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Central Bank of Ireland

Eurosystem

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Ms Carolina Barry-Laso
Clifford Chance, S.L.
Paseo de la Castellana 110
28046 Madrid
Spain

16 June 2016

Santander Consumer Finance, S.A. – €15,000,000,000 Euro Medium Term Note Programme

Dear Ms Barry-Laso

The Central Bank of Ireland (Central Bank) hereby approves the above Base Prospectus under Part 7 of the Prospectus (Directive 2003/71/EC) Regulations, 2005 (the Regulation) as having been drawn up in accordance with the Regulation and Commission Regulation (EC) No 809/2004.

The above Base Prospectus will be published in accordance with Part 8 of the Regulation on the website of the Central Bank. In accordance with Regulation 48 of the Regulation, where the Base Prospectus is otherwise published, the text and format must at all times be identical to the original version approved by the Central Bank and published on its website.

Yours sincerely

Jane Farrelly Byrne
Securities and Markets Supervision Division



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 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 of the Irish Stock Exchange plc (the "**Regulated Market**") or other regulated markets for the purposes of Directive 2004/39/EC or which are offered to the public in any Relevant Member State. Application has been made to the Irish Stock Exchange plc to admit Notes issued under the Programme during the period of twelve months after the date hereof to listing on the official list of the Irish Stock Exchange plc (the "**Official List**") and to trading on the Regulated Market, which is a regulated market for the purposes of Directive 2004/39/EC. The Programme also permits Notes to be issued on the basis that they 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 13 to 30 of this Base Prospectus).** Potential purchasers should note the statements on pages 101 to 105 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 ("**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.

Each of Moody's Investors Service España, S.A. ("**Moody's**"), Fitch Ratings Limited ("**Fitch**") and Standard & Poor's Credit Market Services Europe Limited ("**S&P**") has rated the Issuer, see pages 21 and 31. Each of S&P, Moody's and Fitch is established in the European Union and is registered under the CRA Regulation.

Arranger
Morgan Stanley
Dealers

Banca IMI
Barclays
BofA Merrill Lynch
Commerzbank
Credit Suisse
Goldman Sachs International
J.P. Morgan
Lloyds Bank
Morgan Stanley
Nomura
Société Générale Corporate & Investment Banking
UBS Investment Bank

BNP PARIBAS
Citigroup
Crédit Agricole CIB
Deutsche Bank
HSBC
Mizuho Securities
NATIXIS
Santander
SEB
The Royal Bank of Scotland
UniCredit Bank

The date of this Base Prospectus is 16 June 2016

Responsibility for this Base Prospectus

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

Public Offers of Notes in the European Economic Area

Certain Tranches of Notes with a denomination of less than EUR 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, Germany and Luxembourg (each 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 Prospectus in connection with any Public Offer in any such additional Public Offer Jurisdiction.

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 accepts 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 "*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.santanderconsumerfinance.com) 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 2004/39/EC of the European Parliament and of the Council on markets in financial instruments, including under any applicable implementing measure in each relevant jurisdiction ("**MiFID**"); 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 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, has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

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 makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus or any supplement hereto, or any Final Terms or any document incorporated herein by reference. Neither the delivery of this Base Prospectus or any Final Terms or Drawdown Prospectus, as the case may be, nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

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 persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation

action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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.

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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:	<p><i>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.</i></p>
A.2	Consent:	<p>[General/Specific Consent]</p> <p><i>[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 2004/39/EC) on the following basis:</i></p> <p>(a) <i>the relevant Public Offer must occur during the period from and including [●] to but excluding [●] (the "Offer Period");</i></p> <p>(b) <i>the relevant Authorised Offeror must publish an Acceptance Statement, as contained in the Base Prospectus, on its website [and satisfy the following additional conditions: [●]].]</i></p> <p><i>[The Issuer consents to the use of this Base Prospectus in connection with a Public Offer of the Notes by [●] on the following basis:</i></p> <p>(a) <i>the relevant Public Offer must occur during the period from and including [●] to but excluding [●] (the "Offer Period");</i></p> <p>(b) <i>the relevant Authorised Offeror must satisfy the following conditions: [●].</i></p> <p>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</p>

		Investor.]
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Section B – Issuer																																																									
B.1	Legal name of the Issuer: Commercial name of the Issuer:	Santander Consumer Finance, S.A. Santander Consumer																																																							
B.2	Domicile, legal form, legislation and country of incorporation of the Issuer:	The Issuer is a limited liability company (<i>sociedad anónima</i>), established under the laws of the Kingdom of Spain and incorporated and domiciled in the Kingdom of Spain.																																																							
B.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.																																																							
B.10	Audit Report Qualifications:	Not Applicable. There are no qualifications in the audit reports of the Issuer.																																																							
B.12	Key Financial Information:	<p>The Issuer and its subsidiaries – main financial indicators</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">As at and for the year ended:</th> </tr> <tr> <th>31 December 2015</th> <th>31 December 2014</th> <th>Variation</th> </tr> <tr> <th>Consolidated Balance sheet</th> <th>(audited)</th> <th>(audited)</th> <th>(%)</th> </tr> <tr> <td colspan="4" style="text-align: center;"><i>(thousands of euro)</i></td> </tr> </thead> <tbody> <tr> <td>Total assets</td> <td>86,428,716</td> <td>70,831,990</td> <td>22.0%</td> </tr> <tr> <td>Loans and advances to customers ...</td> <td>70,556,348</td> <td>57,445,560</td> <td>22.8%</td> </tr> <tr> <td>Shareholders' equity</td> <td>8,885,322</td> <td>7,805,495</td> <td>13.8%</td> </tr> <tr> <td colspan="4" style="text-align: center;"> </td> </tr> <tr> <th>Consolidated Income Statements</th> <th>31 December 2015</th> <th>31 December 2014</th> <th>Variation</th> </tr> <tr> <td></td> <td>(audited)</td> <td>(audited)</td> <td>(%)</td> </tr> <tr> <td colspan="4" style="text-align: center;"><i>(thousands of euro)</i></td> </tr> <tr> <td>Profit before tax</td> <td>1,501,925</td> <td>824,299</td> <td>82.2%</td> </tr> <tr> <td>Consolidated Profit for the year</td> <td>1,170,775</td> <td>663,562</td> <td>76.4%</td> </tr> <tr> <td>Profit attributable to the Parent</td> <td>1,059,788</td> <td>638,317</td> <td>66.0%</td> </tr> </tbody> </table> <p>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 2015.</p>		As at and for the year ended:			31 December 2015	31 December 2014	Variation	Consolidated Balance sheet	(audited)	(audited)	(%)	<i>(thousands of euro)</i>				Total assets	86,428,716	70,831,990	22.0%	Loans and advances to customers ...	70,556,348	57,445,560	22.8%	Shareholders' equity	8,885,322	7,805,495	13.8%	 				Consolidated Income Statements	31 December 2015	31 December 2014	Variation		(audited)	(audited)	(%)	<i>(thousands of euro)</i>				Profit before tax	1,501,925	824,299	82.2%	Consolidated Profit for the year	1,170,775	663,562	76.4%	Profit attributable to the Parent	1,059,788	638,317	66.0%
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B.13	Recent Events:	Not Applicable. There are no recent events relevant to the solvency of the Issuer.																																																							
B.14	Dependence upon other entities	As set out in B.5. At 31 December 2015 the Issuer is dependent upon its																																																							

Section B – Issuer																			
	<p>within the Group: shareholders. Shareholdings are as follows:</p> <table border="1"> <thead> <tr> <th>Entity</th> <th>Ownership interest</th> </tr> </thead> <tbody> <tr> <td>Banco Santander, S.A.</td> <td>63.2%</td> </tr> <tr> <td>Holneth, B.V.</td> <td>25.0%</td> </tr> <tr> <td>Fomento e Inversiones, S.A.</td> <td>11.8%</td> </tr> <tr> <td></td> <td style="border-top: 1px solid black; border-bottom: 3px double black;">100.00%</td> </tr> </tbody> </table>	Entity	Ownership interest	Banco Santander, S.A.	63.2%	Holneth, B.V.	25.0%	Fomento e Inversiones, S.A.	11.8%		100.00%								
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B.15	<p>The Issuer's Principal Activities:</p> <p>The Issuer's objective is to receive funds from the public in the form of deposits, loans, repos or other similar transactions entailing the obligation to refund them, and to use these funds for its own account to grant loans and credits or to perform similar transactions, as set out in Article 2 of the constitutive documents (<i>Estatutos</i>) of the Issuer. In addition, the Issuer is the holding company of a finance group (the "Consumer Group") and handles the investments of its subsidiaries.</p> <p>The Consumer Group's primary activity is related to automobile financing, personal loan and credit card businesses. However, it also works at attracting customer funds. The Consumer Group has 398 branches located throughout Europe (65 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, France, Italy, Hungary, Austria, Poland, the Netherlands, Norway, Finland, Denmark, Sweden and Portugal.</p>																		
B.16	<p>Controlling Persons:</p> <p>The Issuer is part of the Santander Group, the parent entity of which (Banco Santander, S.A.) has a 100 per cent. direct and indirect ownership interest in the share capital of the Issuer.</p>																		
B.17	<p>Ratings assigned to the Issuer or its Debt Securities:</p> <p>As at the date of this Base Prospectus the Issuer has been assigned the following credit ratings:</p> <p>Moody's:</p> <table border="0"> <tr> <td>Senior unsecured debt:</td> <td>A3, stable outlook</td> </tr> <tr> <td>Commercial paper:</td> <td>P-2</td> </tr> <tr> <td>Subordinated debt:</td> <td>Baa2</td> </tr> </table> <p>S&P:</p> <table border="0"> <tr> <td>Senior unsecured debt maturing in one year or more:</td> <td>BBB +, stable outlook</td> </tr> <tr> <td>Senior unsecured debt maturing in less than one year:</td> <td>A-2</td> </tr> <tr> <td>Subordinated debt:</td> <td>BBB-</td> </tr> </table> <p>Fitch:</p> <table border="0"> <tr> <td>Long term senior unsecured debt:</td> <td>A-, stable outlook</td> </tr> <tr> <td>Short term senior unsecured debt:</td> <td>F2</td> </tr> <tr> <td>Subordinated debt:</td> <td>BBB+</td> </tr> </table>	Senior unsecured debt:	A3, stable outlook	Commercial paper:	P-2	Subordinated debt:	Baa2	Senior unsecured debt maturing in one year or more:	BBB +, stable outlook	Senior unsecured debt maturing in less than one year:	A-2	Subordinated debt:	BBB-	Long term senior unsecured debt:	A-, stable outlook	Short term senior unsecured debt:	F2	Subordinated debt:	BBB+
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Section C – The Securities		
C.1	Description of Type and Class of Securities:	<p>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.</p> <p>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.</p> <p><i>[The Notes are issued as Series number [•], Tranche number [•].]</i></p> <p><i>[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.]</i></p> <p>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 depository or a common depository 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.</p>
		<p>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.</p> <p><i>[ISIN Code: [•]</i> <i>Common Code: [•]]</i></p>
C.2	Currencies of the Securities Issue:	<p>Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated. <i>[The Notes are denominated in [•].]</i></p>

	Section C – The Securities	
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.
C.8	The Rights Attaching to the Securities, including Ranking and Limitations to those Rights:	<p>Notes issued under the Programme will be subject to, amongst others, the following terms and conditions:</p> <p>Status of the Notes: Notes may be issued on a subordinated or unsubordinated basis, as specified in the relevant Final Terms.</p> <p><i>[Status of the Notes: [The Senior Notes constitute, direct, unconditional, unsubordinated and unsecured obligations of the Issuer and upon the insolvency of the Issuer (and unless they qualify as subordinated claims pursuant to article 92 of Law 22/2003 (Ley Concursal) of 9 July 2003 (the "Insolvency Law") or equivalent legal provisions which replace it in the future, and subject to any applicable legal and statutory exceptions) rank pari passu and rateably without any preference among themselves and at least pari passu with all other unsecured and unsubordinated indebtedness, present and future of the Issuer.]/[The Subordinated Notes (being Notes which specify their status as Subordinated) constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and, upon the insolvency of the Issuer (and unless they qualify as subordinated claims pursuant to Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provisions which replace them in the future, and subject to any applicable legal and statutory exceptions) rank, under Article 92.2 of the Insolvency Law (or equivalent legal provisions which replace, substitute or amend it in the future), pari passu without preference or priority among themselves and:</i></p> <p><i>(i) pari passu with all other contractually subordinated obligations of the Issuer (other than (1) those subordinated obligations which qualify as subordinated claims pursuant to Articles 92.3 to 92.7 of the Insolvency Law, or equivalent legal provisions which replace them in the future, (2) other subordinated obligations which by law or their terms rank junior to the Subordinated Notes and (3) any Senior Subordinated Obligations (as defined below)); and</i></p> <p><i>(ii) junior to any non-subordinated obligations of the Issuer, any Senior Subordinated Obligations (as defined below) and any claim on the Issuer, which becomes subordinated as a consequence of article 92.1° of the Insolvency Law.</i></p> <p><i>For these purposes, "Senior Subordinated Obligations" means any subordinated obligations of the Issuer which by law and/or their terms rank senior to the Subordinated Notes, and/or to any subordinated obligations of the Issuer ranking pari passu with the Subordinated Notes.]]</i></p> <p>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. In that event, the Issuer will (subject as provided in Condition 7 (Taxation)), pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.</p> <p>The Issuer shall not be required to pay any such additional amounts as referred to above in relation to any payment in respect of any Note or Coupon in the circumstances described in Condition 7.02 of the Terms and Conditions of the Notes. In particular, prospective Holders of Notes</p>

Section C – The Securities	
	<p>should note that no such additional amounts are payable to holders of Notes in respect of whose Notes the Issuer does not receive such information as it may require in order to comply with Law 10/2014, of 26 June, and any implementing legislation (see Condition 7.02(ii) of the Terms and Conditions of the Notes), to, or to the third party on behalf of, individuals resident for tax purposes in the Kingdom of Spain (see Condition 7.02(vi) of the Terms and Conditions of the Notes) or in circumstances where the Issuer is required to withhold tax pursuant to the rules of US Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions) or pursuant to any agreement with the US Internal Revenue Service (see Condition 7.02 <i>in fine</i>).</p> <p>Information requirements under Spanish law: Under Spanish Law 10/2014 and Royal Decree 1065/2007, as amended, the Issuer is required to provide to the Spanish tax authorities certain information relating to the Notes.</p> <p>If the Issue and Paying Agent fails to provide the Issuer with the required information described under "<i>Taxation in Spain— Information about the Notes in Connection with Payments</i>", the Issuer will be required to withhold tax and may pay income in respect of the relevant Notes net of the Spanish withholding tax applicable to such payments (currently at the rate of 19 per cent.).</p> <p>None of the Issuer, the Arranger, the Dealers or the European clearing systems assumes any responsibility therefor.</p> <p>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 16 June 2016, a copy of which will be available for inspection at the specified office of the Issue and Paying Agent.</p>
C.9	<p>The Rights Attaching to the Securities (Continued), including Information as to Interest, Maturity, Yield and the Representative of the Holders:</p> <p>See C.8 for a description of the rights attaching to the Notes, ranking and limitations.</p> <p>Interest: Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series. In respect of each Tranche of Notes, the date from which interest becomes payable and the due dates for interest, the maturity date, the arrangements for the amortisation of the Notes, including the repayment procedures and an indication of yield will be specified in the relevant Final Terms.</p> <p><i>[Interest: The Notes bear interest from [•] at a fixed rate of [•] per cent. per annum payable in arrear on [•].]</i></p>

Section C – The Securities	
	<p data-bbox="557 253 1370 712"><i>[Interest: The Notes bear interest from [•] at a rate equal to the sum of [•] per cent. per annum and [period] / [currency] [EURIBOR/LIBOR] determined in respect of each Interest Period on the day which is [•] [[•] business days] before] the first day of the Interest Period and payable in arrear on [•]. [EURIBOR in respect of a specified currency and a specified period is the interest rate benchmark known as the Euro zone interbank offered rate 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).]</i></p> <p data-bbox="557 741 1015 768"><i>[Interest: The Notes do not bear interest.]</i></p> <p data-bbox="557 797 1370 981">Maturities: Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements. Subordinated Notes qualifying as regulatory capital (<i>recursos propios</i>) must have a minimum maturity of five years, unless otherwise permitted by applicable laws or regulations and/or <i>Banco de España</i> requirements.</p> <p data-bbox="557 1010 1370 1373">Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by the Issuer.</p> <p data-bbox="557 1402 1370 1462"><i>[Maturity Date: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed on [•].]</i></p> <p data-bbox="557 1491 1370 1675">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.</p>

