and during the validity thereof the holder of any such voting certificate or, as the case may be, the proxy shall, for all purposes in connection with any meeting of Noteholders, be deemed to be the Noteholder of the relevant Series to which such voting certificate, or block voting instructions relates and, in the case of Notes, the Paying Agent to the order of whom such Notes have been deposited.

2. Whenever the Issuer or the relevant Commissioner is about to convene any such meeting it shall forthwith give notice in writing to the Issue and Paying Agent of the day, time and place thereof and of the nature of the business to be transacted thereat. Every such meeting shall be held in Madrid at such time as the Issue and Paying Agent may approve.

3. A copy of the notice shall be given to the Issuer unless the meeting is convened by the Issuer and a copy shall be given to the Issue and Paying Agent. Such notice shall be given in the manner provided in the Conditions and shall specify the terms of the resolutions to be proposed and shall include, *inter alia*, statements to the effect that Notes of the relevant Series may be deposited with (or to the order of) any Paying Agent for the purpose of obtaining voting certificates or appointing proxies until 5 days before the time fixed for the meeting but not thereafter.

4. Subject to article 8 of the Syndicate Regulations, the Issue and Paying Agent and the Issuer (through their respective representatives and save as permitted by the provisions of the Dealership Agreement) and their respective financial and legal advisers shall be entitled to attend and speak at any meeting of the Noteholders. No person shall be entitled to attend (save as aforesaid) or vote at any meeting of the Noteholders or to join with others in requesting the convening of such a meeting unless that person is a Noteholder or a voting certificate or is a proxy.

5. Each block voting instruction, together (if so required by the Issuer) with proof satisfactory to the Issuer of its due execution, shall be deposited at such place as the Issuer shall reasonably designate not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the proxy named in the block voting instruction proposes to vote and in default the block voting instruction shall not be treated as valid unless the Commissioner decides otherwise before such meeting or adjourned meeting proceeds to business. A certified copy of each such block voting instruction shall, if required by the Issuer, be produced by the proxy at the meeting or adjourned meeting but the Issuer shall not thereby be obliged to investigate or be concerned with the validity of, or the authority of the proxy named in, any such block voting instruction.

6. Without prejudice to paragraph 1, any vote given in accordance with the terms of a block voting instruction shall be valid notwithstanding the previous revocation or amendment of the block voting instruction or of any of the Noteholders' instructions pursuant to which it was executed, provided that no intimation in writing of such revocation or amendment shall have been received by the Issuer or by the Commissioner, in each case not less than 24 hours before the commencement of the meeting or adjourned meeting at which the block voting instruction is used.

7. Minutes of all resolutions and proceedings at every such meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer.

8. Any Notes which have been purchased or are held by (or on behalf of) the Issuer or any of their respective subsidiaries but which have not been cancelled shall, unless or until resold, be deemed not to be outstanding for the purposes of this Schedule.

9. For the purposes of this Schedule, "**principal amount outstanding**" means, on any date, the principal amount of that Note on its date of issue (i) less, in respect of any Instalment Note any instalment of principal in respect of that Note that has become due and payable and either has been paid to the relevant Noteholder or in respect of which the Relevant Date (as defined in the Terms and Conditions) shall have occurred.

FORM OF FINAL TERMS

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

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of less than €100,000 (or its equivalent in another currency).

Final Terms dated [●]

Santander Consumer Finance, S.A.
Issue of [*Aggregate Nominal Amount of Tranche*] [*Title of Notes*]
under the €15,000,000,000
Euro Medium Term Note Programme

[Any person making or intending to make an offer of the Notes may only do so[:

(i) in those Public Offer Jurisdictions mentioned in Paragraph 8(vi) of Part B below, provided such person is a Dealer or Authorised Offeror (as such term is defined in the Base Prospectus) and that such offer is made during the Offer Period specified for such purpose therein and that any conditions relevant to the use of the Base Prospectus are complied with; or

(ii) otherwise] in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

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

The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended by Directive 2010/73/EU).]

***[MIFID II product governance / Retail investors, professional investors and ECPs target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU, as amended ("**MiFID II**"); and **EITHER** [(ii) all channels for distribution of the Notes are appropriate] **OR** [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate [[●] [, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and*

determining appropriate distribution channels, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable.]

[PRIIPs Regulation / Prohibition of sales to EEA Retail Investors

*The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, "**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.]* [1]

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

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

[As far as the Issuer is aware, [specify benchmark (as this term is defined in the Benchmark Regulation)] [does not fall within the scope of the Benchmark Regulation by virtue of Article 2 of the Benchmark Regulation/ the transitional provisions in Article 51 of the Benchmark Regulation apply] such that [legal name of the benchmark administrator] is not currently required to obtain authorisation or registration (or, if located outside the EU, recognition, endorsement or equivalence).]]

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[1] Delete legend if the Notes do not constitute "packaged" products, in which case, insert "Not Applicable" in paragraph 8(xii) of Part B below. Include legend if the Notes may constitute "packaged" products and the Issuer intends to prohibit the Notes being offered, sold or otherwise made available to EEA retail investors. In this case, insert "Applicable" in paragraph 8(xii) of Part B below below.

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**) set forth in the Base Prospectus dated 18 June 2019 [and the supplemental Base Prospectus dated [*insert date*]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**) for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. However, a summary of the issue of the Notes is annexed to these Final Terms. The Base Prospectus is available for viewing [at [*website*]] [and] during normal business hours at [*address*] [and copies may be obtained from [*address*]].]

The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated [[[18 June 2018]/[15 June 2017]/[16 June 2016]/[12 June 2015]/[24 June 2014]/[26 June 2013]]] [and the supplement(s) to it dated [*insert date*] which are incorporated by reference in the Base Prospectus dated 18 June 2019. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 18 June 2019 [and the supplement(s) to it dated [*insert date*], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **"Base Prospectus")**, save in respect of the Conditions which are extracted from the Prospectus dated [[[18 June 2018]/[15 June 2017]/[16 June 2016]/[12 June 2015]/[24 June 2014]/[26 June 2013]]] [and the supplement(s) to it dated [*insert date*]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Base Prospectus [and the supplement(s) dated [*insert date*]. However, a summary of the issue of the Notes is annexed to these Final Terms. The Base Prospectus is available for viewing [at [*website*]] [and] during normal business hours at [*address*] [and copies may be obtained from [*address*]].]

[In accordance with the Prospectus Directive, no prospectus is required in connection with the issuance of the Notes described herein.]

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.*]

1.	Issuer:		Santander Consumer Finance, S.A.
2.	(i)	Series Number:	[●]
	[(ii)]	Tranche Number:	[●]
	[(iii)	Date on which the Notes become fungible:	[Not applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [*insert description of the Series*] on

		[*insert date*]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [21] below [which is expected to occur on or about [*insert date*]]].]
3.	Specified Currency or Currencies:	[●]
4.	Aggregate Principal Amount:	[●]
	[(i)] Series:	[●]
	[(ii)] Tranche:	[●]
5.	Issue Price:	[●] per cent. of the Aggregate Principal Amount [plus accrued interest from [*insert date*] (if applicable)]
6.	Specified Denominations:	[●]
7.	[(i)] Issue Date:	[●]
	[(ii) Interest Commencement Date:	[Specify/Issue Date/Not applicable]]
8.	Maturity Date:	[*Specify date or (for Floating Rate Notes or Renminbi denominated Notes if applicable) Interest Payment Date falling in the relevant month and year*]
9.	Interest Basis:	[[●] per cent. Fixed Rate] [Reset Notes] [Floating Rate: [difference between] [LIBOR] [and] [EURIBOR] [and] [*insert Floating Rate Option*] [+/-] [multiplied by] [●] per cent] [Zero Coupon] [CMS-Linked: [*constant maturity swap rate appearing on the Relevant Screen Page*] +/- [●] per cent] (further particulars specified below at paragraph [13/14/15/16])
10.	Redemption/Payment Basis:	[Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount].

11.	Put/Call Options:		[Investor Put][2] [Issuer Call][3] (further particulars specified below at paragraph [15/16])
12.	[(i)]	Status of the Notes:	[Ordinary Senior Notes/Senior Non Preferred Notes/Subordinated Notes-Senior Subordinated Notes/Subordinated Notes-Tier 2 Subordinated Notes] [The Subordinated Notes-Tier 2 Subordinated Notes are intended to constitute Tier 2 Notes of the Issuer]
	[(ii)]	[Date [Board] approval for issuance of Notes obtained:	(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13.	Fixed Rate Note Provisions:		[Applicable/Applicable (in respect of period from (and including) [ ] to (but excluding ([ ])/Not applicable] (*If not applicable delete the remaining sub-paragraphs of this paragraph*)
	(i)	Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(ii)	Interest Payment Date(s):	[●] in each year [adjusted in accordance with [specify Business Day Convention/not adjusted].
	(iii)	Fixed Coupon Amount[(s)]:	[[●] per [●] Principal Amount]/[The Fixed Coupon Amount shall be calculated by applying the Rate of Interest to the [Specified Denomination/Calculation Amount] for each Note, multiplying the product by the Day Count Fraction, rounding the resulting figure to the nearest

[2] *Not applicable in the case of Subordinated Notes. When applicable Euroclear must be given a minimum of 5 business days´ notice and Clearstream, Luxembourg must be given a minimum of 15 business days´ notice of exercise of Investor put option.*

[3] *Euroclear and Clearstream, Luxembourg must be given 5 business days' notice of exercise of Issuer call option.*

		unit of CNY (with halves being rounded up)].
(iv)	Day Count Fraction:	[30/360]/[360/360]/[Bond Basis] [30E/360]/ [EuroBond Basis] [Actual/Actual]/ [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/Actual (ICMA)] [Actual/360] [30E/360 (ISDA)]
(v)	Determination Dates:	[●] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. (*N.B. only relevant where Day Count Fraction is Actual/Actual* (*[ICMA]*)
(vi)	Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
14.	Floating Rate and CMS-Linked Note Provisions	[Applicable/Applicable (in respect of period from (and including) [ ] to (but excluding ([ ])/Not Applicable] (*If not applicable delete the remaining sub-paragraphs of this paragraph*)
(i)	Interest Period(s):	[●] [, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable]]
(ii)	Interest Payment Date(s):	[●] in each year [adjusted in accordance with [*Business Day Convention*]
(iii)	First Interest Payment Date:	[●]
(iv)	Business Day Convention	[●]
(v)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(vi)	Party responsible for calculating the Rate(s) of	[●]

	Interest and/or Interest Amount(s) (if not the [Issue and Paying Agent]):	
(vii)	Margin Plus Rate:	[Applicable] [Not Applicable]
(viii)	Specified Percentage Multiplied by Rate:	[Applicable] [Not Applicable]
(ix)	Difference in Rates:	[Applicable] [Not Applicable]
	— Rate 1:	[Screen Rate Determination] [ISDA Determination]
	— Rate 2:	[Screen Rate Determination] [ISDA Determination]
(x)	Screen Rate Determination	
	— Reference Rate:	[LIBOR][EURIBOR][constant maturity swap rate]
	— Interest Determination Date(s):	[●]
	— Relevant Screen Page:	[●]
	— Relevant Time:	[●]
(xi)	ISDA Determination:	
	— Floating Rate Option:	[●]
	— Designated Maturity:	[●]
	— Reset Date:	[●]
(xii)	[Linear Interpolation:	Not Applicable / Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
(xiii)	Margin(s):	[+/-] [●] per cent. per annum
(xiv)	Minimum Rate of Interest:	[●] per cent. per annum
(xv)	Maximum Rate of Interest:	[●] per cent. per annum
(xvi)	Day Count Fraction:	[30/360]/[360/360]/[Bond Basis] [30E/360]/ [EuroBond Basis] [Actual/Actual]/ [Actual/Actual (ISDA)]

		[Actual/365 (Fixed)] [Actual/Actual (ICMA)] [Actual/360] [30E/360 (ISDA)]
	(xvii) Specified Percentage:	[●] per cent.
	(xviii) Constant maturity swap rate:	[●]
	(xix) Step Up Provisions:	[Applicable/Not Applicable]
	— Step Up Margin:	[●] per cent.
15.	Zero Coupon Note Provisions	[Applicable/Not Applicable] *(If applicable, Condition 4C of the Terms and Conditions of the Notes will apply)* *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Amortisation Yield:	[●] per cent per annum
	(ii) Day Count Fraction relating to Early Redemption Amounts:	[30/360]/[360/360]/[Bond Basis] [30E/360]/ [EuroBond Basis] [Actual/Actual]/ [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/Actual (ICMA)] [Actual/360] [30E/360 (ISDA)]
16.	Reset Note Provisions	[Applicable/Applicable (in respect of period from (and including) [ ] to (but excluding ([ ])/Not Applicable] (*If applicable, Condition 4D of the Terms and Conditions of the Notes will apply*) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Initial Rate of Interest:	[●] per cent. per annum [payable [annually/semi-annually/ quarterly/monthly] in arrear]
	(ii) First Margin:	[+/-][●] per cent. per annum
	(iii) Subsequent Margin:	[[+/-][●] per cent. per annum] [Not Applicable]
	(iv) Interest Payment Date(s):	[●] in each year [adjusted in accordance with [*Business Day Convention*]/[not adjusted].