Section C – The Securities	
	<p>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 qualifying as regulatory capital (<i>recursos propios</i>) is subject to the prior consent of <i>Banco de España</i> and may not take place within a period of five years from their date of issue or as otherwise permitted by applicable laws or regulations and/or <i>Banco de España</i> requirements.</p> <p>Subordinated Notes may not be redeemed at the option of the Noteholder prior to their stated maturity.</p> <p><i>Optional Redemption: The Notes may be redeemed before their stated maturity at the option of the Issuer [in whole]/[in whole or in part] on [•] at [•], plus accrued interest (if any) to such date, on the Issuer's giving appropriate notice to the Noteholders.]</i></p> <p><i>[Redemption at the Option of the Noteholders: The Issuer shall, at the option of the holder of any Senior Note redeem such Senior Note on [•] at [•] together with interest (if any) accrued to such date.]</i></p> <p>Tax Redemption: Except as described in "Optional Redemption" above, early redemption will only be permitted for tax reasons as described in Condition 5.02 (<i>Redemption and Purchase — Early Redemption for Taxation Reasons</i>).</p> <p>Yield: The yield of each Tranche of Notes will be calculated using the relevant Issue Price at the relevant Issue Date. <i>[Yield: Based upon the Issue Price of [•], at the Issue Date the anticipated yield of the Notes is [•] per cent. per annum.]</i></p> <p>Representative of the Noteholders: [Not Applicable]. In accordance with Condition 12 (<i>Syndicate of Holders of the Notes and Modification</i>), Schedule 1 (<i>Syndicate Regulations and Provisions for meetings of Noteholders</i>) of the Issue and Paying Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests.</p>
C.10	<p>Derivative Components: Not Applicable. Payments of interest on the Notes shall not involve any derivative component.</p>
C.11	<p>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 the Irish Stock Exchange and to trading on the Regulated Market of the Irish Stock Exchange. The Programme also permits Notes to be issued on the basis that they will be admitted to trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.</p> <p><i>[Application has been made for the Notes to be admitted to listing on [the Official List of the Irish Stock Exchange][the official list of the Luxembourg Stock Exchange][the Frankfurt Stock Exchange.]</i></p> <p><i>[Application has been made for the Notes to be admitted to trading on [the Regulated Market of the Irish Stock Exchange][the regulated market of the Luxembourg Stock Exchange][the regulated market of the Frankfurt Stock Exchange.]</i></p>

Section D - Risks		
D.2	Risks Specific to the Issuer:	<p><i>Since the Consumer Group's loan portfolio is concentrated in Continental Europe, adverse changes affecting the Continental European economy could adversely affect the Consumer Group's financial condition.</i></p> <p><i>The business of the Consumer Group could be affected if its capital is not managed effectively.</i></p> <p><i>Some of the business of the Consumer Group is cyclical. The income of the Consumer Group may decrease when demand for certain products or services is in a down cycle.</i></p> <p><i>A sudden shortage of funds could increase the Consumer Group's cost of funding and have an adverse effect on its liquidity and funding.</i></p> <p><i>The Consumer Group is vulnerable to disruptions and volatility in the global financial markets.</i></p> <p><i>Risks concerning borrower credit quality and general economic conditions are inherent to the business of the Consumer Group.</i></p> <p><i>The financial problems which the customers of the Consumer Group may face could adversely affect the Consumer Group.</i></p> <p><i>Portions of the Consumer Group's loan portfolio are subject to risks relating to force majeure and any such event could have a material adverse effect on its operating results.</i></p> <p><i>The Consumer Group is exposed to risks faced by other financial institutions.</i></p> <p><i>Market risks associated with fluctuations in bond and equity prices and other market factors are inherent in the Consumer Group's business. Protracted market decline can reduce liquidity in the markets, making it harder to sell assets and leading to material losses.</i></p> <p><i>Despite the Consumer Group's risk management policies, procedures and methods, the Consumer Group may nonetheless be exposed to unidentified or unanticipated risks.</i></p> <p><i>The Consumer Group's recent and future acquisitions may not be successful and may be disruptive to the Consumer Group's business.</i></p> <p><i>Increased competition in the countries where the Consumer Group operates, may adversely affect the growth prospects and operations of the Consumer Group.</i></p> <p><i>Volatility in interest rates may negatively affect the Consumer Group's net interest income and increase the non-performing loan portfolio of the Consumer Group.</i></p> <p><i>Foreign exchange rate fluctuations may negatively affect the Consumer Group's earnings and the value of its assets and shares.</i></p> <p><i>Changes in the regulatory framework, including increased regulation of the financial services industry in the jurisdictions where the Consumer Group operates, could adversely affect its business.</i></p> <p><i>Operational risks are inherent in the business of the Consumer Group: Losses can result from inadequate personnel, inadequate or failed internal</i></p>

	Section D - Risks	
		<p>control processes and systems, or from external events that interrupt normal business operations.</p> <p><i>The Consumer Group relies on recruiting, retaining and developing appropriate senior management and skilled personnel.</i></p> <p><i>Damage to the reputation of the Consumer Group could cause harm to its business prospects.</i></p> <p><i>The Consumer Group is exposed to risk of loss from legal and regulatory proceedings.</i></p> <p><i>Credit, market and liquidity risk may have an adverse effect on the Consumer Group's credit ratings and its cost of funding.</i></p>
D.3	Risks Specific to the Notes:	<p><i>Risk Relating to the Insolvency Law:</i> Law 22/2003 (<i>Ley Concursal</i>) 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.</p> <p><i>Risk in Relation to Spanish Taxation:</i> Under Spanish Law 10/2014 and Royal Decree 1065/2007, as amended, the Issuer is required to provide to the Spanish tax authorities certain information relating to the Notes.</p> <p>If the Issue and Paying Agent fails to provide the Issuer with the required information described under "<i>Taxation in Spain— Information about the Notes in Connection with Payments</i>", the Issuer will be required to withhold tax and may pay income in respect of the relevant Notes net of the Spanish withholding tax applicable to such payments (currently at the rate of 19 per cent.).</p> <p>None of the Issuer, the Arranger, the Dealers or the European clearing systems assumes any responsibility therefor.</p> <p><i>Recovery and Resolution Directive:</i> 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.</p> <p><i>Risks Relating to the Comisario:</i> The Issuer shall appoint a commissioner (<i>comisario</i>) 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.</p> <p><i>Suitability:</i> An investment in the Notes may not be appropriate or suitable for a prospective investor based on their particular circumstances.</p> <p><i>No active trading market:</i> Although application has been made for the Notes issued under the Programme to be admitted to listing on the Official List and to trading on the Regulated Market of the Irish Stock Exchange, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop.</p>
		<p><i>Redemption of Notes prior to maturity:</i> 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</p>

	Section D - Risks
	<p>investor may not be able to reinvest in a comparable security at as high an interest rate.</p> <p>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.</p> <p>Key risks specific to Renminbi denominated Notes include:</p> <p>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.</p> <p>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.</p> <p>Exchange rate and interest rate risks: investment in Renminbi is subject to exchange rate, currency and interest rate risks.</p> <p>Risks in relation to payments: payments in respect of Renminbi Notes may be made only in the manner designated in the Renminbi Notes.</p> <p>Risks in relation to income tax: gains on the transfer of Renminbi Notes may become subject to income taxes under PRC tax laws.</p> <p>Key risks specific to the structure of a particular issue of Notes include:</p> <p>Notes subject to optional redemption by the Issuer</p> <p>Risks in relation to early redemption of Subordinated Notes</p> <p>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.</p> <p>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 Notes, which may be less favourable than the prevailing rates and spreads on other comparable Notes.</p> <p>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.</p> <p>The Issuer's obligations under Subordinated Notes are subordinated: The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and there is a real risk that an investor in Subordinated Notes will lose all or some of his investment should the Issuer become insolvent.</p>

Section E – Offer		
E.2b	Reasons for the Offer and Use of Proceeds:	The net proceeds from each issue of Notes will be used for the general financing purposes of the Issuer.
E.3	Terms and Conditions of the Offer:	<p>Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions. The Terms and Conditions of any Public Offer shall be published by the relevant Authorised Offeror on its website at the relevant time. <i>[The Issue Price of the Notes is [•] per cent. of their principal amount.]</i></p> <p>Public Offers may only be made in Ireland, Germany and Luxembourg and must be made during the Offer Period.</p>
E.4	Interests Material to the Issue:	<p><i>[A description of any interest that is material to the issue/offer including conflicts of interest] [Not applicable]</i></p> <p>The Issuer has appointed Banca IMI S.p.A., Banco Santander, S.A., Barclays Bank PLC, BNP Paribas, 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, J.P. Morgan Securities plc, Lloyds Bank plc, Merrill Lynch International, Mizuho International plc, Morgan Stanley & Co. International plc, NATIXIS, Nomura International plc, Skandinaviska Enskilda Banken AB (publ), Société Générale, The Royal Bank of Scotland plc, UBS Limited 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.</p> <p><i>[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]</i></p> <p><i>[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]</i></p> <p><i>[Stabilising Manager(s): [•] [and [•].]</i></p>
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

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

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

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

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

Risks relating to the Issuer

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

The Consumer Group's loan portfolio is mainly concentrated in Continental Europe, in particular Germany, accounting for approximately 43 per cent. of the total outstanding portfolio in December 2015, and Spain, France and the Nordic countries with 44 per cent. of the total outstanding portfolio at that date. Therefore, adverse changes affecting the economies of Continental European countries, in particular Germany, Spain, Italy, France, Norway, Finland, Denmark and Sweden where the Consumer Group operates, would be likely to have a significant adverse impact on the Consumer Group's loan portfolio and, as a result, on its financial condition, cash flow and results of operations.

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

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

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

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

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

Lack of liquidity in the interbank market and subsequent increases in the cost of funding are likely to raise the costs of funding for the Consumer Group. Historically, one of the Consumer Group's sources of funds has been customer deposits. At 31 December 2015, 32.2 per cent. of funding had been undertaken through customer deposits from Germany and the Nordic countries (Scandinavia) (€27,795,244 thousand). Current and savings accounts represented 69 per cent. (€21,410,657 thousand) of total consolidated customer deposits at that date. Current and savings accounts may be a less stable source of deposits than other types of deposits.

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

The Consumer Group is vulnerable to disruptions and volatility in the global financial markets

In the past six years, financial systems worldwide have experienced difficult credit and liquidity conditions and disruptions leading to less liquidity, greater volatility, general widening of spreads and, in some cases, lack of price transparency on interbank lending rates. Global economic conditions deteriorated significantly between 2007 and 2009, and many of the countries in which the Consumer Group operates fell into recession, and some countries have only recently begun to recover and 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 have also been runs on deposits at several financial institutions, numerous institutions have sought additional capital or have been assisted by governments, and many lenders and institutional investors have reduced or ceased providing funding to borrowers (including to other financial institutions).

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

- Increased regulation of the Consumer Group's industry. Compliance with such regulation will increase the Consumer Group's costs and may affect the pricing for its products and services and limit the Consumer Group's ability to pursue business opportunities.
- Reduced demand for the Consumer Group's products and services.
- Inability of the Consumer Group's borrowers to comply fully or in a timely manner with their existing obligations.
- The process that the Consumer Group follows 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 the Consumer Group's 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.
- Macroeconomic shocks may negatively impact the household income of the Consumer Group's retail customers and may adversely affect the recoverability of the Consumer Group's retail loans, resulting in increased loan losses.

Despite recent improvements in certain segments of the global economy, uncertainty concerning the future economic environment remains. There can be no assurance that economic conditions in these segments will continue to improve or that the global economic condition as a whole will improve significantly. Such economic uncertainty could have a negative impact on the Consumer Group's business and results of operations. Investors remain cautious and the downgrade of the sovereign debt of France, for example, has induced greater volatility in the capital markets. A slowing down or a failure of economic recovery would likely aggravate the adverse effects that these difficult economic and market conditions could have on the Consumer Group and on others in the financial services industry.

Increased disruption and volatility 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 it, if at all. If capital markets financing ceases to become available, or becomes excessively expensive, the

Consumer Group may be forced to raise the rates paid on deposits to attract more customers and may become unable to maintain certain liabilities.

Investor confidence may also fall due to uncertainties arising from the political uncertainties within Spain, which may slow the pace of reform or result in changes to laws, regulations and policies. This applies not only to specific Spanish regions such as Catalonia but also to the central Spanish government, where, after the December 2015 Spanish general elections there was no single party with a clear majority to form a stable government. The new general elections are expected to take place on 26 June 2016 and are likely to result in a similar degree of political fragmentation as the December 2015 elections. Significant delays in the formation of a new government is likely to impact economic growth in Spain.

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

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

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

Market turmoil and economic recession could have a material adverse effect on the liquidity, businesses and/or financial condition of the Consumer Group's borrowers, which could in turn further increase its 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 the Consumer Group's secured loans, including homes and other real estate, could still decline significantly, which could result in an impairment of the value of the Consumer Group's loan assets.

In the second half of 2008 and across 2009 the Consumer Group experienced an increase in its non-performing loans ratios, although in the second half of 2009 risk premium dropped slightly due to tighter admission policies and new collection strategies. This good performance has continued since 2010, where positive evolution was seen on the main risk metrics.

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

Portions of the Consumer Group's loan portfolio are subject to risks relating to force majeure and any such event could 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 is exposed to risks faced by other financial institutions

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

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

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

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

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

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

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

The Consumer Group has historically acquired controlling interests in various companies, including the acquisition of GE Money Bank AB (operates as a legal entity in Sweden, with two branches in Norway and Denmark) and has engaged in other strategic partnerships such as the acquisition of the financial arm of a major Spanish retail distributor (El Corte Inglés) and the recent agreement made with PSA Group. 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.

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

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

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

Changes in market interest rates could affect the interest rates charged on interest earning assets 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 the Consumer Group's net interest income. Rising interest rates may also bring about an increase in the non-performing loan portfolio. Interest rates are highly sensitive to many factors beyond the control of the Consumer Group, including increased regulation of the financial sector, monetary policies, domestic and international economic and political conditions and other factors.

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

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

Balance sheets of each business area are hedged in the area's own currency, mainly using natural on-balance sheet hedges. There are higher open positions in the head office of the Consumer Group as a result of permanent investments in the banks of countries with currencies other than the Euro. From 2014 the Issuer hedges part of the Norwegian Krone, Swedish Krone, Chinese Yuan and Polish Slotyzs exposure, due to investment in Santander Consumer Bank AS, Fortune Auto Finance Co. Ltd, Bank of Beijing and Santander Consumer Finance S.A. (Poland) to reduce the forex risk.

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

The Issuer's business operations are governed by law and regulations of and are subject to supervision by the European Central Bank ("ECB") and the Bank of Spain. Any changes to the current legislation could adversely affect the Consumer Group's business operations and its operating results and could impair the Issuer's ability to perform its obligations under the Notes. Extensive legislation affecting the financial services industry has recently been adopted in Spain, the United States, the European Union and other jurisdictions, and regulations are in the process of being implemented.

In December 2010, the Basel Committee on Banking Supervision (the "**Basel Committee**") reached an agreement on comprehensive changes to the capital adequacy framework known as Basel III. A revised version of Basel III was published in June 2011. Basel III is intended to raise the resilience of the banking sector by increasing both the quality and quantity of the regulatory capital base and enhancing the risk coverage of the capital framework. Among other things, Basel III introduced new eligibility criteria for Common Equity Tier 1, Additional Tier 1 and Tier 2 capital instruments that are intended to raise the quality of regulatory capital, and increased the amount of regulatory capital that institutions are required

to hold. Basel III also required institutions to maintain a capital conservation buffer above the minimum capital ratios in order to avoid certain capital distribution constraints and directed national regulators to require certain institutions to maintain a counter-cyclical capital buffer during periods of excessive credit growth. Basel III introduced a leverage ratio for institutions as a backstop measure, to be applied from 2018 alongside current risk-based regulatory capital requirements. The changes in Basel III are intended to be phased in gradually between January 2013 and January 2022.

The implementation of Basel III in the European Union is being performed through the Capital Requirements Directive IV ("**CRD IV**") and the Capital Requirements Regulation ("**CRR**") legislative package. CRD IV was published in the Official Journal on 27 June 2013 and came into force in July 2013 (with CRR becoming applicable from January 2014), with particular requirements being phased in over a period of time, to be effective by 2019, although requirements relating to certain deductions from Common Equity Tier 1 could be delayed until 2024. CRD IV substantially reflects the Basel III capital and liquidity standards and facilitates the applicable implementation timeframes. However, certain issues continue to remain under discussion and certain details remain to be clarified in further binding technical standards to be issued by the European Banking Authority.

In addition to the changes to the capital adequacy framework described above, the Basel Committee also published its global quantitative liquidity framework, comprising the Liquidity Coverage Ratio ("**LCR**") and Net Stable Funding Ratio ("**NSFR**") metrics, with objectives to (1) promote the short-term resilience of banks' liquidity risk profiles by ensuring they have sufficient high-quality liquid assets to survive a significant stress scenario; and (2) promote resilience over a longer time horizon by creating incentives for banks to fund their activities with more stable sources of funding on an ongoing basis. The LCR was subsequently revised by the Basel Committee in January 2013 which amended the definition of high-quality liquid assets and agreed a revised timetable for phase-in of the standard from 2015 to 2019, as well as making some technical changes to some of the stress scenario assumptions. Credit institutions under the SCF perimeter are required to comply with the short-term liquidity ratio established by the CRD IV. Compliance with the LCR ratio came into force in October 2015, with a compliance level set at 60 per cent., and an annual progressive increase of this level by 10 per cent. This means 80 per cent. in 2017 and 100 per cent. in 2018. The Issuer has executed a liquid assets acquisition program that allows the compliance of this ratio at comfortable levels. As with the Basel Committee's proposed changes to the capital adequacy framework, the Basel III liquidity standards are being implemented within the European Union through the CRD IV legislative package. In January 2014 the Basel Committee published amendments to the leverage ratio and technical revisions to the NSFR ratio, confirming that it remains the intention that the latter ratio, including any future revisions, will become a minimum standard by 1 January 2018. Also, in January 2014, the Basel Committee proposed uniform disclosure standards related to the LCR and issued a new modification to the ratio, which should be adopted by banks from 1 January 2015.

CRD IV has been implemented in Spain by Royal Decree Law 14/2013 of 29 November ("**RDL 14/2013**"), by Law 10/2014 of 26 June on the regulation, supervision and solvency of credit entities (*Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de crédito*) ("**Law 10/2014**"), Royal Decree 84/2015, of 13 February, developing Law 10/2014 (*Real Decreto 84/2015, de 13 de febrero, por el que se desarrolla la Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de crédito*) and by Bank of Spain Circulars 2/2014, of 31 January and 2/2016, of 2 February, to credit entities, on supervision and solvency, which completes the adaptation of Spanish law to CRR and the CRD IV Directive. RDL 14/2013 has repealed, with effect from 1 January 2014, any Spanish regulatory provisions that may be incompatible with CRR. In addition to RDL 14/2013, the Bank of Spain approved its new Circular 2/2014 (subsequently amended by Circular 3/2014, of 30 July) on 31 January 2014 which derogates its previous Circular 7/2012, and makes certain regulatory determinations contained in CRR pursuant to the delegation contained in RDL 14/2013, including relevant rules concerning the applicable transitional regime on capital requirements and the treatment of deductions. As for Law 10/2014, it not only continued with the implementation of CRD IV (implementing in Spain certain provisions relating to buffer requirements and restrictions on distributions), but also restated in a single body of law the main regulations on ordinance and supervision of credit entities.

In June 2012, a number of agreements were reached to reinforce the monetary union in the EU, including the definition of a broad roadmap towards a single banking and fiscal union. While support for a banking union in Europe is strong and significant progress has been made in terms of the development of a single-rule book through CRD IV, there is ongoing debate on the extent and pace of integration. On 15

October 2013, the Council Regulation (EU) 1024/2013 conferred specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions which resulted in the creation of the Single Supervisory Mechanism ("**SSM**"), so that 128 of the largest EU banks (including the Issuer) came under the ECB direct oversight from November 2014.

The SSM represents a significant change in the approach to bank supervision at a European and global level, even if it is not expected to result in any radical change in bank supervisory practices in the short term. The SSM has resulted in the direct supervision of 128 financial institutions, including the Issuer, and indirect supervision of around 3,500 financial institutions. The new supervisor is one of the largest in the world in terms of assets under supervision. In the coming years, the SSM is expected to work to establish a new supervisory culture importing best practices from the 19 supervisory authorities that are part of the SSM. Several steps have already been taken in this regard such as the publication of the Supervisory Guidelines and the creation of the SSM Framework Regulation. This new body will, however, represent an extra cost for the financial institutions that will fund it through payment of supervisory fees.

As further described under "Reforms to 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", other ongoing regulatory actions are those related to the establishment of a new banking resolution regime through the Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms ("**Recovery and Resolution Directive**"), which was required to be implemented by 1 January 2015 (the bail-in tool provided therein being required to be operational from no later than 1 January 2016). The Recovery and Resolution Directive has been implemented in Spain through Law 11/2015, of 18 June, on the Recovery and Resolution of Credit Institutions and Investment Firms ("**Law 11/2015**") and Royal Decree 1012/2015, of 6 November, implementing Law 11/2015 ("**RD 1012/2015**"). Together with the Recovery and Resolution Directive, the Deposits Guarantee Schemes Directive was approved by the European Parliament on 15 April 2014 and by the European Council on 6 May 2014, and was published in the Official Journal of the EU on 12 June 2014.

Furthermore, Regulation (EU) No. 806/2014 of the European Parliament and the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms, in the framework of a single resolution mechanism and a single resolution fund and amending Regulation (EU) No.1093/2010 (the "**SRM Regulation**"), entered into force on 19 August 2014. This Regulation complements the SSM which established a centralised power of resolution entrusted to the Single Resolution Board (the "**SRB**") and to the national resolution authorities as an integral part of the process of harmonisation of the resolution regime provided for by the Recovery and Resolution Directive. The SRB began operation on 1 January 2015, but it will not fully assume its resolution powers until 1 January 2016. From that date onwards a single resolution fund (the "**Single Resolution Fund**") will also be in place, funded by contributions from European banks. The Single Resolution Fund is intended to reach a total amount of €55 billion by 2024 and to be used as a separate backstop only after an 8 per cent. bail-in has already been applied to cover capital shortfalls (in line with the Recovery and Resolution Directive).

In addition, on 29 January 2014, the European Commission released its proposal on the structural reforms to the European banking sector that will impose new constraints on the structure of European banks. The proposal aims at ensuring the harmonisation between the divergent national initiatives in Europe, and includes a prohibition of proprietary trading, also known as the Volcker Rule, and a mechanism to require the separation of trading activities including market making.

These and any additional legislative or regulatory actions in Spain, the European Union or other countries (including recommendations that the relevant regulators may issue from time to time), and any required changes to the Consumer Group's business operations resulting from such legislation and regulations, could result in significant loss of revenue, limit the ability of the Consumer Group to pursue business opportunities in which it might otherwise consider engaging, 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 costs on the Consumer Group or otherwise adversely affect its business. Accordingly, the Consumer Group cannot provide assurance that any such new legislation or regulations would not have an adverse effect on its business, results of operations or financial condition in the future.

The Consumer Group may also face increased compliance costs and limitations on its ability to pursue certain business opportunities. Changes in regulations, which are beyond its control, may have a material effect on its business and operations. As some of the banking laws and regulations have been recently adopted, the manner in which those laws and related regulations are applied to the operations of financial institutions is still evolving. Moreover, no assurance can be given generally that laws or regulations will be adopted, enforced or interpreted in a manner that will not have material adverse effect on the Consumer Group's business.

In particular, the Group's results may be adversely affected by the proposed changes to the classification and measurement of financial assets arising from IFRS 9 "Financial Instruments", which will require the development of an impairment methodology for calculating the expected credit losses on SCF's financial assets and commitments to extend credit. These changes to IFRS 9 will become effective for the preparation of financial statements issued after 1 January 2018.

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.

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

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

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

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

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

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

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

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

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

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

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

Possible rating downgrades of the countries in which the Consumer Group operates could also negatively affect the rating of the companies within the Consumer Group. Moody's Investors Service España, S.A. ("**Moody's**") lowered the sovereign long-term rating of the Kingdom of Spain to Aa2 negative outlook from Aa1 on 10 March 2011, to A1 on 18 October 2011, to A3 negative outlook on 13 February 2012, to Baa3 on 13 June 2012, to Baa2 positive outlook on 21 February 2014 and to Baa2 stable outlook on 19 February 2016. On 4 March 2011, Fitch Ratings Ltd. ("**Fitch**") affirmed their AA+ rating changing from stable to negative outlook, on 7 October 2011 lowered it to AA-, on 27 January 2012 lowered it to A negative outlook, on 7 June 2012 lowered it to BBB and on 25 April 2014 raised it to BBB+ stable outlook. On 1 February 2011 Standard & Poor's Credit Market Services Europe Limited ("**S&P**") affirmed their AA rating keeping the negative outlook, on 13 October 2011 lowered it to AA-, on 13 January 2012 lowered it to A, on 26 April 2012 to BBB+, on 10 October 2012 to BBB-, on 29 November changed the outlook to stable, on 23 May 2014 raised the rating to BBB, and on 2 October 2015 raised to BBB+ stable outlook. As at the date of this Base Prospectus, the sovereign long-term ratings of the Kingdom of Spain are Baa2 by Moody's, BBB+ by Fitch and BBB+ by S&P.

Moody's lowered the long-term rating of the Issuer from A2 to Baa1 on 24 March 2011, following their multiple rating actions on Spanish banks. On 6 July 2011, Moody's increased the long-term rating of the Issuer from Baa1 to A3 and changed the outlook from negative to stable, on 25 June 2012 lowered the rating to Baa2 and on 12 March 2014 raised the rating to Baa1 with a stable outlook, on 17 June 2015 raised it to A3 and on 22 February 2016 changed the outlook to stable. On 11 October 2011, Fitch lowered its long-term rating from AA to AA-, on 13 February 2012 to A negative outlook, on 11 June 2012 to BBB+ and on 29 May 2014 raised the rating to A- stable outlook. S&P lowered the rating of the Issuer from AA to AA- on 11 October 2011, to A+ on 29 November 2011 after applying its revised bank criteria, to A negative outlook on 13 February 2012, to BBB+ on 30 April 2012, to BBB- on 16 October 2012, on 4 June 2014 raised the rating to BBB stable outlook and on 6 October 2015 to BBB+ stable outlook. As at the date of this Base Prospectus, the short-term ratings of the Issuer are P-2 by Moody's, F2 by Fitch and A-2 by S&P. As at the date of this Base Prospectus, the long-term ratings of the Issuer are A3 by Moody's, A- by Fitch and BBB+ by S&P.

Risks Relating to the Notes

Risks Relating to the Insolvency Law

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

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

Additional Provision 14.2º of Law 11/2015 established a change in the ranking of claims under Article 92.2 of the Insolvency Law for Spanish banking insolvency proceedings. According to such change, Subordinated Notes qualifying as Tier 2 instruments will rank (i) junior to any contractually subordinated obligations not qualifying as Additional Tier 1 instruments or Tier 2 instruments; (ii) pari passu among themselves and other Subordinated Notes qualifying as Tier 2 instruments and any other contractually subordinated obligations of the Issuer qualifying as Tier 2 instruments, and (iii) senior to any contractually subordinated obligations of the Issuer qualifying as Additional Tier 1 instruments.

Risks in Relation to Spanish Taxation

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

Under Spanish Law 10/2014 and Royal Decree 1065/2007, as amended, payments of income in respect of the Notes will be made without withholding tax in Spain provided that the Issue and Paying Agent provides to the Issuer at the relevant time a certificate in the Spanish language substantially in the form set out in Exhibit I, attached hereto. The Issuer is required pursuant to Spanish law to provide certain information relating to the Notes to the Spanish tax authorities.

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

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

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

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

Notwithstanding the above, in the case of Notes held by Spanish resident individuals (and, under certain circumstances, by Spanish entities subject to Corporate Income Tax) and deposited with a Spanish resident entity acting as depositary or custodian, payments in respect of such Notes may be subject to withholding by such depositary or custodian at the current rate of 19 per cent.

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

The Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. Other powers contained in Law 11/2015 could materially affect the rights of the Noteholders under, and the value of, any Notes

The Recovery and Resolution Directive (which has been implemented in Spain through Law 11/2015 and RD 1012/2015) is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in unsound or failing credit institutions or investment firms (each an "**institution**") so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

In accordance with Article 20 of Law 11/2015, an institution will be considered as failing or likely to fail in any of the following circumstances: (i) it is, or is likely in the near future to be, in significant breach of its solvency or any other requirements necessary for maintaining its authorisation; (ii) its assets are, or are likely in the near future to be, less than its liabilities; (iii) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (iv) it requires extraordinary public financial support (except in limited circumstances). The determination that an institution is no longer viable may depend on a number of factors which may be outside of that institution's control.

As provided in the Recovery and Resolution Directive, Law 11/2015 contains four resolution tools and powers which may be used alone or in combination where the FROB, the SRM or, as the case may be and according to Law 11/2015, the Bank of Spain or the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) or any other entity with the authority to exercise any such tools and powers from time to time (each, a "**Relevant Spanish Resolution Authority**") as appropriate, considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest.

The four resolution tools are: (i) sale of business (which enables the Relevant Spanish Resolution Authority to direct the sale of the institution or the whole or part of its business on commercial terms); (ii) bridge institution (which enables the Relevant Spanish Resolution Authority to transfer all or part of the business of the institution to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control)); (iii) asset separation (which enables the Relevant Spanish Resolution Authority to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only)); and (iv) bail-in (by which the Relevant Spanish Resolution Authority may exercise the Spanish Bail-in Power (as defined below)), which includes the ability of the Relevant Spanish Resolution Authority to write down and/or to convert into equity or other securities or obligations (which equity, securities and obligations could also be subject to any future application of the Spanish Bail-in Power) certain unsecured debt claims (including the Senior Notes and the Subordinated Notes issued under the Programme).

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 Recovery and Resolution Directive, as amended from time to time, including, but not limited to (i) Law 11/2015, as amended from time to time, (ii) RD 1012/2015, as amended from time to time, (iii) the SRM Regulation, as amended from time to time, and (iv) any other instruments, 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).

In accordance with Article 48 of Law 11/2015 (and subject to any exclusions that may be applied by the Relevant Spanish 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 instruments; (ii) Additional Tier 1 instruments; (iii) Tier 2 instruments; (iv) other subordinated claims that do not qualify as Additional Tier 1 capital or Tier 2 capital; and (v) eligible liabilities.

In addition to the Spanish Bail-in Power, the Recovery and Resolution Directive and Law 11/2015 provide for the Relevant Spanish Resolution Authority to have the further power to permanently write-down or convert into equity capital instruments (such as the Subordinated Notes qualifying as Tier 2 Instruments) at the point of non-viability ("**Non-Viability Loss Absorption**"). The point of non-viability is the point at which the Relevant Spanish Resolution Authority determines that the institution meets the conditions for resolution or will no longer be viable unless the relevant capital instruments (such as the Subordinated Notes qualifying as Tier 2 Instruments) are written down or converted into equity or extraordinary public support is to be provided and without such support the Relevant Spanish Resolution Authority determines that the institution would no longer be viable. Non-Viability Loss Absorption may be imposed prior to or in combination with any exercise of the Spanish Bail-in Power or any other resolution tool or power (where the conditions for resolution referred to above are met).

The powers set out in the Recovery and Resolution Directive as implemented through Law 11/2015 and RD 1012/2015 will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Pursuant to Law 11/2015 Noteholders may be subject to, among other things, on any application of the Spanish Bail-in-Power a write-down and/or conversion into equity or other securities or obligations of amounts due under such Notes and, in the case of Subordinated Notes qualifying as Tier 2 Instruments, may be subject to any Non-Viability Loss Absorption. The exercise of any such powers (or any of the other resolution powers and tools) may result in such Noteholders losing some or all of their investment or otherwise having their rights under such Notes adversely affected. For example, the Spanish Bail-in Power may be exercised in such a manner as to result in Noteholders receiving a different security, which may be worth significantly less than the Notes. Moreover, the exercise of the Spanish Bail-in Power with respect to the Notes or the taking by the Relevant Spanish Resolution Authority of any other action, or any suggestion that the exercise or taking of any such action may happen, could materially adversely affect the rights of Noteholders, the market price or value or trading behaviour of any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

The exercise of the Spanish Bail-in Power and/or any Non-Viability Loss Absorption by the Relevant Spanish Resolution Authority with respect to the Notes is likely to be inherently unpredictable and may depend on a number of factors which may also be outside of the Issuer's control. In addition, as the Relevant Spanish Resolution Authority will retain an element of discretion, Noteholders may not be able to refer to publicly available criteria in order to anticipate any potential exercise of any such Spanish Bail-in Power and/or any 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 by the Relevant Spanish Resolution Authority may occur.

This uncertainty may adversely affect the value of the Notes. 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 Spanish Resolution Authority may exercise any such powers without providing any advance notice to the Noteholders.

In addition, the EBA's preparation of certain regulatory technical standards and implementing technical standards to be adopted by the European Commission and certain other guidelines is pending. These acts could be potentially relevant to determining when or how a Relevant Spanish Resolution Authority may exercise the Spanish Bail-in Power and impose Non-Viability Loss Absorption. The pending acts include 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 or other securities or obligations in any bail-in. No assurance can be given that, once adopted, these standards will not be detrimental to the rights of a Noteholder under, and the value of a Noteholder's investment in, the Notes.

Noteholders 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 Issuer may be subject to a procedure of early intervention or resolution pursuant to the Recovery and Resolution Directive as implemented through Law 11/2015 and RD 1012/2015 if the Issuer or the Consumer Group is in breach (or due, among other things, to a rapidly deteriorating financial condition, it is likely in the near future to be in breach) of applicable regulatory requirements relating to solvency, liquidity, internal structure or internal controls or the conditions for resolution referred to above are met (see "*The Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Spanish*

Resolution Authority. Other powers contained in Law 11/2015 could materially affect the rights of the Noteholders under, and the value of, any Notes").

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 and any provision providing for such rights shall further be deemed not to apply. However, 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 early intervention or resolution 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 Noteholder of its rights under the Notes upon the occurrence of an Event of Default following the adoption of any early intervention or resolution procedure will, therefore, be subject to the relevant provisions of the Recovery and Resolution Directive as implemented through Law 11/2015 and RD 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 "*The Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. Other powers contained in Law 11/2015 could materially affect the rights of the Noteholders under, and the value of, any Notes*"). 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 RD 1012/2015. There can be no assurance that the taking of any such action would not adversely affect the rights of Noteholders, 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.

Risks Relating to the Comisario

The Issuer shall appoint a commissioner (*comisario*) (the "**Commissioner**") in relation to 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 appointed by the Issuer and that such individual or entity may also be an employee or officer of the Issuer.

Suitability

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

There is no active trading market for the Notes

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

The Notes may be redeemed by the Issuer prior to maturity

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

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

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

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

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

Conflicts may arise between the interests of the Calculation Agent and the interests of the holders

Potential conflicts of interest may exist between the Calculation Agent (if any) and Noteholders (such as where a Dealer acts as a Calculation Agent), including with respect to certain determinations and judgements that such Calculation Agent makes pursuant to the Conditions that may influence amounts receivable by the Noteholders during the term of the Notes and upon their redemption.

Risks relating to Notes denominated in Renminbi

A description of risks which may be relevant to an investor in Notes denominated in Renminbi ("**Renminbi Notes**") are set out below.

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

Renminbi is not freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar.

However, there has been significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi by foreign investors into the PRC for the settlement of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are being developed.