(v)	Fixed Coupon Amount up to (but excluding) the First Reset Date:	[●] per [●] specified denomination [for the [ ] Interest Period] [*repeat information if necessary*]
(vi)	First Reset Date:	[●] [adjusted in accordance with [*Business Day Convention*]/[not adjusted].
(vii)	Second Reset Date:	[●]/[Not Applicable] [adjusted in accordance with [*Business Day Convention*]/[not adjusted].
(viii)	Subsequent Reset Date(s):	[●] [and [●]] [adjusted in accordance with [*Business Day Convention*]/[not adjusted].
(ix)	Relevant Screen Page:	[●]
(x)	Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap Rate]
(xi)	Mid-Swap Maturity:	[●]
(xii)	Fixed Leg Swap Duration:	[●]
(xiii)	Day Count Fraction:	[30/360]/[360/360]/[Bond Basis] [30E/360]/ [EuroBond Basis] [Actual/Actual]/ [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/Actual (ICMA)] [Actual/360] [30E/360 (ISDA)]
(xiv)	Determination Dates:	[●] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*.
(xv)	Reset Business Centre:	[●]
(xvi)	Party responsible for calculating the Rate of Interest and/or Interest Amount (if not the [Issue and Paying Agent])	[●]
(xvii)	Step Up Provisions:	[Applicable/Not Applicable]
	— Step Up Margin:	[●] per cent.

PROVISIONS RELATING TO REDEMPTION

17.	[Call Option and/or Regulatory Call]:	[Applicable/Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

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

(i)	Optional Early Redemption Date(s):	[●]
(ii)	Optional Early Redemption Amount (Call) of each Note:	[●] per Note of [●] specified denomination
(iii)	If redeemable in part:	
	(a) Minimum Redemption Amount:	[●]
	(b) Maximum Redemption Amount:	[●]
(iv)	Notice period:[4]	[●]

18. Put Option: [Applicable/Not applicable]

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

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

(i)	Optional Early Redemption Date(s):	[●]
(ii)	Optional Early Redemption Amount (Put) of each Note:	[●] per Note of [●] specified denomination
(iii)	Notice period:[5]	[●]

19. Maturity Redemption Amount of each Note: [●] per Note of [●] specified denomination

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

[5] *Euroclear and Clearstream, Luxembourg must be given 5 business days' notice of exercise of Issuer call option.*

20.	Early Redemption Amount (Tax), Early Redemption Amount (Capital Disqualification Event) and Early Redemption Amount (TLAC/MREL Disqualification Event)	[●]
21.	TLAC/MREL Disqualification Event	[Applicable/Not Applicable]
	Early Redemption Amount(s) of each Note payable on redemption for (1) taxation reasons, [(2) on a Capital Disqualification Event][, (3) on a TLAC/MREL Disqualification Event] or (4) on event of default:	[●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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

[Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian law of 14th December, 2005]

23.	New Global Note:	[Yes] [No]
24.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.]
25.	Business Day:	[*Specify any additional financial centres necessary for the purposes of Condition [8B.02]*.]
26.	Relevant Financial Centre:	[*Specify any modification required.*]

27.	Relevant Financial Centre Day:		[*Specify any additional financial centres necessary for the purposes of Condition [8B.02] or [8A.04]*.]
28.	Details relating to Instalment Notes:		[Applicable/Not applicable]
	(i)	Instalment Amount(s):	[●]
	(ii)	Payment Date(s):	[●]
	(iii)	Number of Instalments:	[●]
29.	Commissioner:		[●]
30.	Waiver of Set-off:		[Applicable/Not Applicable]
31.	Substitution and Variation:		[Applicable/Not Applicable]
32.	Governing law		[English law/Spanish law]

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

By: .....
Authorised Signatory

Date

PART B — OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

(i)	Listing:	[Application has been made for the Notes to be admitted to listing on the [Official List of Euronext Dublin.]
(ii)	Admission to Trading:	[Application has been made for the Notes to be admitted to trading on [the Regulated Market of Euronext Dublin.] (*Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.*)
(iii)	Estimate of total expenses related to admission to trading:	[ ]

2. **RATINGS**

	Ratings:	The Notes to be issued have been rated:
		[S&P: [●]]
		[Moody's: [●]]
		[Fitch: [●]]
		[[Other]: [●]]

[***Option 1: Credit Rating Agency (“CRA”) is (i) established in the EU and (ii) registered under the CRA Regulation****:*

*[Insert legal name of particular credit rating agency entity providing rating] is established in the EU and registered under Regulation (EC) No 1060/2009, as amended (the “**CRA Regulation**”).*]

[***Option 2: Credit Rating Agency (“CRA”) is not established in the EU nor registered under the CRA Regulation****:*

*[Insert legal name of particular credit rating agency entity providing rating] is not established in the EU and is not registered under Regulation (EC) No 1060/2009, as amended (the “**CRA Regulation**”).*]

[***Option 3: CRA is not established in the EU but the relevant rating is endorsed by a CRA which is established and registered under the CRA Regulations****:*

*[Insert legal name of particular credit rating agency entity providing rating] is not established in the EU but the rating it has given to the Notes is endorsed by [insert legal name of credit rating agency], which is established in the EU and registered under Regulation (EC) No 1060/2009 (the “**CRA Regulation**”).*]

[***Option 4: CRA is not established in the EU and the relevant rating is not endorsed under the CRA Regulation, but the CRA is certified in accordance with the CRA Regulation****:*

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EU but is certified under Regulation (*EC*) *No 1060/2009* (*the "**CRA Regulation**"*).]

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

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

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

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

[Save for any fees payable to the [Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. (*Amend as appropriate if there are other interests)*]

[*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)*]

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

[(i) Reasons for the offer [●]

[(ii)] Estimated net proceeds: [●]

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

[(iii)] Estimated total expenses[6]: [●]

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[6] *For securities of at least €100,000 only the estimated total expenses related to admission to trading should be included.*

[Include breakdown of expenses.]

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

Indication of yield:	[●]
	[*The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield*.]

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

(i) Historic interest rates:	Details of historic [LIBOR/EURIBOR] can be obtained from [Reuters].
(ii) [Benchmarks:	Amounts payable under the Notes will be calculated by reference to [●] which is provided by [●]. As at [●], [●] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**Benchmark Regulation**"). [As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation apply, such that [●] is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]]

7. **OPERATIONAL INFORMATION**

ISIN:	[●]
Common Code:	[●]
CUSIP number:	[●]
CFI:	[[See/ [ ], as updated, as set out on] the website of the Association of National Number Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the CFI /Not Applicable]
FISN:	[[See/ [ ], as updated, as set out on] the website of the Association of National Number Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the CFI /Not Applicable] (*If the CFI and/or FISN is*

	not required, requested or available, it/they should be specified to be Not Applicable)
WKN:	[●] [Not applicable]
Delivery	Delivery [against/free of] payment
Any Clearing System other than Euroclear and Clearstream Banking S.A. and the relevant identification numbers:	[●] [*Not applicable*]
Names and addresses of additional Paying Agent(s) (if any):	[●]
Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation yes simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [No. Whilst the designation is specified as "**no**" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

8. **DISTRIBUTION**

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated:	[Not Applicable/*give names, addresses and underwriting commitments*]
	(a) Names and addresses of Dealers	[●]

		and underwriting commitments:	*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Dealers.)*
	(b)	Date of subscription agreement:	[●]
	(c)	Stabilising Manager(s) (if any):	[Not Applicable/[●]]
(iii)	If non-syndicated, name and address of Dealer:		[Not Applicable/*give name and address*]
(iv)	Indication of the overall amount of the underwriting commission and of the placing commission:		[●] per cent. of the Aggregate Nominal Amount
(v)	US Selling Restrictions:		Reg. S Compliance Category [1/2]; [TEFRA C/TEFRA D / TEFRA not applicable]
(vi)	Public Offer:		[Applicable][Not Applicable] (*If not applicable, delete the remaining placeholders of this sub-paragraph (vi) and also paragraph [9] below*)
(vii)	Public Offer Jurisdictions:		[*Specify relevant Member State(s) where the Issuer intends to make the Public Offer (where the Base Prospectus lists the Public Offer Jurisdictions, select from that list) which must therefore be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)*]
(viii)	Offer period:		[*Specify date*] until [*specify date*]
(ix)	Financial intermediaries granted specific consent to use the Base Prospectus in accordance with the conditions in it:		[*Insert names and addresses of financial intermediaries receiving consent (specific consent)*]
(x)	General Consent:		[Not Applicable][Applicable]

(xi)	Other Authorised Offeror Terms:	[Not Applicable][*Add here any other Authorised Offeror Terms*]. (*Authorised Offeror Terms should only be included here where General Consent is Applicable*)
(xii)	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*If the offer of the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.*)

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

Offer Price:	[Issue Price][●]
Conditions to which the offer is subject:	[Not applicable] [●]
Description of the application process:	[Not applicable] [●]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not applicable] [●]
Details of the minimum and/or maximum amount of application:	[Not applicable] [●]
Details of the method and time limits for paying up and delivering the Notes:	[Not applicable] [●]
Manner in and date on which results of the offer are to be made public:	[Not applicable] [●]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not applicable] [●]
Whether tranche(s) have been reserved for certain countries:	[Not Applicable] [●]
Process for notification to applicants of the amount allotted and the indication whether dealing	[Not applicable] [●]

may begin before notification is made:	
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not applicable] [●]
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:	[Not applicable] [●]

SUMMARY OF THE ISSUE

*This summary relates to [insert description of Notes] described in the final terms (the "**Final Terms**") to which this summary is annexed. This summary contains that information from the summary set out in the Base Prospectus which is relevant to the Notes together with the relevant information from the Final Terms. Words and expressions defined in the Final Terms and the Base Prospectus have the same meanings in this summary.*

[*Insert issue-specific summary by completing the summary of the base prospectus as appropriate to the terms of the specific issue*].

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least €100,000 (or its equivalent in another currency).

Final Terms dated [●]

Santander Consumer Finance, S.A.
Issue of [*Aggregate Nominal Amount of Tranche*] [*Title of Notes*]

under the €15,000,000,000

Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 18 June 2019 [and the supplement(s) to it dated [*insert date*] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of Directive 2003/71/EC, as amended (the Prospectus Directive). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing [at [*website*]] [and] during normal business hours at [*address*] [and copies may be obtained from [*address*]].]

The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated [[[18 June 2018]/[15 June 2017]/[16 June 2016]/[12 June 2015]/[24 June 2014]/[26 June 2013]]] [and the supplement(s) to it dated [*insert date*] which are incorporated by reference in the Base Prospectus dated 18 June 2019. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated 18 June 2019 [and the supplement(s) to it dated [*insert date*], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"), save in respect of the Conditions which are extracted from the Base Prospectus dated [[[18 June 2018]/[15 June 2017]/[16 June 2016]/[12 June 2015]/[24 June 2014]/[26 June 2013]]] [and the supplement(s) to it dated [*insert date*]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Base Prospectus [and the supplement(s) dated [*insert date*]. The Base Prospectus is available for viewing [at [*website*]] [and] during normal business hours at [*address*] [and copies may be obtained from [*address*]].]

The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended by Directive 2010/73/EU).

[In accordance with the Prospectus Directive, no prospectus is required in connection with the issuance of the Notes described herein.]

*[**MIFID II product governance / Retail investors, professional investors and ECPs target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU, as amended ("**MiFID II**"); and **EITHER** [(ii) all channels for distribution of the Notes are appropriate] **OR** [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate [[●] [, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable.]*

*[**PRIIPs Regulation / Prohibition of sales to EEA Retail Investors***

*The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, "**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.]* [7]

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

[Amounts payable under the Notes may be calculated by reference to [specify benchmark (as this term is [defined in the Benchmark Regulation)] which is provided by [legal name

[7] Legend to be retained on front of Final Terms: (i) if the Notes may constitute "packaged" products and no key information document will be prepared; or (ii) the Issuer wishes to prohibit offers to EEA retail investors for any other reason, and, in each case, insert "Applicable" in paragraph 7 of Part B below.

*of the benchmark administrator]. As at the date of this Final Terms, [legal name of the benchmark administrator] [appears / does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) ("**Benchmark Regulation**").*

[As far as the Issuer is aware, [specify benchmark (as this term is defined in the Benchmark Regulation)] [does not fall within the scope of the Benchmark Regulation/ the transitional provisions in Article 51 of the Benchmark Regulation apply] such that [legal name of the benchmark administrator] is not currently required to obtain authorisation or registration (or, if located outside the EU, recognition, endorsement or equivalence).]]