Although starting from 1 October 2016, the Renminbi will be added to the Special Drawing Rights basket created by the International Monetary Fund, there is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may

affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service Renminbi Notes

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the People's Bank of China ("PBoC") has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the "**Renminbi Clearing Banks**"), including but not limited to Hong Kong and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBoC. The Renminbi Clearing Banks only have access to onshore liquidity support from PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service its Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Investment in the Renminbi Notes is subject to exchange rate risks

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. Recently, the PBoC implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments of interest and principal will be made in Renminbi with respect to the Renminbi Notes unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the Renminbi Notes in that foreign currency will decline.

Investment in the Renminbi Notes is subject to interest rate risks

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

As Renminbi Notes may carry a fixed interest rate, the trading price of the Renminbi Notes will consequently vary with the fluctuations in the Renminbi interest rates. If holders of the Renminbi Notes propose to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested.

Payments with respect to the Renminbi Notes may be made only in the manner designated in the Renminbi Notes

All payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by Global Notes held with the common depositary or common

safekeeper, as the case may be, for Clearstream Banking société anonyme and Euroclear Bank SA/NV or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong, (ii) for so long as the Renminbi Notes are represented by global certificates lodged with a sub-custodian for or registered with the CMU, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures (iii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

Gains on the transfer of the Renminbi Notes may become subject to income taxes under PRC tax laws

Under the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules, as amended from time to time, any gain realised on the transfer of Renminbi Notes by non-PRC resident enterprise or individual Holders may be subject to PRC enterprise income tax ("**EIT**") or PRC individual income tax ("**IIT**") if such gain is regarded as income derived from sources within the PRC. The *PRC Enterprise Income Tax Law* levies EIT at the rate of 20 per cent. of the gains derived by such non-PRC resident enterprise or individual Holder from the transfer of Renminbi Notes but its implementation rules have reduced the enterprise income tax rate to 10 per cent. The PRC Individual Income Tax Law levies IIT at a rate of 20 per cent. of the gains derived by such non-PRC resident or individual Holder from the transfer of Renminbi Notes.

However, uncertainty remains as to whether the gain realised from the transfer of Renminbi Notes by non-PRC resident enterprise or individual Holders would be treated as income derived from sources within the PRC and become subject to the EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the *PRC Enterprise Income Tax Law*, the *PRC Individual Income Tax Law* and the relevant implementing rules. According to the arrangement between the PRC and Hong Kong, for avoidance of double taxation, Holders who are residents of Hong Kong, including enterprise Holders and individual Holders, will not be subject to EIT or IIT on capital gains derived from a sale or exchange of the Notes.

Therefore, if non-PRC enterprise or individual resident Holders are required to pay PRC income tax on gains derived from the transfer of Renminbi Notes, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC enterprise or individual resident holders of Renminbi Notes reside that reduces or exempts the relevant EIT or IIT, the value of their investment in Renminbi Notes may be materially and adversely affected.

Risks related to the structure of a particular issue of Notes

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

Notes subject to optional redemption by the Issuer

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

Risks in relation to early redemption of Subordinated Notes

Regulation (EU) No. 575/2013 provides that the provisions governing the instruments should not give the holders the right to accelerate the future scheduled payment of interest or principal, other than in the insolvency or liquidation of the institution in order for the Subordinated Notes to qualify as Tier 2 instruments.

The Subordinated Notes may be redeemed prior to maturity at the Issuer's option upon the occurrence of a Regulatory Event, subject to certain conditions

If a Regulatory Event occurs, the Issuer may redeem all, and not some only, of any Series of the Subordinated Notes subject to such redemption being permitted by the Applicable Banking Regulations then in force and subject to the permission of the Relevant Authority, as further described in Condition 5.07 (*Regulatory Event 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 at a rate that may convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

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

Claims of Holders under the Senior Notes are effectively junior to those of certain other creditors

The Senior Notes are unsecured and unsubordinated obligations of the Issuer. The Senior Notes will rank equally with any of the Issuer's other outstanding unsecured and unsubordinated obligations, present and future, but, subject to (a) Law 11/2015, RD 1012/2015 or other applicable laws relating to recovery and resolution of credit institutions and investment firms in Spain (including the exercise of any power thereunder) and (b) in the event of insolvency, the Insolvency Law or other laws relating to or affecting the enforcement of creditor's rights in Spain.

The Senior Notes will be effectively subordinated to all of the Issuer's secured indebtedness, to the extent of the value of the assets securing such indebtedness, and other obligations that rank senior under Spanish law. In particular the obligations of the Issuer under the Senior Notes will be effectively subordinated to all of the Issuer's obligations that are preferred under the Insolvency Law.

The Senior Notes are also structurally subordinated to all indebtedness of subsidiaries of the Issuer insofar as any right of the Issuer to receive any assets of such companies upon their winding-up will be effectively subordinated to the claims of the creditors of those companies in the winding-up.

Moreover, the BRRD and Law 11/2015 contemplate that Senior Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. This may involve the variation of the terms of the Senior Notes or a change in their form, if necessary, to give effect to, the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. See "*The Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. Other powers contained in Law 11/2015 could materially affect the right of the Noteholders under, and the value of, any Notes*".

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

The Issuer's obligations under the 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 its investment should the Issuer become (i) subject to resolution under the Recovery and Resolution Directive (as implemented through Law 11/2015 and RD 1012/2015) and the Subordinated Notes become subject to the application of the Spanish Bail-in Power (including Non-Viability Loss Absorption) or (ii) insolvent.

In the case of any exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority, the sequence of any resulting write-down or conversion of the Notes under Article 48 of the Recovery and Resolution Directive and Article 48 of Law 11/2015 provides for the principal amount of Tier 2 instruments (such as the Subordinated Notes) 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 or Tier 2 capital 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 eligible liabilities (such as the Senior Notes), in accordance with the hierarchy of claims provided in the Insolvency Law. Subordinated 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 *"The Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. Other powers contained in Law 11/2015 could materially affect the rights of the Noteholders under, and the value of, any Notes."*

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 14.2° of Law 11/2015, the Issuer will meet subordinated claims in the following order and pro-rata within each class: (i) late or incorrect claims; (ii) contractually subordinated debts (including the Subordinated Notes and within those, in the following order: firstly, Senior Subordinated Notes and secondly, Subordinated Notes); (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.

Additional Provision 14.2° of Law 11/2015 established a change in the ranking of claims under Article 92.2 of the Insolvency Law for Spanish banking insolvency proceedings. According to such change, contractually subordinated debt will be classified into three different categories with the following ranking: firstly, principal amount of subordinated debt not qualifying as Additional Tier 1 instruments or Tier 2 instruments, secondly principal amount of subordinated debt qualifying as Tier 2 instruments and, thirdly, principal amount of subordinated debt qualifying as Additional Tier 1 instruments.

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:	A3, stable outlook
Commercial paper:	P -2
Subordinated debt:	Baa2

S&P:

Senior unsecured debt maturing in one year or more:	BBB+, stable outlook
Senior unsecured debt maturing in less than one year:	A-2
Subordinated debt:	BBB-

Fitch:

Long-term senior unsecured debt:	A-, stable outlook
Short-term senior unsecured debt:	F2
Subordinated debt:	BBB+

INFORMATION INCORPORATED BY REFERENCE

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

1. an English language translation of the audited consolidated financial statements of the Issuer for the years ended 31 December 2015 and 31 December 2014, together with the auditor's reports thereon;
2. 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 http://www.ise.ie/debt_documents/Base%20Prospectus_7eb247ab-c279-4f29-95a0-768be80fc625.PDF;
3. 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 http://www.ise.ie/debt_documents/Base%20Prospectus_fb4e21b0-3db8-4b97-b2fa-6fd84420735a.PDF;
4. 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 http://www.ise.ie/debt_documents/Base%20Prospectus_6a634cb6-7865-4815-bdc6-2db2c265f912.PDF;
5. the terms and conditions set out on pages 42 to 125 of the base prospectus dated 22 June 2012 under the heading "*Terms and Conditions of the Notes*" available for inspection at: <http://www.bourse.lu/download/dl?v=ADyMFy5zxNFitbuuk6wDBq3VUqKSomd9occzMO4xuwqm+ONPeuB1RP8xvmat1fQQ6sH0acX8AGiVYT+QdQvepLrX6ZD9gJooGIFCcCrRhCNYuR YhBjAGNZepsELWJ72BEi7J7Npyu1zghdjJjxxlnRkVoMQ3KfzRxU737YZKpPTaqk3CG2r8F77nGu6Kneu>; and
6. the terms and conditions set out on pages 41 to 120 of the base prospectus dated 18 November 2011 under the heading "*Terms and Conditions of the Notes*" available for inspection at: <http://www.bourse.lu/download/dl?v=ADyMFy5zxNFitbuuk6wDBm+2Mrzx8B/qC5aT8hawsY1jctNePaxnCnEgj4aN5MoKO7Mn9v6zGJr5rVPJEfo44P9oLRXh3sd/CiOQdaHoJ3IZ8xXIIdNS3vJYHyxeYADsDJE40awdUFLduuLWX80k0HMv8C9xW9xH5+WwnzJSKPSseyRuf4RMk+xVY3NQOoXQ/>

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 2015 (the "**2015 Consolidated Financial Statements**") and 31 December 2014 (the "**2014 Consolidated Financial Statements**"), as set out in the annual reports for the years ended 31 December 2015 and 31 December 2014:

2015 Consolidated Financial Statements	Page reference
	<i>(pdf document page numbers)</i>
Consolidated Balance Sheets	5
Consolidated Income Statements	6
Consolidated Statements of Recognised Income and Expenses	7
Consolidated Statements of Changes in Equity	8-9
Consolidated Statements of Cash Flows	10
Notes to the Consolidated Financial Statements	11-229
Auditor's report on Consolidated Financial Statements.....	2-3
2014 Consolidated Financial Statements	Page reference
	<i>(pdf document page numbers)</i>
Consolidated Balance Sheets	5
Consolidated Income Statements	6
Consolidated Statements of Recognised Income and Expense.....	7
Consolidated Statements of Changes in Equity	8-9
Consolidated Statements of Cash Flows	10

Notes to the Consolidated Financial Statements	11-214
Auditor's report on Consolidated Financial Statements.....	2-3

The English language translation of the audited consolidated 2015 Consolidated Financial Statements of the Issuer are available on the following:

<http://www.santanderconsumer.com/cs/gs/StaticBS?blobcol=urldata&blobheader=application%2Fpdf&blobkey=id&blobtable=MungoBlobs&blobwhere=1371946590675&cachecontrol=immediate&ssbinary=true&maxage=3600>

The English language translation of the audited consolidated 2014 Consolidated Financial Statements of the Issuer are available on the following:

<http://www.santanderconsumerfinance.com/cs/gs/StaticBS?blobcol=urldata&blobheader=application%2Fpdf&blobkey=id&blobtable=MungoBlobs&blobwhere=1371945217320&cachecontrol=immediate&ssbinary=true&maxage=3600>

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 the Irish Stock Exchange.

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**"), 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 depository or a common depository for Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

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

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

Temporary Global Note exchangeable for Permanent Global Note

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

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

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Issue and Paying Agent; and
- (ii) receipt by the Issue and Paying Agent of a certificate or certificates of non-U.S. beneficial ownership,

within 7 days of the bearer requesting such exchange.

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

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

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

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

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

Temporary Global Note exchangeable for Definitive Notes

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

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

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

Permanent Global Note exchangeable for Definitive Notes

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

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

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

Terms and Conditions applicable to the Notes

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

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

Legend concerning United States persons

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

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

USE OF PROCEEDS

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

TERMS AND CONDITIONS OF THE NOTES

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

Introduction

The Notes of each Tranche will be constituted by virtue of a public deed of issuance (the "**Public Deed of Issuance**") to be executed before a Spanish notary public on or prior to the issue date, and which shall contain, among other information, the terms and conditions of the Notes. The Notes will be issued in accordance with an amended and restated issue and paying agency agreement (the "**Issue and Paying Agency Agreement**", which expression shall include any amendments or supplements thereto) dated 16 June 2016 and made between Santander Consumer Finance, S.A. (the "**Issuer**"), Citibank, N.A., London Branch in its capacities as issue and paying agent (the "**Issue and Paying Agent**" which expressions shall include any successor to Citibank, N.A., London Branch, in its capacities as such), Citigroup Global Markets Deutschland AG in its capacity as German paying agent (the "**German Paying Agent**", which expression shall include any successor to Citigroup Global Markets Deutschland AG in its capacity as such), and the paying agents named therein (the "**Paying Agents**", which expression shall include the Issue and Paying Agent, the German Paying Agent and any substitute or additional paying agents appointed in accordance with the Issue and Paying Agency Agreement). For the purposes of making determinations or calculations of interest rates, interest amounts, redemption amounts or any other matters requiring determination or calculation in accordance with the Conditions of any Series of Notes (as defined below), the Issuer may appoint a Determination Agent (as defined under Condition 5C.03) for the purposes of such Notes, in accordance with the provisions of the Issue and Paying Agency Agreement, and such Determination Agent shall be specified in the applicable Final Terms. The Issuer has executed and delivered a deed of covenant dated 16 June 2016 (the "**Deed of Covenant**"). Copies of the Issue and Paying Agency Agreement and the Deed of Covenant are, or will be, available for inspection during normal business hours at the specified office of each of the Paying Agents and A&L Listing Limited 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, and shall be bound by, all of the provisions of the Issue and Paying Agency Agreement and the Deed of Covenant insofar as they relate to the relevant Notes.

The Notes are issued in series (each, a "**Series**"), and each Series may comprise one or more tranches ("**Tranches**" and each, a "**Tranche**") of Notes. Each Tranche will be the subject of a Final Terms (each, a "**Final Terms**"), a copy of which will be available for inspection during normal business hours at the specified office of the Issue and Paying Agent and/or the Listing Agent (as defined above), as the case may be, and, in the case of a Tranche of Notes listed on the Regulated Market of the Irish Stock Exchange, on the website of the Irish Stock Exchange.

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

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

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

1. Form and Denomination

- 1.01 Notes are issued in bearer form ("**Bearer Notes**") and are serially numbered.
- 1.02 Each Tranche of Notes will be represented upon issue by a temporary global note (a "**Temporary Global Note**") in substantially the form (subject to amendment and completion) scheduled to the Issue and Paying Agency Agreement. On or after the date (the "**Exchange Date**") which is forty days after the completion of the distribution of the Notes of the relevant

Tranche and provided certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing systems) has been received, interests in the Temporary Global Note may be exchanged for:

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

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

Denomination Notes

- 1.07 Bearer Notes are in the denomination or denominations (each of which denomination is integrally divisible by each smaller denomination) specified in the Final Terms. Bearer Notes of one denomination will not be exchangeable, after their initial delivery, for Bearer Notes of any

other denominations. No Notes may be issued under the Programme which have a minimum denomination of less than €1,000 (or equivalent in another currency).

Currency of Notes

- 1.08 Notes may be denominated in any currency, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
- 1.09 For the purposes of these Terms and Conditions, references to Notes shall, as the context may require, be deemed to be to Temporary Global Notes, Permanent Global Notes or Definitive Notes.
2. **Title**
- 2.01 Title to Notes and Coupons passes by delivery. References herein to the "**Holders**" of Notes or of Coupons, or "**Noteholders**" 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 Senior Notes (being those Notes which specify their status as Senior) and the Receipts and Coupons relating to them, constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and upon the insolvency of the Issuer (and unless they qualify as subordinated claims pursuant to article 92 of Law 22/2003 (*Ley Concursal*) of 9 July 2003 (the "**Insolvency Law**") or equivalent legal provisions which replace it in the future, and subject to any applicable legal and statutory exceptions) rank *pari passu* and rateably without any preference among themselves and at least *pari passu* with all other unsecured and unsubordinated indebtedness, present and future of the Issuer. *Claims relating to the Senior Notes will be ordinary credits (creditos ordinarios) as defined in the Insolvency Law. Ordinary credits rank below credits against the insolvency state (creditos contra la masa) and credits with privilege (creditos privilegiados). Ordinary credits rank above subordinated credits and the rights of shareholders. Accrued and unpaid interests due in respect of the Senior Notes at the commencement of an insolvency proceeding (concurso) of the Issuer will qualify as subordinated credits.*

Status of Subordinated Notes

- 3.02 *Status of Subordinated Notes:* The Subordinated Notes (being Notes which specify their status as Subordinated) constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and, upon the insolvency of the Issuer (and unless they qualify as subordinated claims pursuant to 92.3 to 92.7 of the Insolvency Law or equivalent legal provisions which replace them in the future, and subject to any applicable legal and statutory exceptions) rank, under Article 92.2 of the Insolvency Law (or equivalent legal provisions which replace, substitute or amend it in the future), *pari passu* without preference or priority among themselves and:
- (i) *pari passu* with all other contractually subordinated obligations of the Issuer (other than (1) those subordinated obligations which qualify as subordinated claims pursuant to Articles 92.3 to 92.7 of the Insolvency Law, or equivalent legal provisions which replace them in the future, (2) other subordinated obligations which by law or their terms rank junior to the Subordinated Notes and (3) any Senior Subordinated Obligations (as defined below)); and

- (ii) junior to any non-subordinated obligations of the Issuer, any Senior Subordinated Obligations (as defined below) and any claim on the Issuer, which becomes subordinated as a consequence of article 92.1° of the Insolvency Law.

In these Terms and Conditions "**Senior Subordinated Obligations**" means any subordinated obligations of the Issuer which by law and/or their terms rank senior to the Subordinated Notes, and/or to any subordinated obligations of the Issuer ranking *pari passu* with the Subordinated Notes.

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*) shall be applicable and Condition 4C (*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**

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

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

4B.03 **Screen Rate Determination**

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

- (i) the Determination Agent will determine the offered rate for deposits (or, as the case may require, the arithmetic mean (rounded, if necessary, to the nearest ten thousandth of a percentage point, 0.00005 being rounded upwards) of the rates for deposits) in the relevant currency for a period of the duration of the relevant Interest Period (as defined in Condition 4C.01) on the Relevant Screen Page as of 11.00 a.m. (London time, in the case of 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 Calculation Agent 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 Calculation Agent 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 by applying the Rate of Interest for such Interest Period to such principal amount, multiplying the product by a fraction (day count fraction) the numerator of which is the actual number of days in the Interest Period concerned and the denominator for which is 360 (or, in the case of Notes denominated in Pounds Sterling, 365 or, when all or part of an Interest Period falls in a leap year, 366 for that proportion of the Interest Period so falling) or by such other day count fraction as may be specified in the relevant Final Terms and rounding the resulting figure to the nearest sub-unit of the currency in which such Notes are denominated or, as the case may be, in which such interest is payable (one half of any such sub-unit being rounded upwards).

4C **Interest — Supplemental Provision**

Interest Payment Date Conventions and other Calculations

4C.01

(a) *Business Day Convention*

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

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

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

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

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

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

unless that day falls in the next calendar month, in which case the relevant Interest Payment Date will be the first preceding day which is a Business Day;

- (iii) the "**Following Business Day Convention**" in which case interest shall be payable in arrear on such dates (each an "**Interest Payment Date**") as are specified in the relevant Final Terms **Provided that**, if any Interest Payment Date would otherwise fall on a date which is not a Business Day, the relevant Interest Payment Date will be the first following day which is a Business Day;
 - (iv) "**No Adjustment**" in which case the relevant date shall not be adjusted in accordance with any Business Day Convention; or
 - (v) such other convention as may be specified in the relevant Final Terms.
- (b) "**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time ("**Calculation Period**"), such day count fraction as may be specified in the Final Terms and:
- (i) if "**Actual/Actual**", "**Actual/Actual (ISDA)**", "**Act/Act**" or "**Act/Act (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
 - (ii) if "**Actual/365 (Fixed)**", "**Act/365 (Fixed)**", "**A/365 (Fixed)**" or "**A/365F**" is so specified, means the actual number of days in the Calculation Period divided by 365;
 - (iii) if "**Actual/Actual (ICMA)**" or "**Act/Act (ICMA)**" is so specified, means a fraction equal to "number of days accrued/number of days in year", as such terms are used in Rule 251 of the statutes, by-laws, rules and recommendations of the International Capital Market Association (the "**ICMA Rule Book**"), calculated in accordance with Rule 251 of the ICMA Rule Book as applied to non U.S. Dollar denominated straight and convertible bonds issued after 31 December 1998, as though the interest coupon on a bond were being calculated for a coupon period corresponding to the Calculation Period;
 - (iv) if "**Actual/360**", "**Act/360**" or "**A/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
 - (v) if "**30/360**" "**360/360**" or "**Bond Basis**" is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" 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

"D₂" 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:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" 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

"D₂" 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:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" 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

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

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

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

4C.02 The Determination Agent will cause each Rate of Interest, floating rate, Interest Payment Date, final day of a calculation period, Interest Amount, floating amount or other item, as the case may be, determined or calculated by it to be notified to the Issuer and the Issue and Paying Agent. The Issue and Paying Agent will cause all such determination or calculations to be notified to the other Paying Agents (from whose respective specified offices such information will be available) and to the Holders in accordance with Condition 13 (*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 4C.02.

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

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

Accrual of Interest

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

5. Redemption and Purchase

"Applicable Banking Regulations" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in Spain including, without limitation to the generality of the foregoing, those regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the *Banco de España* (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 including, for the avoidance of doubt, as at the Issue Date the rules contained in, or implementing, CRD IV).

"**Basel III Document**" means the Basel Committee on Banking Supervision document "*Basel III: A global regulatory framework for more resilient banks and banking systems*" published in December 2010.

"**CRD IV**" means the CRD IV Directive, the CRR and any CRD IV Implementing Measures.

"**CRD IV Directive**" means the Directive 2013/36 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.

"**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).

"**CRR**" means the Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms amending Regulation No. 648/2012.

"**Regulatory Event**" is deemed to have occurred if there is a change in the regulatory classification of the Subordinated Notes that would be likely to result in their exclusion, in whole or, to the extent permitted by the Applicable Banking Regulations, in part, from Tier 2 Capital of the Issuer and both of the following conditions are met: (i) the Relevant Authority considers such a change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Relevant Authority that the change in regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date.

"**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), in each case with respect to prudential matters in relation to the Issuer and / or the Group.

"**Tier 2 Capital**" has the meaning given to it by (i) the Banco de España or (ii) any regulation, directive or other binding rules, standards or decisions adopted by the institutions of the European Union from time to time, as applicable.

Redemption at Maturity

5.01 Unless previously redeemed, or purchased and cancelled, each Note shall be redeemed at its maturity redemption amount (the "**Maturity Redemption Amount**") (which shall be its principal amount) (or, in the case of Instalment Notes, in such number of instalments and in such amounts as may be specified in the relevant Final Terms) on the date or dates (or, in the case of Notes which bear interest at a floating rate of interest, on the date or dates upon which interest is payable) specified in the relevant Final Terms. Subordinated Notes 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.

Early Redemption for Taxation Reasons

5.02 If, in relation to any Series of Notes, (i) as a result of any change in the laws or regulations of Spain or in either case of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws or regulations which becomes effective on or after the date of issue of such Notes or any earlier date specified in the relevant Final Terms, the Issuer would be required to pay additional amounts as provided in Condition 7 (*Taxation*), and (ii) such circumstances are evidenced by the delivery by

the Issuer to the Issue and Paying Agent of a certificate signed by two directors of the Issuer stating that the said circumstances prevail and describing the facts leading thereto, an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail and, in the case of Subordinated Notes qualifying as regulatory capital (*recursos propios*), a copy of the Relevant Authority consent to the redemption, the Issuer may, at its option and having given no less than thirty nor more than sixty days' notice (ending, in the case of Notes which bear interest at a floating rate, on a day upon which interest is payable) to the Holders of the Notes in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes (in the case of Subordinated Notes qualifying as regulatory capital (*recursos propios*) in accordance with the 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 qualifying as regulatory capital (*recursos propios*), that the Relevant Authority consents to redemption of the Subordinated Notes.

In the case of Subordinated Notes qualifying as regulatory capital (*recursos propios*), redemption for taxation reasons is subject to the prior consent of the Relevant Authority.

Optional Early Redemption (Call)

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

In the case of Subordinated Notes qualifying as regulatory capital (*recursos propios*), redemption at the option of the Issuer is subject to the prior consent of 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..

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

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

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

Partial Redemption

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

In connection with an exercise of the option contained in Condition 5.03 (*Optional Early Redemption (Call)*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

In the case of Subordinated Notes qualifying as regulatory capital (*recursos propios*) partial redemption is subject to the prior consent of 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

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

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

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

Regulatory Event Redemption of Subordinated Notes

- 5.07 If a Regulatory Call is specified in the applicable Final Terms and the Issuer determined that a Regulatory Event has occurred, the Issuer may, subject to such redemption being permitted by the Applicable Banking Regulations then in force and subject to the permission of the Relevant Authority, redeem such Subordinated Notes, in whole but not in part, at the Regulatory Event Redemption Amount specified in the applicable Final Terms, together with any accrued but unpaid interest to the date fixed for redemption, **provided that** the Issuer has given notice to the Noteholders of such Subordinated Notes (such notice being irrevocable) within the time period specified in the relevant Final Terms, which notice shall specify the date fixed for such redemption.

Upon the expiry of such notice period, the Issuer shall be bound to redeem the Subordinated Notes accordingly.

Purchase of Notes

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

In the case of Subordinated Notes which qualify as regulatory capital (*recursos propios*) the purchase of the Notes by the Issuer or any of its subsidiaries shall take place in accordance with the requirements of the Applicable Banking Regulations.

Cancellation of Redeemed and Purchased Notes

5.09 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

5.10 The provisions of Condition 4C.02 shall apply to any determination or calculation of the Redemption Amount or any Instalment Amount required by the Final Terms to be made by the Determination Agent.

5.11 References herein to "**Redemption Amount**" shall mean, as appropriate, the Maturity Redemption Amount, the final Instalment Amount, Early Redemption Amount (Tax), Early Redemption Amount (Call), Early Redemption Amount (Put) and Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in the Final Terms.

Notices

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

Notification of Irish Stock Exchange

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

6 Events of Default

6.01 Unless otherwise specified in the relevant Final Terms, if, in the case of Subordinated Notes, any of the events set out in paragraphs (iii) or (v) occurs and is continuing or, in the case of Senior Notes, any of the following events occurs and is continuing (each an "**Event of Default**"), such Event of Default shall be an acceleration event in relation to the Notes of any Series, namely:

- (i) *Non-payment*: if default is made in the payment of any interest or principal due in respect of the Notes of the relevant Series or any of them and such default continues for a period of seven days (or such other period as may be specified in the relevant Final Terms); or
- (ii) *Breach of other obligations*: if the Issuer fails to perform or observe any of its other obligations under or in respect of the Notes, the Issue and Paying Agency Agreement and (except in any case where such failure is incapable of remedy when no such continuation as is hereinafter mentioned will be required) the failure continues for a period of 30 days following the service by the relevant Commissioner (as defined in Condition 12 below) on the Issuer of a notice requiring the same to be remedied; or
- (iii) *Winding up*: if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer (except in any such case for the purpose of reconstruction or a merger or amalgamation which has been previously approved by a

resolution of the relevant Syndicate of Holders of the Notes or a merger with another financial institution in this case even without being approved by a resolution of the relevant Syndicate of Holders of the Notes, **provided that** any entity that survives or is created as a result of such merger is given a rating by an internationally recognised rating agency at least equal to the then current rating of the Issuer at the time of such merger); or

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

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

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

7. **Taxation**

7.01 All amounts payable (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Notes, the Receipts and the Coupons by the Issuer will be made free and clear of, and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by, within or on behalf of Spain or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Holder of any Note, Receipt or Coupon of such amounts as would have been received by them had no such withholding or deduction been required.

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

- (i) to, or to a third party on behalf of, a Holder of a Note, Receipt or Coupon who is liable for such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with Spain other than the mere holding of such Note, Receipt or Coupon; or
- (ii) to, or to a third party on behalf of, a Holder if the Issuer does not receive the information in respect of the notes as may be required in order to comply with the applicable Spanish tax reporting obligations; or
- (iii) presented for payment more than thirty days after the Relevant Date, except to the extent that the relevant Holder would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of thirty days; or
- (iv) 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 27th July 2004 and require a withholding to be made.

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 Paying Agents.

- 8A.02 Payment of amounts in respect of interest on Bearer Notes will be made:
- (i) in the case of a Temporary Global Note or Permanent Global Note, against presentation of the relevant Temporary Global Note or Permanent Global Note at the specified office of any of the Paying Agents outside (unless Condition 8A.03 applies) the United States and, in the case of a Temporary Global Note, upon due certification as required therein;
 - (ii) in the case of Definitive Notes without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Definitive Notes at the specified office of any of the Paying Agents outside (unless Condition 8A.03 applies) the United States; and
 - (iii) in the case of Definitive Notes delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons or, in the case of interest due otherwise than on a scheduled date for the payment of interest, against presentation of the relevant Definitive Notes, in either case at the specified office of any of the Paying Agents outside (unless Condition 8A.04 applies) the United States.
- 8A.03 Payments of amounts due in respect of interest on the Bearer Notes and exchanges of Talons for Coupon sheets in accordance with Condition 8A.03 will not be made at the specified office of any Paying Agent in the United States (as defined in the United States Internal Revenue Code and Regulations thereunder) unless (a) payment in full of amounts due in respect of interest on such Notes when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions, and (b) such payment or exchange is permitted by applicable United States law. If parts (a) and (b) of the previous sentence apply, the Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City.
- 8A.04 If the due date for payment of any amount due in respect of any Bearer Note is not a Relevant Financial Centre Day (as defined in Condition 8B.02) and (in the case of Definitive Notes only) a local banking day (as defined in Condition 8B.02), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day (or as otherwise specified in the relevant Final Terms) and, thereafter will be entitled to receive payment on a Relevant Financial Centre Day and (in the case of Definitive Notes only) a local banking day and no further payment on account of interest or otherwise shall be due in respect of such delay or adjustment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 4C.04.
- 8A.05 Each Definitive Note initially delivered with Coupons attached thereto should be presented and, save in the case of partial payment which includes, in the case of an Instalment Note, payment of any instalment other than the final instalment, surrendered for final redemption together with all unmatured Coupons and Talons appertaining thereto, failing which:
- (i) in the case of Definitive Notes which bear interest at a fixed rate or rates, the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the redemption amount paid bears to the total redemption amount due) (excluding, for this purpose, Talons) will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time within ten years of the Relevant Date applicable to payment of such final redemption amount;
 - (ii) in the case of Definitive Notes which bear interest at, or at a margin above or below, a floating rate, all unmatured Coupons (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) relating to such Definitive

Notes (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them; and

- (iii) in the case of Definitive Notes initially delivered with Talons attached thereto, all unmatured Talons (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them.

The provisions of paragraph (i) of this Condition 8A.05 notwithstanding, if any Definitive Notes which bear interest at a fixed rate or rates should be issued with a maturity date and a fixed rate or fixed rates such that, on the presentation for payment of any such Definitive Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required by paragraph (i) to be deducted would be greater than the amount otherwise due for payment, then, upon the due date for redemption of any such Definitive Note, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon application of the provisions of paragraph (i) in respect of such Coupons as have not so become void, the amount required by paragraph (i) to be deducted would not be greater than the amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Definitive Note to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

- 8A.06 In relation to Definitive Notes initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside (unless Condition 8A.03 applies) the United States in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 9 (*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 Claims against the Issuer for payment of principal and interest in respect of Notes will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date for payment thereof.
- 9.02 In relation to Definitive Notes initially delivered with Talons attached thereto, there shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue pursuant to Condition 8A.05 or the due date for the payment of which would fall after the due date for the redemption of the relevant Note or which would be void pursuant to this Condition 9 or any Talon the maturity date of which would fall after the due date for redemption of the relevant Note.

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

- 10.01 The initial Paying Agents and their respective initial specified offices are specified below. The Determination Agent in respect of any Notes shall be specified in the Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Issue and Paying Agent) or the Determination Agent and to appoint additional or other Paying Agents or another Determination Agent **Provided that** it will at all times maintain (i) an Issue and Paying Agent, (ii) a Paying Agent (which may be the Issue and Paying Agent)

with a specified office in a continental European city, (iii) so long as the Notes are listed on the Irish Stock Exchange and/or any other listing authority, stock exchange and/or quotation system, a Paying Agent (which may be the Issue and Paying Agent) with a specified office in such place as may be required by the rules of such other listing authority, stock exchange and/or quotation system, (iv) in the circumstances described in Condition 8A.03, a Paying Agent with a specified office in New York City, 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 Paying Agents and the Determination Agent reserve the right at any time to change their respective offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of the Paying Agents or the Determination Agent will be given promptly by the Issuer to the Holders of the Notes in accordance with Condition 13 (*Notices*).

10.02 The Paying Agents and the Determination Agent act solely as agents of the Issuer and, save as provided in the Issue and Paying Agency Agreement or any other agreement entered into with respect to its appointment, do not assume any obligations towards or relationship of agency or trust for any Holder of any Note or Coupon and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Issue and Paying Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

11. **Replacement of Notes**

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

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

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

A Commissioner will be appointed for each Syndicate.

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

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

For the purposes of these Terms and Conditions,

- (i) "**Commissioner**" means the trustee (*comisario*) as this term is defined under the Consolidated Text of Law on Limited Liability Companies 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 the Irish Stock Exchange if the Notes are listed on the Irish Stock Exchange (so long as such Notes are listed on the Irish Stock Exchange and the rules of that exchange so require), in a leading newspaper having general circulation in Ireland or, in either case if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe or, in the case of a Temporary Global Note or Permanent Global Note, if delivered to Euroclear and Clearstream, Luxembourg and any other relevant clearing system for communication by them to the persons shown in their respective records as having interests therein **provided that**, in the case of Notes admitted to listing on any listing authority, stock exchange and/or quotation system, the requirements of such listing authority, stock exchange and/or quotation system, have been complied with. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the first date on which publication is made) or, as the case may be, on the fourth day after the date of such delivery to Euroclear and Clearstream, Luxembourg and any other relevant clearing system. Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Bearer Notes in accordance with this Condition.

To Commissioners

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

14. Further Issues

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

15. Currency Indemnity

The currency in which the Notes are denominated or, if different, payable, as specified in the relevant Final Terms (the "**Contractual Currency**") is the sole currency of account and payment for all sums payable by the Issuer in respect of the Notes, including damages. Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Holder of a Note or Coupon in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the Contractual Currency which such Holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount is less than the amount in the Contractual Currency expressed to be due to any Holder of a Note or Coupon in respect of such Note or Coupon the Issuer shall indemnify such Holder against any loss sustained by such Holder as a result. In any event, the Issuer shall indemnify each such Holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder of a Note or Coupon and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Notes or any judgment or order. Any such loss aforesaid shall be deemed to constitute a loss suffered by the relevant Holder of a Note or Coupon and no proof or evidence of any actual loss will be required by the Issuer.