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.*]

1.	Issuer:		Santander Consumer Finance, S.A.
2.	(i)	Series Number:	[●]
	[(ii)]	Tranche Number:	[●]
	[(iii)	Date on which the Notes become fungible:	[Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [*insert description of the Series*] on [*insert date*]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [22] below [which is expected to occur on or about [*insert date*]].]
3.	Specified Currency or Currencies:		[●]
4.	Aggregate Principal Amount:		[●]
	[(i)]	Series:	[●]
	[(ii)	Tranche:	[●]
5.	Issue Price:		[●] per cent. of the Aggregate Principal Amount [plus accrued interest from [*insert date*] (if applicable)]
6.	Specified Denominations:		[●]
7.	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[Specify/Issue Date/Not Applicable]
8.	Maturity Date:		[*Specify date or (for Floating Rate Notes or Renminbi denominated Notes if*]

		applicable) Interest Payment Date falling in the relevant month and year]
9.	Interest Basis:	[[●] per cent. Fixed Rate] [EURIBOR/LIBOR]+/– [●] per cent. Floating Rate] [Reset Notes] [Floating Rate: [difference between] [LIBOR] [and] [EURIBOR] [and] [*insert Floating Rate Option*] [+/-] [multiplied by] [●] per cent] [Zero Coupon] [CMS-Linked: [*constant maturity swap rate appearing on the Relevant Screen Page*] +/- [●] per cent] (further particulars specified below at paragraph [13/14/15/16])
10.	Redemption/Payment Basis:	[Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount.]
11.	Put/Call Options:	[Investor Put][8] [Issuer Call][9] (further particulars specified below at paragraph [15/16])
12.	[(i)] Status of the Notes:	[Ordinary Senior Notes/Senior Non Preferred Notes/Subordinated Notes-Senior Subordinated Notes/Subordinated Notes-Tier 2 Subordinated Notes] [The Subordinated Notes-Tier 2 Subordinated Notes are intended to constitute Tier 2 Notes of the Issuer]

[8] *Not applicable in the case of Subordinated Notes. When applicable Euroclear must be given a minimum of 5 business days´ notice and Clearstream, Luxembourg must be given a minimum of 15 business days´ notice of exercise of Investor put option*

[9] *Euroclear and Clearstream, Luxembourg must be given 5 business days' notice of exercise of Issuer call option.*

[(iii)]	[Date [Board] approval for issuance of Notes] obtained:	(*N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13.	Fixed Rate Note Provisions		[Applicable/Applicable (in respect of period from (and including) [ ] to (but excluding ([ ])/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Rate[(s)] of Interest:	[●] per cent. per annum [payable [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(ii)	Interest Payment Date(s):	[●] in each year [adjusted in accordance with [specify Business Day Convention/not adjusted]]
	(iii)	Fixed Coupon Amount[(s)]:	[[●] per [●] Principal Amount]/[The Fixed Coupon Amount shall be calculated by applying the Rate of Interest to the [Specified Denomination/Calculation Amount] for each Note, multiplying the product by the Day Count Fraction, rounding the resulting figure to the nearest unit of CNY (with halves being rounded up)].
	(iv)	Day Count Fraction:	[30/360]/[360/360]/[Bond Basis] [30E/360]/ [EuroBond Basis] [Actual/Actual]/ [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/Actual (ICMA)] [Actual/360] [30E/360 (ISDA)]
	(v)	Determination Dates:	[●] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon). (*N.B. only relevant where Day Count Fraction is Actual/Actual ([ICMA]*)

	(vi)	Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
14.	Floating Rate and CMS-Linked Note Provisions		[Applicable/Applicable (in respect of period from (and including) [ ] to (but excluding ([ ])/Not Applicable] (*If not applicable delete the remaining sub-paragraphs of this paragraph*)
	(i)	Interest Period(s):	[●] [, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable]]
	(ii)	Interest Payment Date(s):	[●] in each year [adjusted in accordance with [*Business Day Convention*]
	(iii)	First Interest Payment Date:	[●]
	(iv)	Business Day Convention	[●]
	(v)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(vi)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Issue and Paying Agent]):	[●]
	(vii)	Margin Plus Rate:	[Applicable] [Not Applicable]
	(viii)	Specified Percentage Multiplied by Rate:	[Applicable] [Not Applicable]
	(ix)	Difference in Rates:	[Applicable] [Not Applicable]
		— Rate 1:	[Screen Rate Determination] [ISDA Determination]
		— Rate 2:	[Screen Rate Determination] [ISDA Determination]
	(x)	Screen Rate Determination	
		— Reference Rate:	[LIBOR][EURIBOR][constant maturity swap rate]

	— Interest Determination Date(s):	[●]
	— Relevant Screen Page:	[●]
	— Relevant Time:	[●]
(xi)	ISDA Determination:	
	— Floating Rate Option:	[●]
	— Designated Maturity:	[●]
	— Reset Date:	[●]
(xii)	[Linear Interpolation:	Not Applicable / Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
(xiii)	Margin(s):	[+/-] [●] per cent. per annum
(xiv)	Minimum Rate of Interest:	[●] per cent. per annum
(xv)	Maximum Rate of Interest:	[●] per cent. per annum
(xvi)	Day Count Fraction:	[30/360]/[360/360]/[Bond Basis] [30E/360]/ [EuroBond Basis] [Actual/Actual]/ [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/Actual (ICMA)] [Actual/360] [30E/360 (ISDA)]
(xvii)	Specified Percentage:	[●] per cent.
(xviii)	Constant maturity swap rate:	[●]
(xix)	Step Up Provisions:	[Applicable/Not Applicable]
	— Step Up Margin:	[●] per cent.
15.	Zero Coupon Note Provisions	[Applicable/Not Applicable] *(If applicable, Condition 4C of the Terms and Conditions of the Notes will apply)* *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Amortisation Yield:	[●] per cent per annum

	(ii)	Day Count Fraction relating to Early Redemption Amounts:	[30/360]/[360/360]/[Bond Basis] [30E/360]/ [EuroBond Basis] [Actual/Actual]/ [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/Actual (ICMA)] [Actual/360] [30E/360 (ISDA)]
16.	Reset Note Provisions		[Applicable/Applicable (in respect of period from (and including) [ ] to (but excluding ([ ])/Not Applicable] (*If applicable, Condition 4D of the Terms and Conditions of the Notes will apply*) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Initial Rate of Interest:	[●] per cent. per annum [payable [annually/semi-annually/ quarterly/monthly] in arrear]
	(ii)	First Margin:	[+/-][●] per cent. per annum
	(iii)	Subsequent Margin:	[[+/-][●] per cent. per annum] [Not Applicable]
	(iv)	Interest Payment Date(s):	[●] in each year [adjusted in accordance with [*Business Day Convention*]/[not adjusted].
	(v)	Fixed Coupon Amount up to (but excluding) the First Reset Date:	[●] per [●] specified denomination [for the [ ] Interest Period] [*repeat information if necessary*]
	(vi)	First Reset Date:	[●] [adjusted in accordance with [*Business Day Convention*]/[not adjusted].
	(vii)	Second Reset Date:	[●]/[Not Applicable] [adjusted in accordance with [*Business Day Convention*]/[not adjusted].
	(viii)	Subsequent Reset Date(s):	[●] [and [●]] [adjusted in accordance with [*Business Day Convention*]/[not adjusted].
	(ix)	Relevant Screen Page:	[●]
	(x)	Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap Rate]
	(xi)	Mid-Swap Maturity:	[●]
	(xii)	Fixed Leg Swap Duration:	[●]
	(xiii)	Day Count Fraction:	[30/360]/[360/360]/[Bond Basis] [30E/360]/ [EuroBond Basis]

		[Actual/Actual]/ [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/Actual (ICMA)] [Actual/360] [30E/360 (ISDA)]
(xiv)	Determination Dates:	[●] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*.
(xv)	Reset Business Centre:	[●]
(xvi)	Party responsible for calculating the Rate of Interest and/or Interest Amount (if not the [Issue and Paying Agent])	[●]
(xvii)	Step Up Provisions:	[Applicable/Not Applicable]
	— Step Up Margin:	[●] per cent.

PROVISIONS RELATING TO REDEMPTION

17.	[Call Option and/or Regulatory Call]:	[Applicable/Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*) (*The clearing systems require a minimum of 5 business days notice if such an option is to be exercised*)
(i)	Optional Early Redemption Date(s):	[●]
(ii)	Optional Early Redemption Amount (Call) of each Note:	[●] per Note of [●] specified denomination
(iii)	If redeemable in part:	
	(a) Minimum Redemption Amount:	[●]
	(b) Maximum Redemption Amount:	[●]

	(iv) Notice period:[10]	[●]
18.	Put Option	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*) (*Euroclear require a minimum of 5 business days´ notice and Clearstream, Luxembourg require a minimum of 15 business days´ notice if such an option is to be exercised*)
	(i) Optional Early Redemption Date(s):	[●]
	(ii) Optional Early Redemption Amount (Put) of each Note:	[●] per Note of [●] specified denomination
	(iii) Notice period:[11]	[●]
19.	Maturity Redemption Amount of each Note:	[●] per Note of [●] specified denomination
20.	Early Redemption Amount (Tax), Early Redemption Amount (Capital Disqualification Event) and Early Redemption Amount (TLAC/MREL Disqualification Event):	[●]
21.	TLAC/MREL Disqualification Event	[Applicable/Not Applicable]
	Early Redemption Amount(s) of each Note payable on redemption for (1) taxation reasons, [(2) on a Capital Disqualification Event][(3) on a TLAC/MREL Disqualification Event] or (4) on event of default:	[●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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

[11] *Euroclear and Clearstream, Luxembourg must be given 5 business days' notice of exercise of Issuer call option.*

22.	Form of Notes:	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice] [Permanent Global Note exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
	[Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian law of 14th December, 2005]	
23.	New Global Note:	[Yes] [No]
24.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.]
25.	Business Day:	[*Specify any additional financial centres necessary for the purposes of Condition [8B.02]*.]
26.	Relevant Financial Centre:	[*Specify any modification required*.]
27.	Relevant Financial Centre Day:	[*Specify any additional financial centres necessary for the purposes of Condition [8B.02] or [8A.04]*.]
28.	Details relating to Instalment Notes:	[Applicable/Not applicable]
	(i) Instalment Amount(s):	[●]
	(ii) Payment Date(s):	[●]
	(iii) Number of Instalments:	[●]
29.	Commissioner:	[●]
30.	Waiver of Set-off:	[Applicable/Not Applicable]
31.	Substitution and Variation:	[Applicable/Not Applicable]
32.	Governing law	[English law/Spanish law]

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

By: .....
Authorised Signatory

Date

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

(i)	Listing:	[Application has been made for the Notes to be admitted to listing on [the Official List of Euronext Dublin.]
(i)	Admission to Trading:	[Application has been made for the Notes to be admitted to trading on [the Regulated Market of Euronext Dublin.] (*When documenting a fungible issue need to indicate that original Notes are already admitted to trading.*)
(iii)	Estimate of total expenses related to admission to trading:	[ ]

2. **RATINGS**

The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

Ratings: [S&P: [●]]

[Moody's: [●]]

[Fitch: [●]]

[[Other]: [●]]

Option 1 - CRA established in the EEA and registered under the CRA Regulation

[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 2 - CRA established in the EEA, not registered under the CRA Regulation but has applied for registration

[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and has applied for registration under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority] /[European Securities and Markets Authority].

Option 3 - CRA established in the EEA, not registered under the CRA Regulation and not applied for registration

[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and is neither registered nor has it applied for registration under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 4 - CRA not established in the EEA but relevant rating is endorsed by a CRA which is established and registered under the CRA Regulation

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but the rating it has given to the Notes is endorsed by [*insert legal name of credit rating agency*], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 5 - CRA is not established in the EEA and relevant rating is not endorsed under the CRA Regulation but CRA is certified under the CRA Regulation

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 6 - CRA neither established in the EEA nor certified under the CRA Regulation and relevant rating is not endorsed under the CRA Regulation

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.

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

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates 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 its affiliates in the ordinary course of business. (*Amend as appropriate if there are other interests*)]

[*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)*]

4. **[Fixed Rate Notes only – YIELD**

Indication of yield: [●]

[*The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.*]

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

(i) Historic interest rates:	Details of historic [LIBOR/EURIBOR] can be obtained from [Reuters].
(ii) [Benchmarks:	Amounts payable under the Notes will be calculated by reference to [●] which is provided by [●]. As at [●], [●] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**Benchmark Regulation**"). [As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation apply, such that [●] is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]]

6. **OPERATIONAL INFORMATION**

ISIN:	[●]
Common Code:	[●]
CUSIP number:	[●]
CFI:	[[See/ [ ], as updated, as set out on] the website of the Association of National Number Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the CFI /Not Applicable]
FISN:	[[See/ [ ], as updated, as set out on] the website of the Association of National Number Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the CFI /Not Applicable] (*If the CFI and/or FISN is not required, requested or available, it/they should be specified to be Not Applicable*)

WKN:	[●] [Not applicable]
Delivery:	Delivery [against/free of] payment
Any Clearing System other than Euroclear and Clearstream Banking S.A. and the relevant identification numbers:	[●] [*Not Applicable*]
Names and addresses of additional Paying Agent(s) (if any):	[●]
[Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "**yes**" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/ [No. Whilst the designation is specified as "**no**" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

7. **DISTRIBUTION**

(i)	Method of Distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated:	
	(A) Names of Dealers	[Not Applicable/*give names*]

	(B) Stabilisation Manager(s), if any:	[Not Applicable/*give names*]
(iii)	If non-syndicated, name of Dealer:	[Not Applicable/*give names*]
(iv)	U.S. Selling Restrictions:	Reg S Compliance Category 2; [TEFRA C/TEFRA D/TEFRA not applicable]
(v)	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*If the offer of the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.*)

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

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

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

Exchange of Temporary Global Notes

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

(a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated and, in the case of an NGN, effectuated, to the bearer of the Temporary Global Note; or

(b) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

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

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

If:

(a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or

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

(c) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such thirtieth day (in the case of (b) above) or at 5.00 p.m. (London time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under a deed of covenant dated 18 June 2019 (the "**Deed of Covenant**") executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Exchange of Permanent Global Notes

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

If:

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

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

redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

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

Conditions applicable to Global Notes

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

Payments: All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Exercise of put option: In order to exercise the option contained in Condition 5.09 (*Optional Early Redemption (Put)*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Issue and Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 5.06 (*Optional Early Redemption (Call)*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 13 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global

Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 13 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

DESCRIPTION OF THE ISSUER

SANTANDER CONSUMER FINANCE, S.A.