16. Waiver and Remedies

No failure to exercise, and no delay in exercising, on the part of the Holder of any Note, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to

all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

17. **Law and Jurisdiction**

- 17.01 The issue of the Notes, including their legal nature (*obligaciones*), the status of the Notes, the capacity of the Issuer, the relevant corporate resolutions, the appointment of the Commissioner and the constitution of the Syndicates of Holders of the Notes are governed by Spanish law. The terms and conditions of the Notes, the Issue and Paying Agency Agreement and the Deed of Covenant and all non-contractual obligations arising out of or in connection with the terms and conditions of the Notes, the Issue and Paying Agency Agreement and the Deed of Covenant, are governed by, and shall be construed in accordance with, English law.
- 17.02 The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or in connection with the Notes including a dispute regarding the existence, validity or termination of the Notes or any non-contractual obligation arising out of or in connection with the Notes) or the consequences of their nullity.
- 17.03 The Issuer irrevocably waives any objection which they might now or hereafter have to the courts of England being nominated as the forum to hear and determine any proceedings and to settle any Disputes and agrees not to claim that any such court is not a convenient or appropriate forum.
- 17.04 Without prejudice to any other mode of service allowed under any relevant law, the Issuer irrevocably (a) appoints 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 17.04 ceases to be effective, the Issuer shall forthwith appoint a further person in England to accept service of process on its behalf in England and notify the name and address of such person to the Issue and Paying Agent and, failing such appointment within fifteen days, any Holder of Notes shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Issue and Paying Agent. Nothing contained herein shall affect the right of any Holder of Notes to serve process in any other manner permitted by law. This condition applies to proceedings in England and to proceedings elsewhere.
- 17.05 The submission to the exclusive jurisdiction of the courts of England is for the benefit of the Holders of the Notes only and therefore shall not (and shall not be construed so as to) limit the right of the Holders of the Notes or any of them to take proceedings in any other court of competent jurisdiction nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

18. **Rights of Third Parties**

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

FORM OF FINAL TERMS

[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 EUR 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) otherwise¹ 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).]

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 16 June 2016 [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 [original date] [and the supplement(s) to it dated [insert date]] which are incorporated by reference in the Base Prospectus dated 16 June 2016. 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 16 June 2016 [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 [original date] [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

¹ Include this wording where a Public Offer of Notes is anticipated.

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]
 [EURIBOR]/[LIBOR]] +/- [•] per cent. Floating Rate]
 (further particulars specified below)
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 [14/15])]
12. [(i)] Status of the Notes: [Senior/Subordinated]
 [(ii)] [Date [Board] approval for (N.B. Only relevant where Board (or similar) issuance of Notes obtained: authorisation is required for the particular tranche of Notes)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions: [Applicable/Not applicable]
(If not applicable delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [•] per cent. per annum [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]/[30E/360]/[Actual/Actual (ICMA)]/[Actual/365(fixed)]
- (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 Note Provisions: [Applicable/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

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.*

Convention in (iv) below is specified to be Not Applicable]]

- (ii) Interest Payment Dates: [•]
- (iii) First Interest Payment Date: [•]
- (iv) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention] [Not Applicable]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (vi) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the[Agent]): [•] [*Party acting as Determination Agent*]
- (vii) Screen Rate Determination
 - Reference Rate: [•] [LIBOR/EURIBOR]
 - Interest Determination Date(s): [•]
 - Relevant Screen Page: [•]
- (viii) ISDA Determination:
 - Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
- (ix) [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*)]
- (x) Margin(s): [+/-] [•] per cent. per annum
- (xi) Minimum Rate of Interest: [•] per cent. per annum
- (xii) Maximum Rate of Interest: [•] per cent. per annum
- (xiii) Day Count Fraction: [•]

PROVISIONS RELATING TO REDEMPTION

15. [Call Option and/or Regulatory Call]: [Applicable/Not applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (The clearing systems require a minimum of 5 business days notice if such an option is to be exercised)*
- (i) Optional Early Redemption [•]

- Date(s):
- (ii) [Optional Early Redemption Amount (Call)/Regulatory Event Redemption Amount] of each Note: [•] per Note of [•] specified denomination
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [•]
- (b) Maximum Redemption Amount: [•]
- (iv) Notice period:⁴ [•]
16. 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 [•]
17. Maturity Redemption Amount of each Note: [•] per Note of [•] specified denomination
18. Early Redemption Amount (Tax):
- Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on Event of Default or other early redemption: [•]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

19. 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]

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.*

[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]

20. New Global Note: [Yes] [No]
21. 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.]
22. Business Day: [*Specify any additional financial centres necessary for the purposes of Condition [8B.02].*]
23. Relevant Financial Centre: [*Specify any modification required.*]
24. Relevant Financial Centre Day: [*Specify any additional financial centres necessary for the purposes of Condition [8B.02] or [8A.04].*]
25. Details relating to Instalment Notes: [Applicable/Not applicable]
- (i) Instalment Amount(s): []
- (ii) Payment Date(s): []
- (iii) Number of Instalments: []
26. Commissioner: [•]

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 the Irish Stock Exchange][the official list of the Luxembourg Stock Exchange][the Frankfurt Stock Exchange].]
- (ii) Admission to Trading: [Application has been made for the Notes to be admitted to trading on [the Regulated Market of the Irish Stock Exchange][the regulated market of the Luxembourg Stock Exchange][the regulated market of the Frankfurt Stock Exchange].]

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

2. RATINGS

Ratings: The Notes to be issued have been rated:

[Standard & Poor's: [•]]

[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 Instruments is endorsed by [insert legal name of credit rating agency], which is established in the EU and registered under Regulation (EC) No 1060/2009 (the "CRA Regulation").]

[Option 4: CRA is not established in the EU and the relevant rating is not endorsed under the CRA Regulation, but the CRA is certified in accordance with the CRA Regulation:

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EU but is certified under Regulation (EC) No 1060/2009 (the "CRA Regulation").]

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

(The above disclosure should reflect the rating allocated to Notes of the type being issued under

the Programme generally or, where the issue has been specifically rated, that rating.)

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

(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 expenses⁶: [•]

[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**

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

7. **OPERATIONAL INFORMATION**

ISIN: [•]

Common Code: [•]

Delivery Delivery [against/free of] payment

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

⁶ *For securities of at least €100,000 only the estimated total expenses related to admission to trading should be included.*

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 recognized as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[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)*

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 may begin before notification is made: *[Not applicable] [•]*
- Amount of any expenses and taxes specifically charged to the subscriber or purchaser: *[Not applicable] [•]*

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

SUMMARY OF 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 EUR 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 16 June 2016 [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 [original date] [and the supplement(s) to it dated [insert date] which are incorporated by reference in the Base Prospectus dated 16 June 2016. 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 16 June 2016 [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 [original date] [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.]

[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]
(further particulars specified below)
 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]⁷
[Issuer Call]⁸
[(further particulars specified below at paragraph [14/15])]
 12. [(i)] Status of the Notes: [Senior/Subordinated]
 - [(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/Not Applicable]

⁷ *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*

⁸ *Euroclear and Clearstream, Luxembourg must be given 5 business days' notice of exercise of Issuer call option.*

(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]/[30E/360]/[Actual/Actual (ICMA)]/[Actual/365(fixed)]
- (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 Note Provisions [Applicable/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 Dates: [•]
- (iii) First Interest Payment Date: [•]
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention][Not Applicable]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (vi) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Agent]): [•] [*Party acting as Determination Agent*]
- (vii) Screen Rate Determination:

- Reference Rate: [•][•] [LIBOR/EURIBOR]
 - Interest Determination Date(s): [•]
 - Relevant Screen Page: [•]
- (viii) ISDA Determination:
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
- (ix) [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*)]
- (x) Margin(s): [+/-][•] per cent. per annum
- (xi) Minimum Rate of Interest: [•] per cent. per annum
- (xii) Maximum Rate of Interest: [•] per cent. per annum
- (xiii) Day Count Fraction: [•]

PROVISIONS RELATING TO REDEMPTION

15. [Call Option and/or Regulatory Call]: [Applicable/Not applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (The clearing systems require a minimum of 5 business days notice if such an option is to be exercised)*
- (i) Optional Early Redemption Date(s): [•]
- (ii) [Optional Early Redemption Amount (Call)/Regulatory Event Redemption Amount] of each Note: [•] per Note of [•] specified denomination
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [•]
 - (b) Maximum Redemption Amount: [•]
- (iv) Notice period:⁹ [•]

⁹ *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.*

16. Put Option [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs 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:¹⁰ [•]
17. Maturity Redemption Amount of each Note: [•] per Note of [•] specified denomination
18. Early Redemption Amount (Tax):
- Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption: [•]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

19. 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]
20. New Global Note: [Yes] [No]
21. 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.]
22. Business Day: [Specify any additional financial centres necessary for the purposes of Condition [8B.02].]
23. Relevant Financial Centre: [Specify any modification required.]
24. Relevant Financial Centre Day: [Specify any additional financial centres necessary for the purposes of Condition [8B.02] or [8A.04].]

¹⁰ Euroclear and Clearstream, Luxembourg must be given 5 business days' notice of exercise of Issuer call option.

25. Details relating to Instalment Notes: [Applicable/Not applicable]
- (i) Instalment Amount(s): [•]
 - (ii) Payment Date(s): [•]
 - (iii) Number of Instalments: [•]
26. Commissioner: [•]

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 the Irish Stock Exchange][the official list of the Luxembourg Stock Exchange][the Frankfurt Stock Exchange].

(i) Admission to Trading: [Application has been made for the Notes to be admitted to trading on [the Regulated Market of the Irish Stock Exchange][the regulated market of the Luxembourg Stock Exchange][the regulated market of the Frankfurt Stock Exchange].

(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: [Standard & Poor's: [•]]

[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**

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

6. **OPERATIONAL INFORMATION**

ISIN: [•]

Common Code: [•]

Delivery: Delivery [against/free of] payment

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

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

[Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. 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]

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 16 June 2016 (the "**Deed of Covenant**") executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Exchange of Permanent Global Notes

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

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant. Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Conditions applicable to Global Notes

Each Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a

schedule thereto and in respect of an NGN the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Exercise of put option: In order to exercise the option contained in Condition 5.06 (*Optional Early Redemption (Put)*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the 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 5.03 (*Optional Early Redemption (Call)*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 13 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 13 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

DESCRIPTION OF THE ISSUER

History and Development

The Issuer's legal name is Santander Consumer Finance, S.A. (the "**Issuer**" or "**SCF**") and its commercial name is "Santander Consumer". 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 Bérnago Llabrés but with Mr. Bérnago Llabrés' notarial number 2.842, on 31 August 1963. In 1995, the Issuer changed its name to "Hispaner Banco Financiero, S.A." and then changed it again in 1999 to "HBF Banco Financiero, S.A.". The Issuer's current name, Santander Consumer Finance, was changed on 19 December 2002 and published in the Official Bulletin of the Mercantile Registry (*Boletín Oficial del Registro Mercantil*) on 13 January 2003. It is governed by the Restated Companies Act (*Texto Refundido de la Ley Legislativo 1/2010, de 2 de Julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*). The Issuer is also subject to special legislation for credit institutions in general and the supervisión, control and regulation of the ECB.

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 2015 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 per cent. direct and indirect ownership interest in the share capital of the Issuer as at 31 December 2015. 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 398 branches located throughout Europe (65 of which are in Spain) and engages in finance leasing, financing of third party purchases of consumer goods of any kind, full-service leasing ("renting") and other activities. Additionally, since December 2002, the Issuer has been the head of a European corporate group, consisting mainly of financial institutions, which engages in commercial banking, consumer finance,

operating and finance leasing, full-service leasing and other activities in Germany, Italy, Hungary, Austria, France, the Netherlands, Norway, Finland, Denmark, Sweden, Switzerland and Portugal.

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

Enjoying its 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 profit of €1,059.8 million in 2015.

The major milestones achieved in 2015 were as follows:

- As stated in the Issuer's 2015 Consolidated Financial Statements, SCF ranks among the Top 3 banks in the main markets in which it operates. It is well-balanced in terms of geographical diversification, encompassing both northern and southern European countries.
- SCF operates through approximately 89.000 associated points of sale (car dealers and retail outlets) and has a significant number of financing agreements with car and motorcycle manufacturers, as well as with major retail distribution groups.
- Amidst an environment of incipient recovery in consumer spending and vehicle registrations in the countries in which it is present, SCF continued to gain market share on the back of a business model founded on: geographical and product diversification, with leading positions and critical mass in key markets, a higher degree of efficiency than its competitors and high analytical and risk/recovery management capabilities, making it possible to maintain high credit quality.
- The trend in profit (+66.0 per cent.) mirrors a growth in income (18.2 per cent.) outstripping that of costs (17.5 per cent.) and a 5.4 per cent. reduction in period provisions.
- The non-performing loans ratio (3.14 per cent.) and the NPL coverage ratio (107 per cent.) represent a marked improvement vis-à-vis the standards for the consumer finance business.
- The best-performing units, at management level, were Germany, with a profit of €393 million, the Nordic countries, with €234 million, and Spain, with €167.9 million.

The agreements entered into in recent years have bolstered the Consumer Group's position in its various markets:

- 2015 saw the completion of more than 70 per cent. of the agreement with Banque PSA Finance, which enabled SCF to consolidate its leadership in auto finance.
- The integration of GE Nordics increased the proportion of direct credit in the product mix, strengthening SCF's profitable diversified growth in the region. Nordics, which operates in economies enjoying the highest credit ratings, has become one of the Consumer Group's key units.
- There was a year-on-year rise in new lending in the main countries: Germany, the Nordic countries and Spain.

Net lending to customers amounted to €70.556 million at 2015 year-end, representing a 22.8 per cent. year-on-year rise. This increase was due mainly to the inclusion of the PSA business in France, Spain and Switzerland and the improved performance of the new and second-hand car loan portfolio in Germany and the Nordic countries.

Accumulated new lending went up by 28.4 per cent. with respect to 2014, and stood at €29,510.6 million at 2015 year-end. This rise was due to the inclusion of the new PSA business in France, Spain, Portugal and Switzerland, the increased new lending for durable goods in Spain on the back of new commercial agreements, the growth in the card business at Financiera de El Corte Inglés and at Nordics (arising in part from the acquisition of the GE business in Sweden in 2014) and the organic growth experienced in

most units as a result of the improvement in the registrations market in Europe. Growth was reported across all product lines, most notably in cards (24.1 per cent.) and new vehicles (+48.8 per cent.), a rate which surpasses the growth in registrations (+9.2 per cent. in EU+EFTA). Also noteworthy was the increase in mortgages in the business in Germany (+49.6 per cent.).

All units reported growth in local currency terms, spearheaded by Spain (31.6 per cent.) and Portugal (44.7 per cent.), for the abovementioned reasons.

On the liability side, customer deposits were up 5.9 per cent., due above all to the campaigns launched in the Nordic countries, where deposits increased from €1,996.6 million in 2014 to €3,892.5 million in 2015.

With regard to the raising of wholesale funds, in 2015 the area performed fifteen asset securitisation and structured transactions (both private and public sector or retained) in nine of the thirteen countries in which it operates, through which it obtained third-party financing totalling more than €3,240 million. These transactions have positioned SCF as one of the leading vehicle loan securitisation issuers in Europe. This evidences how attractive the area's assets are to the market and the high diversification of its funding sources. In addition, senior issues of more than €7,190 million were placed with third parties (including both public- and private-sector transactions).

At 2015 year-end, customer deposits and market issues and securitisations accounted for 79.8 per cent. of the area's net lending, which, combined with its long-term funds, enabled the area to achieve a high level of net self-financing.

New Business of the Issuer in 2015

The volume of new loans at December 2015 was €29,595 million, up by 28.74 per cent. compared with the previous year. This increase was supported by car business which increased by 35.22 per cent. and by consumer and credit cards which were up by 16.54 per cent. The increase in car business was due to both used and new vehicles. In the mortgages business SCF increased 49.60 per cent., other products increased 53.34 per cent., and direct business 17.26 per cent.

The area's strategy, penetration and diversification have given rise to further increases in the market share in terms of volume in 2015.

The units with higher productions in 2015 were Germany (up 6.67 per cent. compared with 2014), the Nordic countries (up 21.24 per cent. in local currency compared with 2014), Spain (up 31.58 per cent. compared with 2014), Italy (up 16.63 per cent. compared with 2014) and Portugal (up 44.65 per cent. compared with 2014).

The following table summarises new financing extended in 2015 by product line, compared with the previous year:

Unaudited	2015 financial year	Percentage of total activity	2014 financial year	Variation 2015/2014
	<i>(millions of Euro)</i>	<i>(percentage)</i>	<i>(millions of Euro)</i>	<i>(percentage)</i>
New Business				
Cars	17,550.0	59.30 per cent.	12,979.0	35.22 per cent.
<i>New cars</i>	<i>9,809.0</i>	<i>33.14 per cent.</i>	<i>6,591.0</i>	<i>48.82 per cent.</i>
<i>Used Cars</i>	<i>7,741.0</i>	<i>26.16 per cent.</i>	<i>6,387.0</i>	<i>21.20 per cent.</i>
Consumer Financing and Credit Cards	6,482.0	21.90 per cent.	5,562.0	16.54 per cent.
Direct	4,070.0	13.75 per cent.	3,471.0	17.26 per cent.
Mortgages	187.0	0.63 per cent.	125.0	49.60 per cent.
Other	1,308.0	4.42 per cent.	853.0	53.34 per cent.

Total financing activity	29,595.0	100.00 per cent.	22,989.0	28.74 per cent.
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The automotive business comprises all the businesses related to the financing of new and used vehicles, including operating and finance leases. This is the Consumer Group's main business, which at €17,550 million represented 59.30 per cent. of the new financing activity during 2015 (new car financing accounted for 33.14 per cent. of the total new business).

Consumer financing and the credit cards business reflect the income from consumer products distributed through intermediaries (subscription agents or dealers) not included in the direct finance business. Credit cards represent the business of extending consumer credit by means of credit cards, including the management of the credit cards. These two products represented 21.90 per cent. of total activity in 2015, or €6,482 million, and an increase of 16.54 per cent. when compared with the previous year.

Direct financing comprises the financing of consumer products distributed through the Consumer Group's own channels, without the use of intermediaries. It includes the marketing of personal loans for small amounts, with a short granting and approval period. Direct financing represented 13.75 per cent. of the Consumer Group's total activity, with an amount of €4,070 million in 2015.

The mortgage financing business includes all activities related to financing backed by property as collateral. In 2015, mortgages had an increase of 49.60 per cent. in comparison with the previous year. This product represented 0.63 per cent. of total activity in 2015, or €187 million.

Other businesses include operations that do not fit into any of the above categories. This business accounted for 4.42 per cent. of new business in 2015.

At the end of 2015, the consolidated customer funds under management (customer deposits and marketable debt securities) reached €56,030.3 million (not including valuation adjustments or subordinated debt), representing an increase of 18.1 per cent. compared to the €47,423.4 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 through Germany and the Nordics. Consolidated customer deposits increased by 6.2 per cent. (from €29,074.2 million in 2014 to €30,876.1 million in 2015) mainly due to deposits acquired in Santander Consumer Germany AG and the German retail banking activities of SEB AG.

On the other hand, consolidated marketable debt securities increased by 37.1 per cent., mainly due to new bonds and debentures outstanding. As in 2014, in April 2015 the Issuer's Board of Directors resolved to launch a bond and fixed income with a maximum principal amount outstanding that may not exceed €30,000 million.

Notes and other securities issued by the Issuer and its subsidiaries increased by 44.07 per cent. in 2015 in comparison to the previous year (from €4,808 million in 2014 and €6,927 million in 2015). As in 2014, in April 2015 the Issuer's Board of Directors resolved to launch a "**Euro Medium Term Notes**" programme with a maximum principal amount outstanding that may not exceed €10,000 million. The following table summarises customer funds under management in 2015, as compared to the previous financial year (the data does not include valuation adjustments or subordinated debt):

Customer Funds under management	2015 Financial year (audited)	2014 Financial year (audited)	Variation 2015/2014
	<i>(millions of euro)</i>	<i>(millions of euro)</i>	
Customer deposits	30,876.1	29,074.2	6.2 per cent.
Marketable debt securities	25,154.2	18,349.1	37.1 per cent.
Total client funds on balance sheet	56,030.3	47,423.4	18.1 per cent.

Main Markets in which the Issuer Competes

At year-end 2015, the Issuer carried out its consumer financing business mainly in the Euro zone. The Consumer Group separates geographic reporting into five operating areas, each of which covers all

business carried out by the Consumer Group in such geographical area: Germany, Spain, Portugal, Italy, Austria, France, the Nordics, and the rest of Europe.

The following tables summarise customer lending and customer deposits by geographical area as at 31 December 2015, in comparison with the previous year (the data does not include valuation adjustments or subordinated debt):

Loans and advances to customers

	2015 Financial year (audited)	Percentage of total activity	2014 Financial year (audited)	Variation 2015/2014 (percentage)
	<i>(millions of euro)</i>		<i>(millions of euro)</i>	
Spain and Portugal	12,562.10	17.21 per cent.	9,448.36	32.96 per cent.
Italy	5,013.81	6.87 per cent.	5,168.96	-3.00 per cent.
Germany and Austria	33,147.55	45.41 per cent.	32,470.86	2.08 per cent.
France	8,583.66	11.76 per cent.	-	-
The Nordics	12,113.02	16.60 per cent.	11,875.59	2.00 per cent.
Other Areas	1,570.79	2.15 per cent.	1,139.28	37.96 per cent.
Total	72,990.91	100.00 per cent.	60,103.05	21.44 per cent.

Customer Deposits

	2015 Financial year (audited)	Percentage of total activity	2014 Financial year (audited)	Variation 2015/2014 (percentage)
	<i>(millions of euro)</i>		<i>(millions of euro)</i>	
Spain and Portugal	349.06	1.13 per cent.	286.28	21.93 per cent.
Germany	23,902.65	77.41 per cent.	24,946.46	-4.18 per cent.
Italy	373.43	1.21 per cent.	208.29	79.28 per cent.
France	1,321.62	4.28 per cent.	-	-
The Nordics	3,892.59	12.61 per cent.	2,754.08	41.34 per cent.
Austria	1,024.49	3.32 per cent.	879.13	16.53 per cent.
Other Areas	12.22	0.04 per cent.	-	-
Total	30,876.06	100.00 per cent.	29,074.24	6.20 per cent.

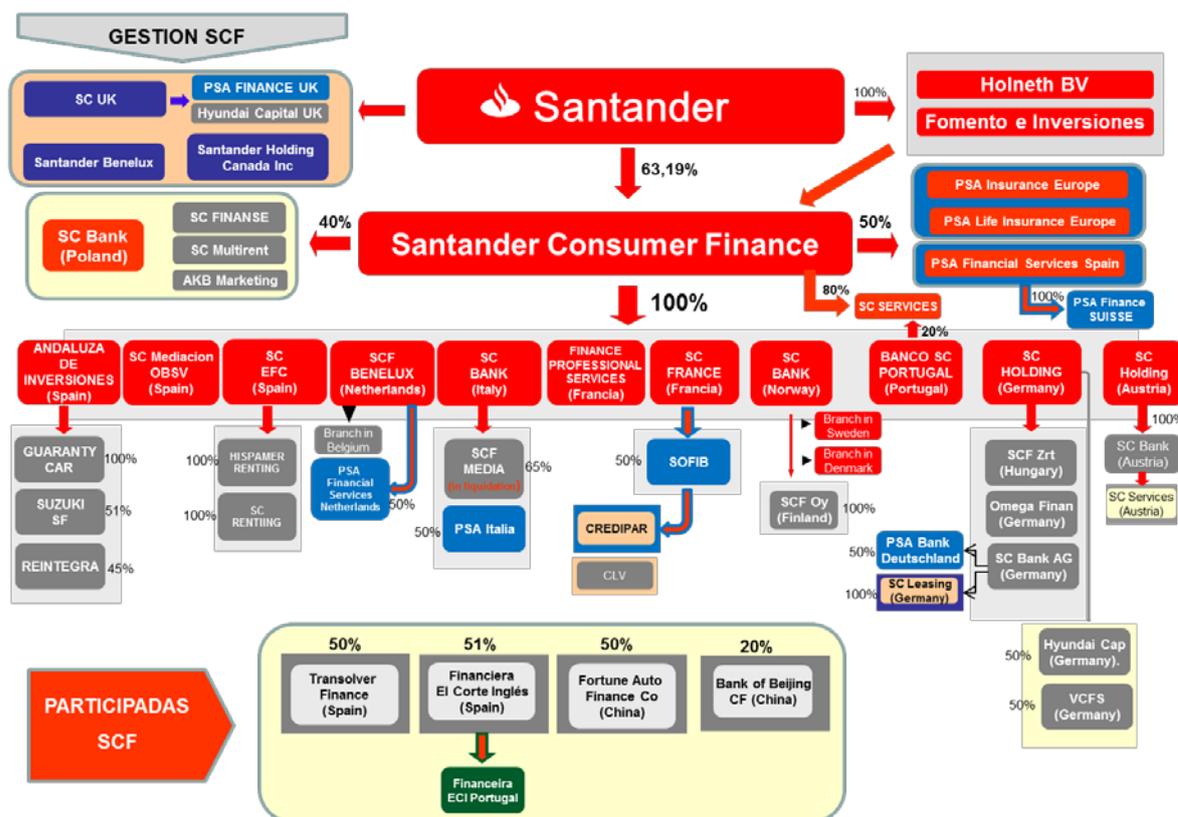
Organisational Structure and Major Shareholders

The Issuer is the parent company of a consolidated group of companies providing consumer finance services (the Consumer Group). The Issuer itself also belongs to the consolidated group of credit institutions, the parent company of which is Banco Santander, S.A.

As at 31 December 2015 the Issuer is dependent upon its shareholders, which are Banco Santander, S.A. 63.2%, Holneth, B.V 25.0% and Fomento e Inversiones, S.A. 11.8%.

The growth experienced by the Consumer Group in recent years has resulted in the Issuer itself 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 within the Santander Group as at April 2016:



Recent Developments

The most significant acquisitions and disposals of equity investments in Consumer Group entities in 2015 and 2014 and other relevant corporate transactions which modified the Consumer Group's scope of consolidation in these years were as follows:

Bank Zachodni WBK S.A. and Santander Consumer Bank S.A. (Poland)

As part of a corporate restructuring at the Santander Group, on 30 June 2014, the shareholders at the Annual General Meeting of Bank Zachodni WBK S.A. (a Santander Group entity) resolved to increase the share capital by PLN 53,839 thousand through the issue of 5,383,902 new shares of PLN 10 par value each and a share premium of PLN 390.53 per share. This increase was subscribed in full by SCF through the non-monetary contribution of a 60 per cent. ownership interest in the share capital of the Polish entity Santander Consumer Bank S.A., which also represented 67 per cent. of the voting rights at the Annual General Meeting of this entity. This capital increase was subscribed by SCF on 1 July 2014. Following this transaction, SCF's ownership interest in Bank Zachodni WBK S.A. amounted to 5.425 per cent. of the share capital and voting rights thereof.

On 12 August 2014, SCF entered into an agreement with Banco Santander, S.A. for the sale in full of the aforementioned ownership interest in the Polish entity Bank Zachodni WBK S.A. The selling price amounted to PLN 2,156,414 thousand and gave rise to a gain of €140,081 thousand, which was recognised under "Gains (Losses) on Disposal of Assets Not Classified as Non-Current Assets Held for Sale" in the consolidated income statement for 2014.

Following this transaction, the Consumer Group holds a 40 per cent. ownership interest in the share capital of the Polish entity Santander Consumer Bank S.A. As a result of the loss of control over this entity, in 2014 the Consumer Group recognised a gain amounting to €106,389 thousand under "Gains (Losses) on Disposal of Assets Not Classified as Non-Current Assets Held for Sale" in the consolidated income statement for 2014 relating to the recognition at fair value of the investment retained in this entity, in accordance with IFRS 10.

Financiera El Corte Inglés E.F.C., S.A. (Spain)

On 7 October 2013, SCF announced that it had entered into an agreement with El Corte Inglés, S.A. in the area of consumer finance, which provided for the acquisition by SCF of 51 per cent. of the share capital and voting rights at the Annual General Meeting of Financiera El Corte Inglés E.F.C., S.A., with El Corte Inglés, S.A. retaining the remaining 49 per cent. Completion of this transaction was subject, among other conditions, to obtainment of the relevant authorisations from the regulatory and competition authorities, which were obtained in the first quarter of 2014. On 27 February 2014, SCF paid €40,301 thousand to acquire the aforementioned ownership interest in this company.

In the first half of 2014 the structure of the governing bodies of Financiera El Corte Inglés E.F.C., S.A. and the Consumer Group's ability to direct its relevant activities were evaluated and it was concluded that the Consumer Group exercises control over this investee in accordance with the requirements provided for in current standards (IFRS 10).

The detail of the estimated fair value of the assets acquired and liabilities assumed at the date of the business combination, based on the nature of the related items, is as follows:

	Millions of Euro
Loans and advances to credit institutions	29
Loans and receivables - Loans and advances to customers (*)	1,291
Intangible assets	2
Other assets	22
Total assets (I)	1,344
Deposits from credit institutions.....	173
Customer deposits.....	81
Marketable debt securities.....	585
Provisions.....	3
Other liabilities.....	290
Total liabilities (II)	1,132
Net asset value (III=I-II)	212
Non-controlling interests (IIIx49%)	(104)
Cost of investment.....	(140)
Goodwill at acquisition date (**)	32

(*) The estimate of fair value included impairment losses of €46 million which were considered in estimating the fair value of the acquired loans.

(**) Belongs to the Spain and Portugal cash-generating unit.

On the date of the business combination, the Consumer Group recognised an increase in non-controlling interests of €04 million under “Non-Controlling Interests - Other” in the consolidated balance sheet. These non-controlling interests relate to the percentage still owned by El Corte Inglés, S.A. of the carrying amount of the net assets included in the balance sheet following this business combination.

The amounts contributed by the acquired business to gross income and profit before tax in the consolidated income statement for 2014 were €145 million and €78 million, respectively.

Santander Benelux, S.A.

On 18 December 2014, Santander Consumer Holding GmbH sold in full the ownership interest that it held in Santander Benelux, S.A. at that date, which represented 16.8 per cent. of the share capital of this company, to Banco Santander, S.A. for €200 million, which did not give rise to any material gain or loss for the Consumer Group in 2014.

Santander Consumer Bank AB (Sweden) and Santander Consumer Bank AS (Norway)

On 20 June 2014, SCF announced that it had reached an agreement with the Swedish entity GE Money Nordic Holding AB to acquire all the share capital of the Swedish entity Santander Consumer Bank AB

(formerly GE Money Bank AB), which carried on GE Capital's consumer finance business in Sweden, Norway and Denmark.

On 6 November 2014 (the closing date of the transaction, following the obtainment of the relevant authorisations from the regulatory and competition authorities) SCF paid SEK 6,408 million (€693 million) to acquire all the voting rights of the aforementioned investee, which generated goodwill of €391 million on the date control was obtained.

The detail of the estimated fair value of the assets acquired and liabilities assumed at the date of the business combination, based on the nature of the related items, considering the adjustments made in 2015 during the measurement period established in IFRS 3, which entailed the recognition of an additional amount of €7 million of intangible assets in 2015 and the reduction, by the same amount, of the goodwill initially estimated in 2014, is as follows:

	Millions of Euro
Cash and balances with central banks	28
Loans and advances to credit institutions	179
Loans and receivables - Loans and advances to customers (*)	2,099
Intangible assets	22
Other assets	62
Total assets	2,390
Deposits from credit institutions (**).	1,159
Customer deposits	769
Subordinated liabilities	81
Other liabilities	74
Total liabilities	2,088
Net asset value	302
Cost of investment	693
Goodwill at acquisition date (***)	391

(*) In estimating their fair value, the value of the loans was reduced by €75 million.

(**) Includes mainly the financing provided by the Consumer Group to the acquired entity.

(***) Belongs to the Nordics (Scandinavia) cash-generating unit.

The amounts contributed by the acquired business to gross income and profit before tax in the consolidated income statement for 2014 were €44 million and €1 million, respectively.

On 1 July 2015, the merger by absorption of the Consumer Group companies Santander Consumer Bank A.S. (absorbing company) and Santander Consumer Bank AB (absorbed company) was executed. This transaction did not have any impact on the Consumer Group's accounting figures presented in the consolidated financial statement for 2015.

Agreements with Banque PSA Finance

Within the framework of the agreements entered into in 2014 by SCF, Peugeot, S.A. and Banque PSA Finance, the vehicle financing unit of the PSA Peugeot Citroën Group, the following events and transactions took place in 2015:

- In January 2015 the relevant regulatory authorisations were obtained for the commencement of activities in France.

On 30 January 2015, the subsidiary Santander Consumer France, S.A. (formerly Santander Consumer France, S.A.S.) carried out a capital increase which was subscribed and paid in full by SCF through a monetary contribution of €476.7 million. In addition, on 3 November 2015, a €2.7 million capital increase was subscribed and paid in full by SCF.

On 2 February 2015, Santander Consumer France, S.A. acquired 50 per cent. of the share capital of Société Financière de Banque - SOFIB, S.A. ("SOFIB"), which until that time was part of the Banque PSA Finance Group, for €463 million.

Following the aforementioned acquisition of 50 per cent. of the share capital of SOFIB and pursuant to the aforementioned agreements entered into, SOFIB, together with its subsidiaries, became Consumer Group subsidiaries as from that date. At the date control was obtained by the Consumer Group, the total assets and liabilities acquired in this transaction, measured in accordance with the applicable legislation, amounted to approximately €8,708 million and €7,782 million, respectively; consequently, taking into account the cost of the aforementioned consideration transferred by the Consumer Group and the effect of the related non-controlling interests, no goodwill or gain from a bargain purchase arose thereon. With regard to the main classes of assets and liabilities acquired on the date control was obtained as a result of this transaction, it should be noted that they consist mainly of loans and receivables (loans and advances to customers) and financial liabilities at amortised cost (deposits from credit institutions, customer deposits and marketable debt securities), respectively.

- On 7 January 2015, SCF made a contribution of €2 million to the capital of the newly-created company Finance Professional Services, S.A.S. (a subsidiary, with no relevant impact for the Consumer Group), of which it is the sole shareholder.
- Also, on 16 March 2015, the Consumer Group incorporated PSA Life Insurance Europe Limited and PSA Non-Life Limited, both of which are insurance companies with registered office in Malta (and jointly controlled entities with no relevant impact for the Consumer Group), in which it holds 50 per cent. ownership interests, for a total investment of approximately EUR 3 million.
- On 3 August 2015, SCF and the subsidiary Banco Santander Consumer Portugal, S.A. acquired all the share capital of Santander Consumer Service, S.A. (formerly PSA Gestao - Comércio e Aluguer de Veículos, S.A.), a company with registered office in Portugal which until that time was part of the Banque PSA Finance Group, for €10,444 thousand; however, this price might change as a result of the various review processes currently under way, pursuant to the terms of the aforementioned agreements. 80 per cent. of the shares in the entity's share capital were acquired by SCF and the remaining 20 per cent. were acquired by Banco Santander Consumer Portugal, S.A.