History and Development

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

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

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

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

The authorised and paid up share capital of the Issuer as at 31 December 2018 was €5,638,638,516 divided into 1,879,546,172 ordinary shares having a face value of €3 each. All issued share capital is fully paid up.

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

Business Overview

Principal Activities of the Issuer

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

addition, the Issuer is the holding company of a finance group and handles the investments of its subsidiaries.

The Issuer is part of the Santander Group (as described above), the parent entity of which (Banco Santander, S.A.) had a 100% direct and indirect ownership interest in the share capital of the Issuer as at 31 December 2018. Banco Santander, S.A. has its registered office at Paseo de Pereda 9-12, Santander.

The Consumer Group's primary activity is related to automobile financing, personal loan and credit card businesses. However, it also works at attracting customer funds. The Consumer Group has 284 branches located throughout Europe (62 of which are in Spain) and engages in finance leasing, financing of third party purchases of consumer goods of any kind, full-service leasing ("renting") and other activities. Additionally, since December 2002, the Issuer has been the head of a European corporate group, consisting mainly of financial institutions, which engages in commercial banking, consumer finance, operating and finance leasing, full-service leasing and other activities in Germany, Italy, Austria, France, the Netherlands, Norway, Finland, Denmark, Sweden, Switzerland and Portugal.

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

Enjoying as it does a strong leadership position in the European consumer finance market, and specialising in auto finance, loans for the purchase of durable goods, personal loans and credit cards, the Consumer Group has displayed consistent profitability, reporting a record attributable profit of €1,218.9 million in 2018.

Loans and discounts amounted to €91,880 million in 2018, up 6.1% for the year. By country, growth was generally observed in all units.

On the liability side, customer deposits rose 2.99% while a total of €19,593 million in wholesale funding was secured in the year, through senior issuances, securitisations and other long-term issues.

In 2018 attributable profit amounted to €1,218.9 million (+12.9% with respect to 2017) The increase was supported by the positive impact of an environment of low interest rates and low lending costs due to the quality of new loans, a decrease in provisions for litigation and complaints, and rigorous cost containment.

Revenues grew mainly due to net interest income which was up 3.4% on previous year.

Costs, taking into account administrative expenses and depreciation and amortization, also decreased (1.3%) in line with the business. The efficiency ratio increased to 42.6%, slightly better than previous year.

The cost of risk for the year continued to be satisfactory, at 0.29% compared to 0.24% for the previous year. In 2017 and 2018 significant portfolio sales were made to keep cost of risk low. The NPL ratio fell 19 basis points to 1.99%. Coverage stood at 103%.

In short, the Santander Consumer Finance Group continued to prove that it can maintain high profitability and streamlined efficiency. Expectations for 2019 are positive for all territories where the Consumer Group operates.

New Business of the Issuer in 2018

The volume of new loans at December 2018 was €39,533 million, up by 7 percent compared with the previous year. This increase was supported by the car business and by direct business which increased by 9% and 5% respectively; The increase in car business was due to both used and new vehicles.

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

The units with higher productions in 2018 were Germany (flat compared with 2017), the Nordic countries (up 5.6 percent compared with 2017), Spain (up 7.4 percent compared with 2017), France (up 16.6 percent compared with 2017) and Italy (up 11.6 percent compared with 2017).

The following table summarises new financing extended in 2018 by product line, compared with the previous year:

Unaudited	**2018 financial year** *(millions of Euro)*	**Percentage of total activity** *(percentage)*	**2017 financial year** *(millions of Euro)*	**Variation 2018/2017** *(percentage)*
New Business				
Cars	26,819.8	67.8%	24,716.4	8.5%
New cars	16,573.7	41.9%	15,386.5	7.7%
Used Cars	10,246.1	25.9%	9,329.9	9.8%
Consumer Financing and Credit Cards	6,613.5	16.7%	7,011.6	-5.7%
Direct	4,266.2	10.8%	4,063.7	5.0%
Mortgages	181.1	0.5%	235.7	-23.2%
Other	1,652.9	4.2%	1,321.1	25.1%
Total financing activity	**39,533.5**	**100.00%**	**37,348.5**	**5.9%**

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

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

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

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

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

At the end of 2018, the consolidated customer funds under management (customer deposits and marketable debt securities) reached €66,815.8 million, representing an increase of 8.0 percent compared to the €61,844.9 million recorded in the previous

financial year. The Consumer Group holds banking licenses in the majority of the countries in which it operates. One of its main sources of funding is customer deposits in Germany and the Nordics. Consolidated customer deposits increased by 2.99 percent (from €33,539.7 million in 2017 to €34,541.1 million in 2018).

On the other hand, consolidated marketable debt securities increased by 14.02 percent, mainly due to new bonds and debentures outstanding.

At the meeting held on 24 April 2018, the Bank's Executive Committee adopted a resolution to update its Euro Medium Term Notes programme and issue notes for a maximum nominal amount of €15,000 million. This programme was listed on the Ireland Stock Exchange on 18 June 2018.

As of 31 December 2018, the outstanding balance of these notes amounts to EUR 10,616,348 thousand (EUR 9,287,480 thousand in 2017), and their maturity date is between 7 July 2017 and 30 November 2021. The annual interest rate on these securities stands at 0.12% and 2.4% (0.12% and 2.4% in 2017).

The shareholders at the Annual General Meeting of the Bank on 21 March 2017 resolved to empower the Bank's Board of Directors to issue fixed-income securities up to an amount of €35,000 million. In turn, at the Board meeting held on 24 April 2017, the Directors delegated these powers to the Bank's Executive Committee.

At the meeting held on 1 June 2017, the Bank's Executive Committee adopted a resolution to update its Euro Medium Term Notes programme and issue notes for a maximum nominal amount of €15,000 million. That programme was listed on Euronext Dublin, on 15 June 2017. At 31 December 2017, the outstanding balance of these notes amounted to €9,287,480 thousand (31 December 2016: €8,406,738 thousand), and their maturity date is between 7 July 2017 and 30 November 2021. The annual interest rate on these financial liabilities is between 0.12% and 2.4% (2016: between 0.19% and 2.15%).

Also in the meeting held on 1 June 2017, the Bank's Executive Committee resolved to update its Euro Commercial Paper programme and issue paper notes with a maximum principal amount outstanding that may not exceed €10,000 million. The programme was listed on Euronext Dublin, on 15 June 2017. The outstanding balance of this commercial paper recognised in these audited consolidated financial statements amounted to €3,741,482 thousand at 31 December 2017 (31 December 2016: €4,621,394 thousand).

At its meeting held on 27 July 2017, the Bank's Executive Committee resolved to issue a Promissory Notes Programme with a maximum principal amount outstanding that may not exceed €5,000 million. This programme was registered in the Official Registers of the CNMV on 17 October 2017. At 31 December 2017, the outstanding balance of these notes amounted to €2,172,036 thousand (31 December 2016: €4,062,469 thousand).

The following table summarises customer funds under management in 2018, as compared to the previous financial year (the data does not include valuation adjustments or subordinated debt):"

Customer Funds under management	**2018 Financial year (audited)** *(millions of euro)*	**2017 Financial year (audited)** *(millions of euro)*	**Variation 2018/2017**
Customer deposits	34,541.1	33,539.7	2.99%
Marketable debt securities	32,274.7	28,305.2	14.02%

Total client funds on balance sheet	**66,815.8**	**61,844.9**	8.04%

Main Markets in which the Issuer Competes

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

The following tables summarise customer lending and customer deposits by geographical area as at 31 December 2018, in comparison with the previous year (the data does not include valuation adjustments or subordinated debt):

Loans and advances to customers

	2018 Financial year (audited)	**Percentage of total activity**	**2017 Financial year (audited)**	**Variation 2018/2017 (percentage)**
	(millions of euro)		*(millions of euro*	
Spain	14,217	15.47%	13,289	6.98%
Italy	8,518	9.27%	7,775	9.56%
Germany	33,436	36.39%	34,006	-1.68%
France	12,098	13.17%	10,382	16.53%
The Nordics	16,011	17.43%	14,308	11.91%
Other Areas & Intragroup adjustments	7,600	8.27%	6,875	10.54%
Total	**91,880**	**100.00%**	**86,635**	**6.05%**

Customer Deposits

	2018 Financial year (audited)	**Percentage of total activity**	**2017 Financial year (audited)**	**Variation 2018/2017 (percentage)**
	(millions of euro)		*(millions of euro)*	
Spain	379	1.10%	299	26.86%
Italy	1,123	3.25%	1,046	7.29%
Germany	23,163	67.06%	23,435	(1.16)%
France	2,463	7.13%	2,102	17.15%
The Nordics	5,492	15.90%	5,144	6.79%
Other Areas & Intra Group Eliminations	1,921	5.56%	1,514	26.91%
Total	**34,541**	**100.00%**	**33,540**	**2.99%**

Alternative performance measures

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

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

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

Cost-to-income (efficiency ratio)

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

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

	2018 Financial year	2017 Financial year
Efficiency ratio	**42.6%**	**43.4%**
	Thousands of euro	*Thousands of euro*
Underlying operating expenses	1,763,082	1,785,780
Underlying total income (Gross Margin)	4,134,464	4,115,966

Non-performing loans

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

Non-performing loans ratio

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

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

	2018 Financial year	2017 Financial year
Non-performing loans ratio	**1.99%**	**2.18%**
	Thousands of euro	*Thousands of euro*
Non-performing loans and advances to customers	1,861,544	1,934,477
Total loans and advances to customers	93,788,522	88,535,968

Coverage ratio ("Coverage")

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

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

	2018 Financial year	2017 Financial year
Coverage ratio ("Coverage")	**103%**	**98%**
	Thousands of euro	*Thousands of euro*
Provisions to cover impairment losses on loans and advances to customers.	1,908,163	1,900,800
Non-performing loans and advances to customers.	1,861,544	1,934,477

The cost of risk ratio

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

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

	2018 Financial year	2017 Financial year
Cost of risk	**0.29%**	**0.24%**
	Millions of euro	*Millions of euro*
Total loan-loss Provisions	257	204

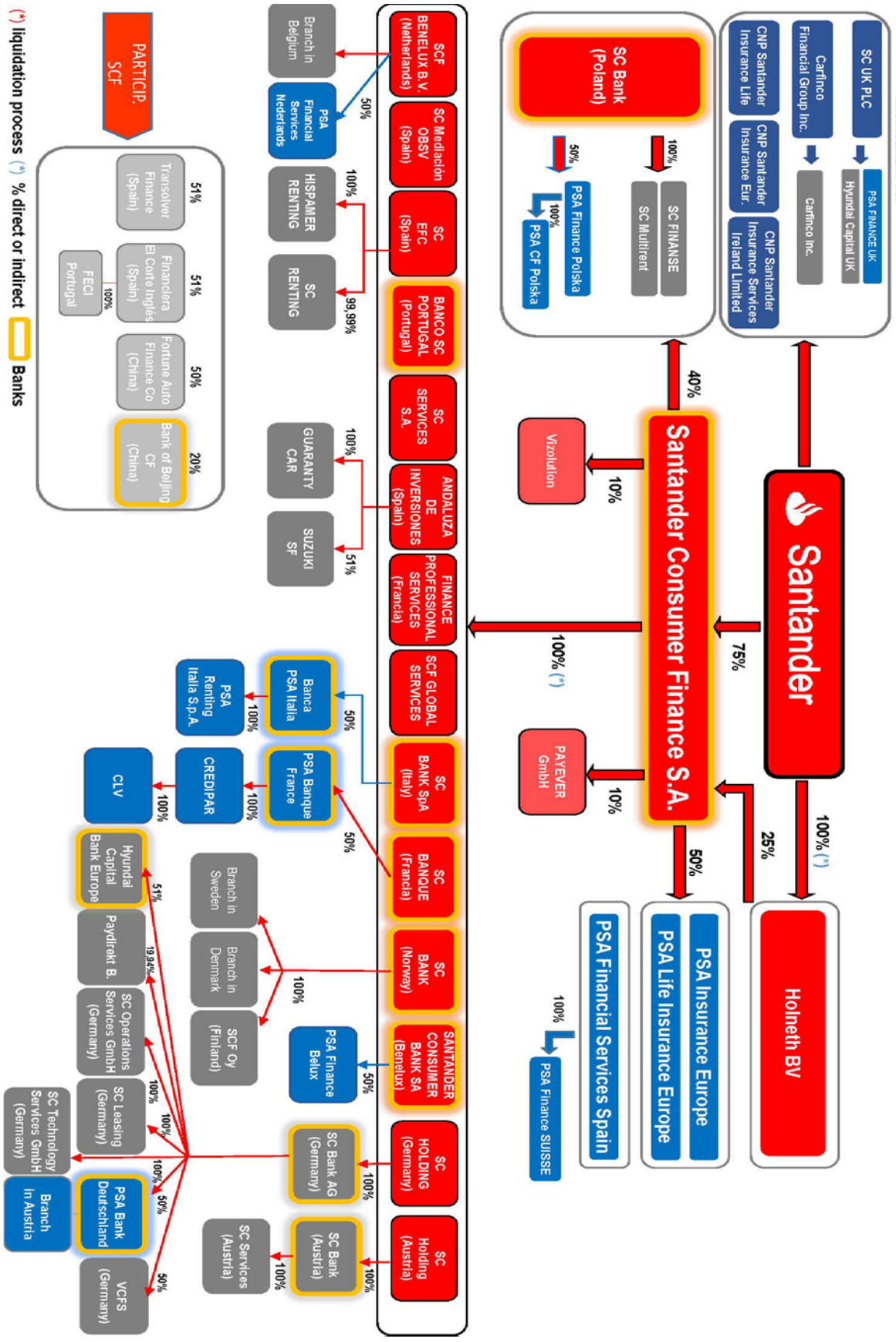
Average balance of the Gross Customer Loans over the 12 months	89,263	84,746

Organisational Structure

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

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

The diagram below summarises the organisational structure of the Consumer Group as of June 2019:



Recent Developments

The most significant acquisitions and disposals of equity investments in Group entities in 2018 and other relevant corporate transactions which modified the Consumer Group's scope of consolidation in this year were as follows:

Santander Consumer Technology Services GmbH and Santander Consumer Operations Services GmbH

On 16 October 2018, Santander Consumer Bank AG signed the acquisition of Isban DE GmbH from Software Bancario S.L. and Produban Servicios Informáticos Generales, S.L. for EUR 22,700 thousand. The effective date for the transaction was 1 November 2018. The contract includes a valuation adjustment dependent on the changes in Isban DE's equity between 31 October 2017 (valuation date) and 1 November 2018 (effective date). On 18 December 2018, an adjustment was recognised and Santander Consumer Bank AG paid an extra EUR 1,500 thousand. Nevertheless, the sellers will have to pay back EUR 2,100 thousand to the buyer in another adjustment that has not yet been made. The total value of the acquired assets amounts to EUR 159,867 thousand, of which EUR 26,335 thousand correspond to cash and cash equivalents, whereas the value of the acquired liabilities amounts to EUR 148,474 thousand.

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

Similarly, and on the same date, Santander Consumer Bank AG signed the acquisition of Santander Service GmbH from Geoban, S.A. for EUR 9,100 thousand. The effective date for the transaction was 1 November 2018. The contract includes a valuations adjustment dependent on the changes in Santander Service's equity between 31 October 2017 (valuation date) and 1 Novemeber 2018. On 20 December 2018, an adjustment was recognised and Santander Consumer Bank AG paid an extra EUR 8,864 thousand. The total value of the acquired assets amounts to EUR 46,511 thousand, of which EUR 30,193 thousand correspond to cash and cash equivalents, whereas the value of the acquired liabilities amounts to EUR 40,592 thousand.

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

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

2017

During 2017 there was no significant acquisition or disposals of equity investments in Group entities.

Capital increases

In 2018 and 2017, in addition to the transactions described above, certain investees carried out capital increases that were fully subscribed and paid. The most significant of these were as follows:

	Millions of Euro (*)	
	2018	**2017**
Santander Consumer Holding, Gmbh	150.0	-
Banca PSA Italia S.p.A. (**)	-	53.0
PSA Insurance Europe Ltd (Malta) (**)	-	7.6
PSA Bank Deutschland GmbH (**)	-	41.6
PSA Financial Services Nederland B.V.(**)	-	6.0
PSA Life Insurance Europe Ltd (Malta) (**)	-	4.5
	150.0	**112.7**

(*) Includes only the disbursements made by the Consumer Group in these capital increases.
(**) Relates to the subscription of 50% in the share capital of these entities.

Notifications of acquisitions of investments

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

Events after the reporting period

In the meeting celebrated on 18 January 2019, the Board of Directors approved the distribution of the profit for the year 2018 through a dividend that amounts to EUR 501,839 thousand.

Apart from the above and the conclusion of the acquisition of Hyundai Capital Bank Europe GmbH, we are not aware of any other events.

Board of Directors

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

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

Board Members	Functions	1st Appointment Date	Reelection Date
D. Antonio Escámez Torres	Chairman	10/06/1999	20/12/2018

Dña. Magdalena Salarich Fernández de Valderrama	Deputy Chairman	26/02/2008	20/12/2018
D. Bruno Montalvo Wilmot	Member	24/05/2012	20/12/2018
Dña. Inés Serrano González	Member	27/03/2008	20/12/2018
D. José Luis De Mora Gallardo	Member	26/11/2015	20/12/2018
D. Francisco Javier Gamarra Antón	Member	18/12/2014	28/02/2019
D. Jean-Pierre Landau	Member	23/12/2015	28/02/2019
D. Luis Alberto Salazar-Simpson Bos	Member	29/05/2013	20/12/2018
D. David Turiel López	Member	04/06/2008	20/12/2018
Andreu Plaza López	Member	24/07/2018	
Jose Manuel Robles Fernández	Member	30/10/2018	
Alejandra Kindelan Oteyza	Member	28/02/2019	
D. Fernando García Solé	Non-Director Secretary	22/07/1999	-

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

Directors	Company Name	Functions
D. Antonio Escámez Torres	Open Bank, S.A.	Deputy Chairman
	Arena Media Communications España S.A.	Chairman
	Santander Consumer Finance, S.A.	Chairman
	Fundacion Konecta	Chairman
	Fotovoltaica Tarazona Once, S.L.	Sole Administrator
Dña. Magdalena Salarich Fernández de Valderrama	Banco Santander, S.A.	Director
	Santander Consumer Finance, S.A.	Deputy Chairman
	Financiera El Corte Inglés E.F.C, S.A.	Member of the Board of Directors
	Santander Consumer Holding GmbH	Member of the Supervisory Board

	Santander Consumer Bank AG	Member of the Supervisory Board
D. David Turiel López	Santander Consumer Finance, S.A.	Member of the Board of Directors
	Banco Santander Consumer Portugal, S.A.	Chairman
	Santander Consumer Bank, S.p.A.	Member of the Board of Directors
	Santander Consumer Finance Global Services, S.L.	Joint Administrator
	Santander Consumer Bank, S.A. (Polonia)	Member of the Supervisory Board
	Finance Professional Services SAS	Sole Administrator
	Santander Consumer Banque, S.A.	Deputy Chairman of the Supervisory Board
D. Luis Alberto Salazar-Simpson Bos	Santander Consumer Finance, S.A.	Member of the Board of Directors
	Constructora Inmobiliaria Urbanizadora Vasco-Aragonesa, S.A.	Chairman
D. Bruno Montalvo Wilmot	Santander Consumer Bank, S.A. (Polonia)	Deputy Chairman of the Supervisory Board
	Santander Consumer Bank A.S. (Noruega)	Deputy Chairman
	Santander Consumer UK	Chairman
	Psa Finance Polska, sp.z.o.	Member of the Board of Directors
	Santander Consumer Finance, S.A.	Member of the Board of Directors
	PSA Finance UK Limited	Member of the Board of Directors
Dña. Inés Serrano González	Santander Consumer Holding GmbH	Member of the Supervisory Board
	PSA Banque France	Member of the Board of Directors
	Compagnie Generalé De Credit Aux Particuliers- CREDIPAR	Member of the Board of Directors
	Santander Consumer Banque, S.A.	Member of the Supervisory Board
	Financiera El Corte Inglés, E.F.C, S.A.	Member of the Board of Directors

	Santander Consumer Bank AG	Member of the Supervisory Board
	Santander Consumer Finance, S.A.	Member of the Board of Directors
D. Javier Francisco Gamarra Antón	Santander Consumer Finance, S.A.	Member of the Board of Directors
	Santander Consumer, EFC, S.A.	Chairman
D. Jose Luis De Mora Gallardo	Banco Santander, S.A.	Director
	Santander Consumer Finance, S.A.	Member of the Board of Directors
	Bank Zachodni WBK S.A.	Member of the Board of Directors
	Santander Consumer Bank AG	Member of the Board of Directors
	Santander Consumer Holding, GmbH	Member of the Board of Directors
Andreu Plaza López	Santander Consumer Finance, S.A.	Member of the Board of Directors
	Santander Global Technology, S.L.	Member of the Board of Directors
	Santander Global Operations, S.A.	Member of the Board of Directors
	Banco Santander Totta, S.A.	Member of the Board of Directors
	Banco Santander Uruguay, S.A.	Member of the Board of Directors
Jean Pierre Landau	Santander Consumer Banque, S.A.	Member of the Supervisory Board
	Santander Consumer Finance, S.A.	Member of the Board of Directors
Alejandra Kindelan	Santander Consumer Finance, S.A.	Member of the Board of Directors
	Banco Santander Rio	Member of the Board of Directors

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

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

Executive Committee

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

Executive Committee Members	Functions
D. Antonio Escámez Torres	Chairman
Dña. Magdalena Salarich Fernández de Valderrama	Member
D. Bruno Montalvo Wilmot	Member
Dña. Inés Serrano González	Member
D. Francisco Javier Gamarra Antón	Member
D. David Turiel López	Member
D. Fernando García Sole	Secretary

Audit Committee

The main responsibilities of the Audit Committee are to:

a) To report to the General Shareholders' Meeting on any issues relating to the committee's area of responsibility, and particularly on the results of the audits, explaining how this has contributed to the integrity of the financial information presented, and the role played by the committee in the process.

b) To supervise the efficiency of the company's Internal Control function, internal audit and risk management systems, and discuss with the auditor of the company's financial statements any significant weaknesses in the internal control system detected during the audit, while remaining independent at all times. For these purposes, any recommendations or proposals may be submitted to the management body, in addition to the corresponding monitoring term.

c) To supervise the preparation and presentation of mandatory financial information and present recommendations and proposals to the governing body to safeguard its integrity.

d) To submit to the Board of Directors all proposals for the selection, appointment, re- election or replacement of the auditor of the company's financial statements, taking responsibility for the selection process in accordance with article 16, sections 2, 3 and 5, and 17.5 of Regulation (EU) 537/2014, of 16 April, and the contracting conditions of the auditor, in addition to regularly collecting information on the audit plan and its execution, while preserving the independence of its functions.

e) To establish suitable relations with the external auditor in order to receive information on any issues that might threaten its independence, so that this information may be examined by the Committee, and any other information related to the audit of the financial statements, and when necessary to authorize services other than those prohibited in accordance with article 5, sections 4, and 6.2.b) of Regulation (EU) 537/2014, of 16 April and under title I, chapter IV, section 3 of Law 22/2015, of 20 July, on accounts auditing, in relation to independence, and any other disclosures stipulated in audit legislation and auditing standards. Every year, the Committee shall receive from the external auditor a statement of its independence in its relations with the entity or entities to which it is linked directly or indirectly, in addition to detailed information on each additional service of any kind rendered and the corresponding fees received from these entities by the external auditor or persons or entities linked to the external auditor, pursuant to the regulations governing the audit of financial statements.

f) To produce an annual report, prior to the issue of the audit report, expressing an opinion on whether the independence of the auditors or audit companies has been compromised in any way. This report must provide an assessment based on each of the additional services rendered referred to in the previous point, considered separately and as a whole, other than statutory audit services, and in relation to the system to ensure independence as well as any other audit regulations.

g) To report to the Board of Directors on all issues stipulated by law, the by-laws and the Rules and Regulations of the Board, specifically regarding:

   1. The financial information the company should publicly disclose on a regular basis.

   2. The creation or acquisition of stakes in special purpose vehicles or entities domiciled in countries or territories that are considered to be tax havens, and

   3. Transactions with related parties.

h) Participate in any proposal to appoint and / or remove the Chief Audit Executive (CAE)
i) Participate in the setting of objectives for the CAE, as well as the CAE´s annual performance and variable remuneration assessment.

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

Jean Pierre Landau	Member
Luis Alberto Salazar-Simpson	Chairman

José Manuel Robles Fernández	Member
Fernando García Solé	Secretary

Risk Supervision, Regulation and Compliance Committee

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

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

   The Entity's risk policies should include:

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

b) Assistance to the board in monitoring the implementation of the risk strategy, and the alignment thereof with Strategic Commercial Plans.

c) To assist the board in approving capital and liquidity strategies and to supervise their implementation.

d) Ensuring that the pricing policy for the assets and liabilities offered to customers is fully aligned with the Entity's business model and risk strategy. Where this is not the case, the committee shall submit a plan to correct the policy to the Board of Directors.

e) To understand and assess the risks arising from the macroeconomic environment and the economic cycles that form the backdrop to the activities of the Company and the Consumer Group. Systematic review of exposure for major customers, economic activity sectors, geographic areas and risk types.

f) Supervision of the risk function, without prejudice to the direct access of this to the Board of Directors. Specifically:

   - To report the Appointments Committee proposals for the appointment of the Chief Risk Officer (CRO).

- To ensure the independence and effectiveness of the risk function;
- To ensure that the risk function has the human and material resources needed for its work.
- To receive regular information on its activities, including any weaknesses identified and breaches of established risk limits.
- Annual appraisal of the risk function and the performance of the Chief Risk Officer (CRO).

g) Support and assistance to the board in the performance of stress tests by the Company, in particular by assessing the scenarios and assumptions to be used in such tests, evaluating the results thereof and analysing the measures proposed by the Risk Function as a consequence of such results.

h) To understand and assess the management tools, improvement measures, development of projects and other significant activity related to risk control, including the policy on internal risk models and their internal validation.

i) To determine, together with the Board of Directors, the nature, amount, format and frequency of the risk information to be received by the Committee and the Board of Directors. In particular, the committee shall receive periodic information from the Chief Risk Officer (CRO).

j) To assist in establishing rational remuneration policies and practices. For this purpose, without prejudice to the duties of the Remuneration Committee, the Committee shall examine whether the incentives policy envisaged in the remuneration scheme takes into account risk, capital, liquidity and the probability and opportunity of profit. In conjunction with the Remuneration Committee, the Committee should also conduct subsequent analysis of the criteria used to determine compensation and the ex-ante risk adjustment, based on how risks previously assessed actually materialised.

k) To supervise the compliance function and, in particular:

- To report the Appointments Committee proposals for the appointment of the Chief Compliance Officer (CCO).
- To ensure that the compliance function has the human and material resources needed for its work;
- To regularly receive information regarding its activities;
- Regular assessment of the operation of the Company's compliance programme, making the proposals required for its improvement, and an annual report on the performance of the Chief Compliance Officer (CCO). It is also responsible for overseeing the operation and compliance of the criminal risk prevention system. In the performance of this task, the committee will have autonomous initiative and control powers. This

includes, without limitation, the power to obtain any information it deems appropriate and to call any officer or employee of the Consumer Group, specifically including the heads of the compliance function and of the various committees related to this area that may exist in order to assess their performance, as well as the power to commence and direct such internal inquiries as it deems necessary into events related to any possible non-compliance with the criminal risk prevention model.

Furthermore, the committee shall periodically evaluate the operation of the prevention model and the effectiveness thereof in preventing or mitigating the commission of crimes, for which purpose it may rely on external assessment when it feels this is appropriate, and shall propose to the Board of Directors any changes to the criminal risk prevention model and to the compliance programme in general that it deems fit in view of such evaluation.

- To report on the approval of and modifications to the regulatory compliance policy, the General Code of Conduct, manuals and procedures for anti-money laundering and terrorist financing procedures and other sector codes and regulations requiring the approval of the Board of Directors, ensuring that these are suitably aligned with the corporate culture, and to oversee compliance with these.
- To establish and supervise a mechanism that enables Group employees to confidentially and anonymously report breaches of regulatory requirements and internal governance, whether actual or potential, with specific procedures for receiving reports and their monitoring that ensure that the employee is adequately protected.
- To receive information and, where applicable, issue reports concerning any disciplinary measures applied to members of senior management.
- To supervise the implementation of actions and measures resulting from reports and inspections by the administrative, supervisory and control authorities.

l) Review of the Company's corporate social responsibility policy, ensuring that it is aimed at value creation for the Company, and monitoring of the strategy and practices in this field, evaluating the level of adherence thereto.

m) To support and advise the Board in relation to the Corporate Governance System and the Company's internal governance, with regular assessment of the effectiveness of the Company's governance system.

n) To support and advise the Board in relations with supervisors and regulators.

o) To monitor and assess any regulatory proposals and new regulations that may be applicable.

p) To report on any proposed amendments to this Charter prior to their approval by the Board of Directors.

q) To evaluate, at least once a year, its operation and the quality of its work.

r) Participate in any proposal to appoint and / or remove the Chief Risk Officer and the Chief Compliance Officer.

s) Validate the performance objectives of the Chief Risk Officer and the Chief Compliance Officer.

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

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

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

Nomination Committee

The main responsibilities of the Nomination Committee are the following:

a) To identify and recommend for approval by the Board of Directors or the General Meeting Board, candidates to fill vacant board positions.

b) To evaluate the knowledge, capacity, diversity and experience of the Board of Directors and elaborate a description of the functions and aptitudes needed to a concrete nomination, taking into account the expected time commitment of that particular position.

c) To evaluate regularly, at least once a year, the suitability of the members of the Board of Directors and of the Board as a unit. Then inform to the Board of Directors of the results of this evaluation.

d) To regularly review the Board of Directors policy regarding the selection process and the nomination process for senior management members and make recommendations.

e) To establish, in accordance with article 31.3 of 10/2014 Law of June 26th, an objective of equal gender representation in the Board of Directors and elaborate orientations about how to increase the number of people of the less represented gender in order to achieve the objective of equality. The objective, the proposed actions and its application will be published with the information required to be included by 435.2.c) of the UE Regulation number 575/2013 of 26 June 2013. The Bank of Spain will send this information to the European Banking Authority.

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

Jean-Pierre Landau	Chairman
Luis Alberto Salazar-Simpson	Member
José Luis de Mora	Member
Fernando García Solé	Secretary

Remuneration Committee

The main responsibilities of the Remuneration Committee are the following:

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

b) To report on the general remuneration policy for the members of the Board of Directors, senior executives and similar posts, and on the individual remuneration and other contract conditions for members of the Board of Directors who perform executive functions, ensuring that these are observed.

c) To oversee compliance with the remuneration policy established by the Entity for members of the Board of Directors and senior management.

d) To regularly review remuneration programmes, evaluating their performances and the need for modifications, ensuring that the remuneration for executives reflects the criteria of moderation and suitability in terms of the Entity's results.

e) To ensure the transparency of remuneration and, to that end, submit all relevant information to the Board of Directors.

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

José Manuel Robles Fernández	Chairman

Fernando García Solé	Secretary
Luis Alberto Salazar-Simpson	Member
Antonio Escámez Torres	Member
José Luis de Mora	Member
Jean-Pierre Landau	Member

Conflict of Interest

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

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

In 2018 and 2017 the Issuer's directors did not report to the Board of Directors or to the General Meeting any direct or indirect conflict of interest that they or persons related to them might have.

Litigation

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

TAXATION

*The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Moreover, it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of whom (such as dealers in securities) may be subject to special rules. In particular, this tax section does not address the Spanish tax consequences applicable to "look-through" entities (such as trusts or estates) that may be subject to the tax regime applicable to such non-Spanish entities under the Spanish Non-Resident Income Tax ("**NRIT**") rules and regulations, to individuals who acquire the Notes by reason of employment or to pension funds or collective investment in transferrable securities (UCITS).*

Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus along with any administrative pronouncements or judicial decisions, all as of the date hereof, changes to any of which may affect the tax consequences described herein, possibly with retroactive effect.

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

The proposed financial transactions tax ("FTT")

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

The Commission's Proposal has very broad scope and could, if introduced in its current form, impose a tax at generally not less than 0.1%, generally determined by reference to the amount of consideration paid, on certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt. The mechanism by which the tax would be applied and collected is not yet known, but if the proposed directive or any similar tax is adopted, transactions in the Notes would be subject to higher costs, and the liquidity of the market for the Notes may be diminished.

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

Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The FTT proposal remains subject to negotiation between the Participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or certain of the Participating Member States may decide to withdraw. Prospective Holders are advised to seek their own professional advice in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Notes.

Taxation in Spain

1. ***Introduction***

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

(1) of general application, Additional Provision One of Law 10/2014, of 26 June, on regulation, supervision and solvency of credit entities and Royal Decree 1065/2007, of 27 July, as amended, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes;

(2) for individuals resident for tax purposes in Spain which are subject to the Individual Income Tax ("**IIT**"), Law 35/2006, of 28 November, on the IIT and on the Partial Amendment of the Corporate Income Tax Law, the Non-Residents Income Tax Law and the Net Wealth Tax Law, as amended by Law 26/2014, of 27 November, and Royal Decree 439/2007, of 30 March, promulgating the IIT Regulations, along with Law 29/1987, of 18 December, on the Inheritance and Gift Tax;

(3) for legal entities resident for tax purposes in Spain which are subject to the Corporate Income Tax ("**CIT**"), Law 27/2014, of 27 November, of the CIT Law, and Royal Decree 634/2015, of 10 July, promulgating the CIT Regulations; and

(4) for individuals and entities who are not resident for tax purposes in Spain which are subject to the NRIT, Legislative Royal Decree 5/2004, of 5 March, promulgating the Consolidated Text of the NRIT Law as amended by Law 26/2014, of 27 November, and Royal Decree 1776/2004, of 30 July, promulgating the NRIT Regulations, along with Law 29/1987, of 18 December, on the Inheritance and Gift Tax.

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

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

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

Both interest payments periodically received and income derived from the transfer, redemption or exchange of the Notes constitute a return on investment obtained from the transfer of a person's own capital to third parties in accordance with the provisions of Section 25 of the IIT Law, and therefore must be included in the investor's IIT savings taxable base pursuant to the provisions of the aforementioned law and taxed according to the then-applicable rate. The savings taxable base will be taxed at the rate of 19% on the first €6,000, 21% for taxable income between €6,001 and €50,000, and 23% for taxable income exceeding €50,000.

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

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

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

According to Section 44.5 of Royal Decree 1065/2007, of 27 July, as amended, and in the opinion of the Issuer, the Issuer will pay interest without withholding to individual Beneficial Owners who are resident for tax purposes in Spain **provided that** the information about the Notes required by Exhibit 1 is submitted, notwithstanding the information obligations of the Issuer under general provisions of Spanish tax legislation.

However, in the case of Notes held by Spanish resident individuals and deposited with a Spanish resident entity acting as depositary or custodian, payments of interest under the Notes may be subject to withholding tax at the current rate of 19% which would be made by the depositary or custodian.

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

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

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

In accordance with Article 3 of Royal Decree-Law 27/2018, of 28 December, as from year 2020, a full exemption on Net Wealth Tax would apply (*bonificación del 100%*), and therefore from year 2020 and onwards, individuals resident in

Spain would be released from formal and filing obligations in relation to Net Wealth Tax unless the application of this full exemption is postponed or revoked.

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

Individuals resident in Spain for tax purposes who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to the Spanish Inheritance and Gift Tax in accordance with the applicable Spanish regional and State rules. The applicable tax rates currently range between 7.65% and 34%. Relevant factors applied (such as previous net wealth, family relationship among transferor and transferee or applicable tax laws approved by autonomous communities) do determine the final effective tax rate that currently may range between 0% and 81.6%.

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

3.1 *Corporate Income Tax (Impuesto sobre Sociedades)*

Both interest received periodically and income derived from the transfer, redemption or repayment of the Notes are subject to CIT in accordance with the rules for this tax. The current general tax rate of 25%, however, does not apply to all corporate income tax payers and, for instance, does not apply to banking institutions which would be subject to a tax rate of 30%.

In accordance with Section 44.5 of Royal Decree 1065/2007, of 27 July, as amended, and in the opinion of the Issuer, there is no obligation to withhold on income derived from the redemption and repayment of the Notes and interest payable to Spanish CIT taxpayers (which for the sake of clarity, include Spanish tax resident investment funds and Spanish tax resident pension funds). Consequently, the Issuer will not withhold tax on interest payments to Spanish CIT taxpayers **provided that** the information about the Notes required by Exhibit 1 is submitted, notwithstanding the information obligations of the Issuer under general provisions of Spanish tax legislation, by virtue of which identification of Spanish investors may be provided to the Spanish tax authorities.

However, in the case of Notes held by Spanish resident entity and deposited with a Spanish resident entity acting as depositary or custodian, payments of interest under the Notes may be subject to withholding tax at the current rate of 19%, withholding that would be made by the depositary or custodian, if the Notes do not comply with exemption requirements specified in the Reply to the Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 and therefore, the exemption of withholding as regards income obtained by Spanish resident corporate investors from financial assets listed on an official OECD market, contained in Section 61(s) of the CIT regulations, is not applicable.

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

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

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

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

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

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

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

(i) With permanent establishment in Spain

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

(ii) With no permanent establishment in Spain

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

In order for the exemption to apply, it is necessary to comply with certain information obligations relating to the Notes, in the manner detailed under "*—Information about the Notes in Connection with Payments*" as laid down in section 44 of Royal Decree 1065/2007, as amended ("**Section 44**"). If these information obligations are not complied with in the manner indicated, the Issuer will withhold 19% and the Issuer will not pay additional amounts.

Beneficial Owners not resident in Spain for tax purposes and entitled to exemption from NRIT but where the Issuer does not timely receive the information about the Notes in accordance with the procedure described in detail under "—Information about the Notes in Connection with Payments" would have to apply directly to the Spanish tax authorities for any refund to which they may be entitled, according to the procedures set forth in the Spanish Non Resident Income Tax Law.

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

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

Individuals that are not resident in Spain for tax purposes but who are resident in an EU or European Economic Area Member State may apply the rules approved by the autonomous region where the assets and rights with more value (i) are located, (ii) can be exercised or (iii) must be fulfilled.

In accordance with Article 3 of Royal Decree-Law 27/2018, of 28 December, as from year 2020, a full exemption on Net Wealth Tax would apply (*bonificación del 100%*), and therefore from year 2020 and onwards, non-Spanish resident individuals would be released from formal and filing obligations in relation to Net Wealth Tax unless the application of this full exemption is postponed or revoked.

Non-Spanish individuals will be exempt from Net Wealth Tax in respect of Notes which income is exempt from NRIT.

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

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

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

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

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

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

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

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

If the Notes are not listed on a multilateral trading facililty, regulated market or any other organised market in an OECD country on any Payment Date, payments to Beneficial Owners in respect of the Notes will be subject to withholding tax at the current rate of 19%, except in the case of Beneficial Owners which are: (a) resident in a Member State of the European Union other than Spain and obtain the interest income either directly or through a permanent establishment located in another Member State of the European Union, **provided that** such Beneficial

Owners (i) do not obtain the interest income on the Notes through a permanent establishment in Spain and (ii) are not resident of, or are not located in, nor obtain income through, a tax haven (as defined by Royal Decree 1080/1991, of 5 July, as amended) or (b) resident for tax purposes of a country which has entered into a double tax treaty with Spain providing for an exemption from Spanish tax or a reduced withholding tax rate with respect to interest payable to any Beneficial Owners; and in both (a) and (b) cases, the Beneficial Owner provides the Issuer with a valid and in-force certificate of tax residency duly issued by the tax authorities of its country of residency within the meaning of the relevant double tax treaty before any payment is made or due (whichever occurs first). For these purposes, the certificate of tax residency shall be issued within one year as of the date of payment or if it refers to a specific period, it will only be valid for that period.

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

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

6. ***Information about the Notes in connection with Interest Payments***

As described above, interest and other income paid with respect to the Notes will not be subject to Spanish withholding tax unless the procedures for delivering to the Issuer the information described in Exhibit 1 of this Base Prospectus are not complied with.

The information obligations to be complied with in order to apply the exemption are those laid down in Section 44.

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

Such information comprises:

(i) the identification of the Notes with respect to which the relevant payment is made;

(ii) the date on which the relevant payment is made;

(iii) the total amount of the relevant payment;

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

In particular, the Issue and Paying Agent must certify the information above about the Notes by means of a certificate in the Spanish language, an English language form of which is attached as Exhibit 1 of this Base Prospectus.

In light of the above, the Issuer and the Issue and Paying Agent have arranged certain procedures to facilitate the collection of information concerning the Notes by the close of business on the Business Day immediately preceding each relevant Payment Date. If, despite these procedures, the relevant information is not received by the Issuer on each Payment Date, the Issuer will withhold tax at the then-applicable rate (as at the date of this Base Prospectus, 19%) from any payment in respect of the relevant Notes. The Issuer will not pay any additional amounts with respect to any such withholding.

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

Investors should note that neither the Issuer nor any Dealer accepts any responsibility in the event of the late delivery or, as the case may be, non-delivery by the Issue and Paying agent to the Issuer of a duly completed certificate in the form of Exhibit 1. Accordingly, the Issuer will not be liable for any damage or loss suffered by any Holder who would otherwise be entitled to an exemption from Spanish withholding tax but whose income payments are nonetheless paid net of Spanish withholding tax because the Issuer has not received such certificate at the relevant time or at all. Moreover, the Issuer will not pay any additional amounts with respect to any such withholding. See "*Risk Factors – Risks Relating to the Notes – Risks in Relation to Spanish Taxation*".

Set out below is Exhibit 1. The information set out in Exhibit 1 has been translated from the original Spanish and has been presented in this document in English only as the language of this Base Prospectus is English. However, only the Spanish language text of Exhibit 1 is recognised under Spanish law. In the event of any discrepancy between the English language translation of the information in Exhibit 1 appearing herein, and the Spanish language information appearing in the corresponding certificate provided by the Issue and Paying Agent to the Issuer, the Spanish language information shall prevail.

EXHIBIT 1

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

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

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

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

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

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

(d) Paying Agent appointed by the issuer.

Makes the following statement, according to its own records:

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

1.1 Identification of the securities……

1.2 Income payment date (or refund if the securities are issued at discount or are segregated)

1.3 Total amount of income (or total amount to be refunded, in any case, if the securities are issued at discount or are segregated)

1.4 Amount of income corresponding to Personal Income Tax taxpayers, except segregated coupons and segregated principals for which reimbursement an intermediary entity is involved.....

1.5 Amount of income which according to paragraph 2 of Article 44 must be paid gross (or total amount to be refunded if the securities are issued at discount or are segregated).

2. In relation to paragraph 5 of Article 44.

2.1 Identification of the securities……..

2.2 Income payment date (or refund if the securities are issued at discount or are segregated) ……

2.3 Total amount of income (or total amount to be refunded if the securities are issued at discount or are segregated)

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

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

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

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

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

Ireland

The following is a summary of the Irish tax treatment of the Notes. The summary does not purport to be a comprehensive description of all of the Irish tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes.

The summary is based upon the laws of Ireland and the published practices of the Revenue Commissioners of Ireland as in effect on the date hereof. Prospective investors in the Notes should consult their own advisers as to the Irish or other tax consequences of the purchase, beneficial ownership and disposition of the Notes including, in particular, the effect of any state or local law taxes, if applicable.

1. **Withholding Tax**

In general, tax at the standard rate of income tax (currently 20%), is required to be withheld from payments of Irish source interest. The Issuer will not be obliged to withhold Irish income tax from payments of interest on the Notes so long as such payments do not constitute Irish source income. Interest paid on the Notes should not be treated as having an Irish source unless:

(i) the Issuer is resident in Ireland for tax purposes; or

(ii) the Issuer has a branch or permanent establishment in Ireland, the assets or income of which is used to fund the payments on the Notes; or

(iii) the Issuer is not resident in Ireland for tax purposes but the register for the Issuer is maintained in Ireland or (if the Notes are in bearer form) the Notes are physically held in Ireland.

It is anticipated that, (i) the Issuer is not and will not be resident in Ireland for tax purposes; (ii) the Issuer does not and will not have a branch or permanent establishment in Ireland; (iii) that the Notes will not be physically located in Ireland; and (iv) the Issuer will not maintain a register of any registered Notes in Ireland.

2. **Encashment Tax**

In certain circumstances, Irish tax will be required to be withheld at the standard rate of income tax (currently 20%) from any interest paid on Notes issued by a company not resident in Ireland where such interest is collected or realised by a bank or encashment agent in Ireland on behalf of any Noteholder who is Irish resident. Encashment tax does not apply where the Noteholder is not resident in Ireland and has made a declaration in the prescribed form to the encashment agent or bank.

3. **Taxation of Noteholders**

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish income tax on the interest (including in the case of an individual, pay related social insurance ("**PRSI**") and the universal social charge) if the Noteholder is resident or ordinarily resident for tax purposes in Ireland. However, on the basis that the interest on the Notes should not be treated as having an Irish source, a Noteholder

who is neither resident nor ordinarily resident in Ireland should not be liable to pay Irish income tax (or in the case of an individual, PRSI or the universal social charge) on the interest.

A corporate recipient that is resident for tax purposes in Ireland, or that is not resident for tax purposes in Ireland but carries on a trade in Ireland through a branch or agency in respect of which the Notes are held or attributed, may have a liability to Irish corporation tax on the interest.

4. **Capital Gains Tax**

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

5. **Capital Acquisitions Tax**

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax if either (i) the disponer or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponer is domiciled in Ireland irrespective of his residence or that of the donee/successor) or (ii) if the Notes are regarded as property situate in Ireland. Bearer notes are generally regarded as situated where they are physically located at any particular time. Registered Notes are generally regarded as situated where the principal register of Noteholders is maintained or is required to be maintained.

It is anticipated that the Notes will not be physically located in Ireland; and the Issuer will not maintain a register of any registered Notes in Ireland, in which case a gift or inheritance comprising of Notes should only be within the charge to capital acquisitions tax in the circumstances outlined at (i) above, i.e. the disponer or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponer is domiciled in Ireland irrespective of his residence or that of the donee/successor).

6. **Stamp Duty**

On the basis that the Issuer is not incorporated in Ireland, the sale or transfer of the Notes should be exempt from Irish stamp duty provided that the transfer does not relate to Irish real estate or to the stocks or marketable securities of an Irish incorporated company.

Foreign Account Tax Compliance Act ("FATCA")

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the

Issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions.

Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply to foreign passthru payments prior to 1 January 2019 and Notes that have a fixed term and are not treated as equity for U.S. federal income tax purposes, issued on or prior to the date that is six (6) months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding on foreign passthru payments unless materially modified after such date. However, if additional instruments (as described under "Terms and Conditions of the Notes—Further Issues") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding. Prospective purchasers should consult their own tax advisors regarding how these rules may apply to their investment in the *Notes*.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Banca IMI S.p.A., Banco Santander, S.A., Bank of America Securities Europe SA, Barclays Bank Ireland PLC, Barclays Bank PLC, BNP Paribas, Cecabank, S.A., Citigroup Global Markets Europe AG, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, ING Bank N.V., J.P. Morgan Securities plc, Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH, Merrill Lynch International, Mizuho International plc, Mizuho Securities Europe GmbH, Morgan Stanley & Co. International plc, MUFG Securities (Europe) N.V., NATIXIS, NatWest Markets N.V., NatWest Markets Plc, Nomura International plc, Skandinaviska Enskilda Banken AB (publ), Société Générale, UBS Europe SE and UniCredit Bank AG (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an amended and restated dealer agreement dated 18 June 2019 (the "**Dealer Agreement**") and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

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

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Issue and Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Issue and Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the

account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period (as defined in Regulation S) relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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

PRIIPs Regulation / Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA which has implemented the Prospectus Directive (as such term is defined below), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area ("**EEA**"). For these purposes, (a) the expression "retail investor" means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, "**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the **Prospectus Directive** (as defined below); and (b) the expression "offer" includes the communication in any form and by any means of sufficient information on terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

Public Offer Selling Restriction Under the Prospectus Directive

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive was implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) ***Approved prospectus***: if the Final Terms or Drawdown Prospectus in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus which is not a Drawdown Prospectus has subsequently been completed by the Final Terms contemplating such Public Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Public Offer;

(b) ***Qualified investors***: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) ***Limited number of offerees***: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) ***Other exempt offers***: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

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

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

Selling Restrictions Addressing Additional United Kingdom Securities Laws

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

(a) in relation to any Notes having a maturity of less than one year:

(i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

(ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses, where the issue of the Notes would otherwise

constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

France

Each of the Dealers has represented and agreed, and each further Dealer will be required to represent and agree that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France, this Base Prospectus, the relevant Final Terms or any other offering material relating to Notes, and that such offers, sales and distributions have been and shall only be made in the Republic of France to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*. Accordingly, the offer of Notes does not require a prospectus to be submitted to the Autorité des Marchés Financiers (the "**AMF**") for its prior approval, and this Base Prospectus has not been approved by the AMF.

The direct or indirect resale of Notes to the public in the Republic of France may be made only as provided by and in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French *Code monétaire et financier*.

Italy

The offering of any Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, save as set out below, it has not offered or sold, and will not offer or sell, any Notes in the Republic of Italy in an offer to the public, and that sales of any Notes in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver any Notes or distribute copies of this Base Prospectus and any other document relating to the Notes in the Republic of Italy except:

(a) to qualified investors (*investitori qualificati*) referred to under Article 100, paragraph 1, let. (a), of Legislative Decree No. 58 of 24 February 1998, as amended ("**Decree No. 58**"), and as referred to under Article 35, paragraph 1, let.

(d), of CONSOB Regulation No. 20307 of 15 February 2018, as amended ("**Regulation No. 20307**") which implements Article 34-ter, paragraph 1, let. (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Regulation No. 11971**"); or

(b) that it may offer, sell or deliver Notes or distribute copies of any prospectus relating to such Notes in an offer to the public in the period commencing on the date of publication of such prospectus, provided that such prospectus has been approved in another Relevant Member State and notified to CONSOB, all in accordance with the Prospectus Directive, as implemented in Italy under Decree 58 and Regulation No. 11971, and ending on the date which is 12 months after the date of approval of such prospectus; or

(c) in any other circumstances where an express exemption from compliance with the offer restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

Any such offer, sale or delivery of any Notes or distribution of copies of this Base Prospectus or any other document relating to any Notes in the Republic of Italy must be:

(a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended, Decree No. 58, CONSOB Regulation No. 20307 of 15 February 2018, as amended and any other applicable laws and regulations; and

(b) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy, including Article 129 of Legislative Decree No. 385 of 1 September 1993, as amended, and the implementing guidelines of the Bank of Italy, as amended, with regard, *inter alia*, to the reporting obligations required.

Provisions relating to the secondary market in the Republic of Italy

Investors should also note that, in any subsequent distribution of any Notes in the Republic of Italy, Article 100-bis of Decree No. 58 may require compliance with the law relating to public offers of securities. Furthermore, where any Notes are placed solely with "qualified investors" and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of Notes who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises the Notes were purchased, unless an exemption provided for under Decree No. 58 applies.

Japan

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge that the Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to

any Japanese Person except pursuant to an exemption from the registration requirements of, and otherwise in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Kingdom of Spain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that the Notes may not be offered, sold or distributed in Spain, except in circumstances which do not require the registration of a prospectus in Spain, or without complying with all legal and regulatory requirements under Spanish securities laws. No publicity or marketing of any kind shall be made in Spain in relation to the Notes.

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

Hong Kong

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

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**"), other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

People's Republic of China

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes will not be offered or sold directly or indirectly within the PRC. The Base Prospectus or any information contained or incorporated by reference herein does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. The Base Prospectus, any information contained herein or the Notes have not been, and will not be, submitted to, approved by, verified by or registered with any relevant governmental authorities in the

PRC and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC.

The Notes may only be invested in by the PRC investors that are authorised to engage in the investment in the Notes of the type being offered or sold. Investors are responsible for obtaining all relevant governmental approvals, verifications, licences or registrations (if any) from all relevant PRC governmental authorities, including, but not limited to, the State Administration of Foreign Exchange, the China Securities Regulatory Commission, the China Banking and Insurance Regulatory Commission, and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, any relevant foreign exchange regulations and/or overseas investment regulations.

Belgium

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian Consumer**") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

Singapore

Each of the Dealers has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"). Accordingly, each of the Dealers has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

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

(i) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

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

Switzerland

This Base Prospectus is not intended to constitute an offer or a solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange Ltd or on any other exchange or regulated trading facility in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Notes constitutes an information memorandum as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listed prospectus within the meaning of the listing rules of the SIX Swiss Exchange Ltd or any other regulated trading facility in Switzerland and the Notes do not claim to comply with the disclosure standards of the Swiss Code of Obligations and the listing rules of SIX Swiss Exchange Ltd and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange Ltd or the listing rules of any other Swiss stock exchange or regulated trading facility and may not comply with the Directive for Notes of Foreign Borrowers of the Swiss Bankers Association. Neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in into and out of Switzerland.

Neither this Base Prospectus nor any other offering or marketing material relating to the offering, nor the Issuer nor the Notes have been or will be filed with or approved by any

Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority FINMA, and investors in the Notes will not benefit from protection or supervision by such authority.

Taiwan

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

Republic of Korea

The Notes have not been and will not be registered with the Financial Services Commission of Korea for public offering in Korea under the Financial Investment Services and Capital Markets Act of Korea and the decrees, rules and regulations promulgated thereunder. The Notes may not be offered, sold or delivered, directly or indirectly, or offered or sold for re-offering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident (as defined under the Foreign Exchange Transaction Act of Korea and the decrees, rules and regulations promulgated thereunder) of Korea except as otherwise permitted under the applicable Korean laws and regulations.

General

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

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

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

GENERAL CONSENT - THE AUTHORISED OFFEROR TERMS

These terms (the "**Authorised Offeror Terms**") will be relevant in the case of any Tranche of Notes, if (and only if) Part B of the applicable Final Terms specifies "General Consent" as "Applicable". They are the Authorised Offeror Terms which will be referred to in the "**Acceptance Statement**" to be published on the website of any financial intermediary which (a) is authorised to make such offers under MiFID II and (b) accepts such offer by publishing an Acceptance Statement on its website.

1. **General**

The relevant financial intermediary:

(i) ***Applicable Rules***: acts in accordance with all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "**Rules**") including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Notes by any person and disclosure to any potential Investor;

(ii) ***Subscription and sale***: complies with the restrictions set out under "*Subscription and Sale*" in this Base Prospectus which would apply as if it were a relevant Dealer, considers the relevant manufacturer's target market assessment and distribution channels identified under the "MiFID II product governance" legend set out in the applicable Final Terms, and complies with any further relevant requirements as may be specified in the applicable Final Terms;

(iii) ***Fees, commissions and benefits***: ensures that any fee, commission, benefits of any kind, rebate received or paid by that financial intermediary in relation to the offer or sale of the Notes does not violate the Rules and is fully and clearly disclosed to Investors or potential Investors;

(iv) ***Licences, consents, approvals and permissions***: holds all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Notes under the Rules;

(v) ***Violation of Rules***: it will immediately inform the Issuer and any relevant Dealer if at any relevant time it becomes aware or suspects that it is or may be in violation of any Rules;

(vi) ***Anti-money laundering, bribery and corruption***: complies with, and takes appropriate steps in relation to, applicable anti-money laundering, anti-bribery, prevention of corruption and "know your client" Rules, and does not permit any application for Notes in circumstances where the financial intermediary has any suspicions as to the source of the purchase monies;

(vii) ***Record-keeping***: retains investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested and to the extent permitted by the Rules, make such records available to the Issuer and the relevant Dealer or directly to the appropriate authorities with jurisdiction over the Issuer and/or the relevant Dealer in order to enable the Issuer and/or the relevant Dealer to comply with anti-money laundering,

anti-bribery and "know your client" Rules applying to the Issuer and/or the relevant Dealer;

(viii) ***Breach of Rules***: does not, directly or indirectly, cause the Issuer or the relevant Dealer to breach any Rule or subject the Issuer or the relevant Dealer to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;

(ix) ***Publicity names***: does not use the legal or publicity names of the Issuer or the relevant Dealer(s) or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest or in any statements (oral or written), marketing material or documentation in relation to the Notes;

(x) ***Information***: does not give any information other than that contained in this Prospectus (as may be amended or supplemented by the Issuer from time to time) or make any representation in connection with the offering or sale of, or the solicitation of interest in, the Notes;

(xi) ***Communications***: agrees that any communication in which it attaches or otherwise includes any announcement published by the Issuer at the end of the Offer Period will be consistent with the Base Prospectus, and (in any case) must be fair, clear and not misleading and in compliance with the Rules and must state that such Authorised Offeror has provided it independently from the Issuer and must expressly confirm that the Issuer has not accepted any responsibility for the content of any such communication;

(xii) ***Legal or publicity names***: does not use the legal or publicity names of the relevant Dealer, the Issuer or any other name, brand or logo registered by any entity within their respective groups or any material over which any such entity retains a proprietary interest or in any statements (oral or written), marketing material or documentation in relation to the Notes; and

(xiii) ***Any other conditions***: agrees to any other conditions set out in paragraph 8(xi) of Part B of the relevant Final Terms.

2. **Indemnity**

The relevant financial intermediary agrees that if the Issuer incurs any liability, damages, cost, loss or expense (including, without limitation, legal fees, costs and expenses and any value added tax thereon) (a "**Loss**") arising out of, in connection with or based on any inaccuracy of any of the foregoing representations and warranties or any breach of any of the foregoing undertakings then the relevant financial intermediary shall pay to the Issuer on demand an amount equal to such Loss.

3. **Governing Law and Jurisdiction**

The relevant financial intermediary agrees that:

(i) the contract between the Issuer and the financial intermediary formed upon acceptance by the financial intermediary of the offer of the Issuer to use

this Base Prospectus with its consent in connection with the relevant Public Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;

(ii) the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Authorised Offeror Contract (including a dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) and accordingly the relevant financial intermediary submits to the exclusive jurisdiction of the English courts;

(iii) each relevant Dealer will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for their benefit but, subject to this, a person who is not a party to the Authorised Offeror Contract has no right to enforce any term of the Authorised Offeror Contract; and

(iv) the parties to the Authorised Offeror Contract do not require the consent of any person not a party to the Authorised Offeror Contract to rescind or vary the Authorised Offeror Contract at any time.

GENERAL INFORMATION

Authorisation

1. The establishment of the Programme was authorised by resolutions of the shareholders of the Issuer passed on 16 October 2008 and of the Board of Directors of the Issuer passed on 16 October 2008. The update of the Programme was authorised by resolutions of the shareholders of the Issuer passed on 25 April 2019, the Board of Directors of the Issuer passed on 25 April 2019 and the Executive Committee passed on 30 May 2019. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Legal and Arbitration Proceedings

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

Significant/Material Change

3. Save as set out in this Base Prospectus, since 31 December 2018 there has been no significant change in the financial or trading position of the Issuer and/or the Consumer Group nor any material adverse change in the prospects of the Issuer and/or the Consumer Group.

Auditors

4. The audited consolidated financial statements of the Issuer, prepared under IFRS-EU, have been audited without qualification as of and for the years ended 31 December 2018 and 31 December 2017 by the external audit firm PricewaterhouseCoopers Auditores, S.L. of Torre PwC, Paseo de la Castellana, 259-B, Madrid, registered under number S0242 in the Official Register of Auditors (*Registro Oficial de Auditores de Cuentas*) with tax identification number (*CIF*) B-79 031290, and member of the *Instituto de Censores Jurados de Cuentas de España*.

   The audited consolidated financial statements of the Issuer, prepared under IFRS-EU, as of and for each of the years ended 31 December 2018 and 2017 have been filed with the Spanish securities market regulator (*Comisión Nacional del Mercado de Valores*).

Dealers transacting with the Issuer

5. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in financing, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer, its affiliates and group in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as

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

Documents on Display

6. Electronic or physical copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the office of the Issue and Paying Agent at One Canada Square, London E14 5AL, United Kingdom and at the registered office of the Issuer for the life of this Base Prospectus:

   (i) the *estatutos* (constitutive documents) of the Issuer;

   (ii) the audited consolidated financial statements of the Issuer, prepared under IFRS-EU, as of and for the years ended 31 December 2018 and 2017 incorporated by reference herein;

   (iii) the Issue and Paying Agency Agreement;

   (iv) the Deed of Covenant;

   (v) the Programme Manual;

   (vi) the Issuer-ICSDs Agreement (which is entered into between the Issuer and Euroclear and/or Clearstream, Luxembourg with respect to the settlement in Euroclear and/or Clearstream, Luxembourg of Notes in New Global Note form);

   (vii) the terms and conditions set out on pages 82 to 139 of the base prospectus dated 18 June 2018 under the heading "*Terms and Conditions of the Notes*".

   (viii) the terms and conditions set out on pages 80 to 111 of the base prospectus dated 15 June 2017 under the heading "*Terms and Conditions of the Notes*";

(ix) the terms and conditions set out on pages 39 to 60 of the base prospectus dated 16 June 2016 under the heading "*Terms and Conditions of the Notes*";

(x) the terms and conditions set out on pages 37 to 58 of the base prospectus dated 12 June 2015 under the heading "*Terms and Conditions of the Notes*";

(xi) the terms and conditions set out on pages 34 to 56 of the base prospectus dated 24 June 2014 under the heading "*Terms and Conditions of the Notes*"; and

(xii) the terms and conditions set out on pages 51 to 81 of the base prospectus dated 26 June 2013 under the heading "*Terms and Conditions of the Notes*".

Address of the member of the Board of Directors

7. For this sole purpose, the business address of each of the members of the Board of Directors is: Ciudad Grupo Santander, Avenida de Cantabria s/n, 28660 Boadilla del Monte, Madrid.

Registration Number

8. The Issuer is registered in the Mercantile Registry of Madrid in book 356, folio 25, sheet M7029, entry 1.

Conflicts of interest

9. There are no actual or potential conflicts of interest between the duties to the Issuer of any of its directors and their respective private interests and/or other duties.

Material Contracts

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

Clearing of the Notes

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

Passporting

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

REGISTERED OFFICE OF THE ISSUER

Santander Consumer Finance, S.A.
Ciudad Grupo Santander
Avda.de Cantabria s/n
28660 Boadilla del Monte
Madrid
Spain

ARRANGER

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
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United Kingdom

DEALERS

Banca IMI S.p.A.
Largo Mattioli, 3
20121 Milan
Italy

Banco Santander, S.A.
Calle Juan Ignacio Luca de Tena, 11
Edificio Magdalena, Planta 1
28027 Madrid
Spain

BofA Securities Europe SA
51 rue la Boétie
75008 Paris
France

Barclays Bank Ireland PLC
One Molesworth Street
Dublin, D02 RF29
Ireland

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

BNP Paribas
10 Harewood Avenue
London
NW1 6AA
United Kingdom

Cecabank, S.A.
Calle Alcalá 27
28014 Madrid
Spain

Citigroup Global Markets Europe AG
Reuterweg 16
60323 Frankfurt am Main
Germany

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
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Commerzbank Aktiengesellschaft
Kaiserstrasse 16 (Kaiserplatz)
60311 Frankfurt am Main
Federal Republic of Germany

Crédit Agricole Corporate and Investment Bank
12, Place des États-Unis
CS 70052
92547 Montrouge Cedex
France

Credit Suisse Securities (Europe) Limited
One Cabot Square
London E14 4QJ
United Kingdom

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB
United Kingdom

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

ING Bank N.V.
Foppingadreef 7
1102 BD Amsterdam
The Netherlands

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH
Thurn-und-Taxis Platz 6
60313 Frankfurt am Main
Germany

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

Mizuho International plc
Mizuho House
30 Old Bailey
London EC4M 7AU
United Kingdom

Mizuho Securities Europe GmbH
Taunustor 1
60310 Frankfurt am Main
Germany

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

MUFG Securities (Europe) N.V.
World Trade Center, Tower H, 11th Floor
Zuidplein 98
1077 XV Amsterdam
The Netherlands

NATIXIS
30 Avenue Pierre Mendès France
75013 Paris
France

NatWest Markets N.V.
Claude Debussylaan 94
Amsterdam 1082 MD
The Netherlands

NatWest Markets Plc
250 Bishopsgate
London EC2M 4AA
United Kingdom

Nomura International plc
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London EC4R 3AB
United Kingdom

Skandinaviska Enskilda Banken AB (publ)
Kungsträdgårdsgatan 8
106 40 Stockholm
Sweden

Société Générale
Tours Société Générale
17 Cours Valmy
92987 Paris la Défense Cedex
France

UBS Europe SE
Bockenheimer Landstraße 2-4
60306 Frankfurt am Main
Germany

UniCredit Bank AG
Arabellastrasse 12
81925 Munich
Germany

ISSUE AND PAYING AGENT

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

IRISH LISTING AGENT

Matheson

70 Sir John Rogerson's Quay
Dublin 2
Ireland

LEGAL ADVISERS

To the Issuer as to Spanish law

Internal Legal Department
Ciudad Grupo Santander
Edificio Pinar
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28660 Boadilla del Monte
Madrid
Spain

To the Dealers as to English and Spanish law

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United Kingdom

Uría Menéndez Abogados SLP
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28002 Madrid
Spain

AUDITORS TO THE ISSUER

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Pº de la Castellana 259 B
28046 Madrid, Spain