Following the aforementioned acquisition of the entire capital of Santander Consumer Service, S.A. (formerly PSA Gestao - Comércio e Aluguer de Veículos, S.A.), and pursuant to the terms of the aforementioned agreements entered into, this company became a Consumer Group subsidiary as from the aforementioned date, contributing a lending portfolio totalling approximately €250 million to the consolidated Consumer Group.

Also, Banco Santander Consumer Portugal, S.A. acquired the lending business of the Portuguese branch of Banque PSA Finance, S.A. for approximately €24,941 thousand, contributing a lending portfolio totalling approximately €65 million to the consolidated Consumer Group.

- On 2 October 2015, SCF subscribed to a capital increase carried out by PSA Financial Services Spain, E.F.C., S.A. (a company incorporated in 2015 by Banque PSA Finance to which the latter had spun off its vehicle financing business in Spain prior to SCF's entry in the share capital). SCF paid a total of €81,485 thousand in this connection, of which €32,566 thousand related to the creation and issue of 13,256,600 new shares of €10 par value each acquired by SCF and €48,919 thousand to the share premium on the shares acquired. This capital increase was subscribed and paid in full by SCF. Following this capital increase, SCF holds a 50 per cent. ownership interest in the share capital of this entity, over which, in view of the terms of the shareholder agreements entered into, it exercises control. Also, prior to its joining the Consumer Group, this company performed a securitisation transaction involving receivables that were transferred to the securitisation special-purpose vehicle Auto ABS 2012-3, Fondo de Titulización de Activos.

PSA Financial Services Spain, E.F.C., S.A. owns all the share capital of PSA Finance Suisse, S.A. (Switzerland), which, in turn, prior to its joining the Consumer Group performed a securitisation transaction involving receivables that were transferred to the securitisation special-purpose vehicle Auto ABS Swiss Leases 2013 GmbH.

Since the Consumer Group has retained substantially all the risks and rewards associated with the securitised portfolios, and has control thereof, the financial statements of these special-purpose vehicles were included in the consolidated financial statements.

At the date control was obtained by the Consumer Group, the total assets and liabilities acquired in this transaction, measured in accordance with the applicable legislation, amounted to approximately €3,286 million and €2,924 million, respectively; consequently, taking into account the cost of the aforementioned consideration transferred by the Consumer Group and the effect of the related non-controlling interests, no goodwill or gain from a bargain purchase arose thereon. With regard to the main classes of assets and liabilities acquired on the date control was obtained as a result of this transaction, it should be noted that they consist mainly of loans and receivables (loans and advances to customers and loans and advances to credit institutions) and financial liabilities at amortised cost (deposits from credit institutions, customer deposits and marketable debt securities), respectively.

It should be noted that, pursuant to EU-IFRS 3, Business Combinations, although the foregoing business combination did not give rise to any goodwill or gain from a bargain purchase, the definitive measurement of the assets and liabilities acquired in the business combination is being reviewed, since it is within the one-year maximum measurement period established in IFRS 3. During this one-year measurement period, should any additional relevant information arise relating to the date control was obtained by the Consumer Group which might affect the initial measurement of the assets and liabilities acquired, the provisional amounts at which these assets and liabilities were initially recognised in the consolidated financial statements would be adjusted accordingly.

In 2015 the businesses acquired by the Consumer Group in relation to the agreements entered into with the PSA Finance Group contributed €85 million to the Consumer Group's profit. Had the above business combinations taken place on 1 January 2015, the profit contributed to the Consumer Group in 2015 would have been approximately €108 million.

Santander Consumer Holding GmbH (Germany)

On 4 November 2015, the subsidiary Santander Consumer Holding GmbH (Germany), following its merger by absorption with the subsidiary Santander Consumer Beteiligungsverwaltungsgesellschaft mbH (Germany), reached an agreement with SCF to sell to the latter all the shares of Santander Consumer Finance Benelux, B.V. (Netherlands) and Santander Consumer Holding Austria GmbH (Austria) held by it at that date, for €90 million and €18 million, respectively. Since this transaction was carried out between Consumer Group companies, the effects thereof were eliminated on consolidation and had no impact whatsoever on the consolidated financial statements for 2015.

Santander Consumer Bank S.p.A. (Italy) and Unifin S.p.A. (Italy)

On 1 December 2015, the merger by absorption of the Consumer Group companies Santander Consumer Bank S.p.A. (absorbing company) and Unifin S.p.A. (absorbed company) was executed. This transaction did not have any impact on the Consumer Group's accounting figures presented in the consolidated financial statement for 2015.

Andaluza de Inversiones, S.A.

On 18 December 2015, following the obtainment of the appropriate authorisations from the regulatory and competition authorities, the subsidiary Andaluza de Inversiones, S.A. sold its entire holdings in the associates Grupo Konectanet, S.L. and Konecta Activos Inmobiliarios, S.L. (44.77 per cent. and 45.62 per cent. of the shares, respectively) to Brendenbury, S.L., in which Banco Santander, S.A. indirectly holds 40 per cent. of the share capital, for €103,300 thousand and €4,562 thousand, respectively. As a result, the Consumer Group obtained a gain of €9,526 thousand which was recognised under "Gains (Losses) on Disposal of Assets Not Classified as Non-Current Assets Held for Sale" in the accompanying consolidated income statement for 2015.

Capital increases

In 2015 and 2014, 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 (*)	
	2015	2014
Transolver Finance, E.F.C., S.A. (**)	3	3.5
Santander Consumer Bank A.S. (Norway)	125.5	121
Santander Consumer Finance Zrt. (Hungary)	2.9	24.7
PSA Life Insurance Europe Ltd (Malta) (***)	2.4	-
PSA Insurance Europe Ltd (Malta) (***)	17.2	-
Fortune Auto Finance Co. (China)	-	33
	151	182.2

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

(**) Relates to a capital increase of €6 million (2014: €7 million) carried out by this jointly controlled entity 50 per cent. owned by SCF, following which SCF retained its 50 per cent. ownership interest therein.

(***) Relates to the subscription of 50 per cent. of the capital increases at PSA Insurance Europe Ltd (€34.4 million) and PSA Life Insurance Europe Ltd (€4.8 million), both of which are jointly controlled entities 50 per cent. owned by SCF, following which SCF retained its 50 per cent. ownership interest 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, approving the Spanish Consolidated Securities Market Law, are included, as appropriate, in Appendix III.

Events after the reporting period

Agreements with Banque PSA Finance

On 7 January 2016, Santander Consumer Bank S.p.A. (Italy) acquired 50% of the share capital of Banca PSA Italia S.p.A. for approximately EUR 76.4 million.

On 1 February 2016, Santander Consumer Finance Benelux B.V. (the Netherlands) acquired 50% of the share capital of PSA Financial Services Nederland B.V. for approximately EUR 22 million.

From 31 December 2015 to the date on which the consolidated financial statements were authorised for issue no additional events took place that might affect them.

On 29 April 2016, the Issuer acquired from Banco Santander, S.A. the 99.99 per cent. of the shares of Santander Benelux S.A./N.V., for a total amount of €1,169,953,250, once they have been obtained the necessary administrative authorizations.

Administrative, Management and Supervisory Bodies

Board of Directors

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

As at the date of this Base Prospectus, the Board of Directors of the Issuer was comprised of 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	26/11/2015
Dña. Magdalena Salarich Fernández de Valderrama	Deputy Chairman	26/02/2008	26/11/2015
D. Bruno Montalvo Wilmot	Director (General Manager)	24/05/2012	26/11/2015
Dña. Inés Serrano González	Director (General Manager)	27/03/2008	26/11/2015
D. José Luis De Mora Gallardo	Member	26/11/2015	
D. Francisco Javier Gamarra Antón	Member	18/12/2014	12/01/2016
D. Jean-Pierre Landau	Member	23/12/2015	
D. Juan Rodríguez Iniciarte	Member	30/06/2003	26/11/2015
D. Luis Alberto Salazar-Simpson Bos	Member	29/05/2013	26/11/2015
D. David Turiel López	Member	04/06/2008	26/11/2015
D. Fernando Garcia Sole	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.	Chairman
	Attijariwafa Bank, S.A. (Marruecos)	Deputy Chairman
	Tarazona Once, S.L.	-
	Arena Media Communications España S.A. Santander Consumer Finance, S.A.	Sole Administrator Chairman Chairman
D. Juan Rodríguez Inciarte	Santander Consumer Finance, S.A. Vista Capital de Expansion, S.A	Member of the Board of Directors Member of the Board of Directors
	Santander UK Group Holding Ltd SAM Investment Holding Ltd	Member of the Board of Directors Member of the Board of Directors Deputy Chairman
	Santander UK, Plc. Saarema Inversiones, S.A. Saarema Sociedad Promotora De Centros Residenciales, S.L.	Chairman Member of the Board of Directors
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. Banco Santander Consumer Portugal, S.A.	Member of the Board of Directors Chairman
	Santander Consumer Bank, S.A. (Polonia)	Member of the Supervisory Board
	Santander Consumer Bank, S.p.A. Finance Professional Services SAS Santander Consumer France, S.A.S.	Member of the Board of Directors Chairman Member of the Supervisory Board
	PSA Insurance Europe LTD PSA Life Insurance Europe LTD	Member of the Board of Directors Member of the Board of Directors
D. Luis Alberto Salazar-Simpson Bos	Santander Investment, S.A. Santander Consumer Finance, S.A.	Member of the Board of Directors Member of the Board of Directors
	France Telecom España, S.A. Constructora Inmobiliaria Urbanizadora Vasco-Aragonesa, S.A.	Chairman 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 Plc.	Chairman
	Santander Consumer Finance, S.A. PSA Finance UK Limited	Member of the Board of Directors Member of the Board of Directors
Dña. Inés Serrano González	Santander Consumer Holding GmbH	Member of the Supervisory Board
	Societe Financier de Banque, S.A.-SOFIB	Chairman
	Compagnie Generalé De Credit Aux Particuliers-CREDIPAR	Member of the Supervisory Board
	Santander Consumer France, S.A.S.	Member of the Supervisory Board
	PSA LionDeutschland GmbH	Member of the Supervisory Board
	Financiera El Corte Inglés, E.F.C, S.A.	Member of the Board of Directors
	Santander Consumer Bank AG	Member of the Supervisory Board
	Santander Consumer Finance, S.A.	Member of the Board of Directors
	Grupo Multitel, S.A.	Member of the Board of Directors
D. Javier Francisco Gamarra Antón	Santander Consumer Finance, S.A. Santander Consumer Bank Spólka Ackyjna	Member of the Board of Directors Member of the Supervisory Board
	Santander Consumer Finance ZRT.	Member of the Supervisory Board
D. Jose Luis De Mora Gallardo (*)	Banco Santander, S.A. Santander Consumer Finance, S.A. Bank Zachodni WBK S.A.	Director Member of the Board of Directors Member of the Board of Directors

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

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

The Board of Directors has appointed an Executive Committee and an Audit Committee.

Executive Committee

The Executive Committee of the Issuer's 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	Deputy Chairman
D. Bruno Montalvo Wilmot	Director (General Manager)
Dña. Inés Serrano González	Director (General Manager)
D. Francisco Javier Gamarra Antón	Member
D. David Turiel López	Member
D. Fernando Garcial Sole	Secretary

Audit Committee

The main responsibilities of the Audit Committee are to:

- a) Inform the General Meeting of shareholders of any questions raised in relation to those matters falling within the remit of the committee and, in particular, on the outcome of the audit, explaining how it has contributed to the integrity of the financial information and the committee's function in this process.
- b) Supervise the efficiency of the Issuer's internal monitoring, the internal audit and the risk management systems, as well as discussing any significant weaknesses of the internal monitoring system detected in the course of the audit with the auditor, without compromising the auditor's independence. To that end, if applicable, recommendations or proposals may be made to the management body, setting the appropriate term for following-up on them.
- c) Supervise the process of the preparation and presentation of the mandatory financial information and present recommendations or proposals to the management body, with a view to safeguarding its integrity.
- d) Raise proposals for the selection, appointment, re-election and replacement of the auditor to the Board of Directors, taking responsibility for the selection process, in accordance with the provisions of Articles 16, sections 2, 3 and 5, and 17.5 of Regulation (EU) no. 537/2014, of 16 April, as well as the contract conditions and regularly gather information on the audit plan and execution thereof, in addition to ensuring the auditor's independence in the discharge of its duties.
- e) Establish appropriate relations with the external auditor in order to obtain information on those matters that may represent a threat to its independence, to be examined by the committee, and

any others related to the process of auditing the accounts and, where appropriate, the authorisation of services other than those that are prohibited in the terms set out in Articles 5, section 4, and 6.2.b) of Regulation (EU) no. 537/2014, of 16 April, and the provisions of section 3.^a of chapter IV of title I of the Spanish Audit Act (*Ley 22/2015, de 20 de julio, de Auditoría de Cuentas*), regarding the system of independence, and any other communications envisaged in the legislation on auditing and the audit regulations. In any event, it will receive an annual declaration of independence from the external auditors in relation to any directly or indirectly related entity or entities, as well as detailed, individualised information on the additional services of any kind provided and the corresponding fees received from these entities by the external auditor or by the persons or entities related to the latter, in accordance with the provisions of the regulations governing the activity of auditing.

- f) Issue, on an annual basis and prior to the issue of the audit report, a report containing an opinion on whether the independence of the auditors or audit companies has been compromised. This report will contain, in any event, a reasoned evaluation of each and every one of the additional services provided referred to in the foregoing point, taken individually and in conjunction, other than the legal audit and in relation to the system of independence or the regulations governing the audit activity.
- g) Inform the Board of Directors in advance, of all matters envisaged by law, the by-laws and the board regulations, and in particular of:
 - 1. the financial information that SCF must publish on a periodic basis;
 - 2. the creation or acquisition of participations in entities with a special purpose or domiciled in countries or territories that are considered tax havens; and
 - 3. any related-party transactions.

The Audit Committee will not perform the duties envisaged in this point when attributed in the by-laws to another committee and its is comprised solely of non-executive directors and by at least two independent directors, one of which must be the chairperson.

The provisions of paragraphs d), e) and f) in the foregoing section apply in the context of the regulations on auditing.

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

Audit Committee Members	Functions
D. Jean Pierre Landau	Chairman
D. Luis Alberto Salazar-Simpson Bos	Member
D. Juan Rodríguez Inciarte	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.

Without prejudice to the foregoing, the following is a detail of the declarations by SCF's Directors as at 31 December 2015 with respect to their investments and the investments of persons related to them in the share capital of companies whose object is banking, financing or lending; and of the management or governing functions that, if any, the Directors discharge thereat;

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 SCF. If the conflict arises from a transaction, the director shall not be allowed to conduct it unless the Board, following a report from the Appointments Committee, approves such transaction.

The director involved shall not participate in the deliberations and decisions on the transaction to which the conflict refers, and the body responsible for resolving conflicts of interest is the Board of Directors itself.

In 2015 SCF'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.

TAXATION

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

Taxation in Spain

1. **Introduction**

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

- (1) of general application, Additional Provision 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 2014, 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 2014 of the CIT Law, and Royal Decree 1777/2004, of 30 July promulgating the CIT Regulations; and
- (4) for individuals and entities who are not resident for tax purposes in Spain which are subject to the Non-Resident Income Tax ("**NRIT**"), Royal Legislative Decree 5/2004, of 5 March promulgating the Consolidated Text of the NRIT Law as amended by Law 26/2014 of 27 November 2014, and Royal Decree 1776/2004 of 30 July promulgating the NRIT Regulations, along with Law 29/1987, of 18 December on the Inheritance and Gift Tax.

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

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

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

Both interest payments periodically received and income derived from the transfer, redemption or exchange of the Notes constitute a return on investment obtained from the transfer of a person's own capital to third parties in accordance with the provisions of Section 25 of the PIT Law, and therefore must be included in the investor's PIT savings taxable base pursuant to the provisions of the aforementioned law and taxed according to the then-applicable rate. The savings taxable base of tax year 2016 will be taxed at the rate of 19 per cent. on the first €6,000, 21 per cent. for taxable income between €6,001 and €50,000, and 23 per cent. for taxable income exceeding €50,000.

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 Bondholders who are

resident for tax purposes in Spain **provided that** the information about the Notes required by Exhibit I is submitted, notwithstanding the information obligations of the Issuer under general provisions of Spanish tax legislation. In addition, income obtained upon transfer, redemption or exchange of the Notes may also be paid without withholding.

However, in the case of Notes held by Spanish resident individuals and deposited with a Spanish resident entity acting as depositary or custodian, payments of interest under the Notes may be subject to withholding tax at the current rate of 19 per cent. which will be made by the depositary or custodian.

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

Individuals with tax residency in Spain are subject to Net Wealth Tax on the 2016 tax year to the extent that their net worth exceeds a certain limit. This limit has been set at €700,000 for 2016. 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.

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

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

3. *Legal Entities with Tax Residency in Spain*

3.1 *Corporate Income Tax (Impuesto sobre Sociedades)*

Both interest received periodically and income derived from the transfer, redemption or repayment of the Notes are subject to CIT 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.

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 payable to Spanish CIT taxpayers (which for the sake of clarity, include Spanish tax resident investment funds and Spanish tax resident pension funds). Consequently, the Issuer will not withhold tax on interest payments to Spanish CIT taxpayers **provided that** the information about the Notes required by Exhibit I is submitted, notwithstanding the information obligations of the Issuer under general provisions of Spanish tax legislation.

However, in the case of Notes held by Spanish resident entity and deposited with a Spanish resident entity acting as depositary or custodian, payments of interest under the Notes may be subject to withholding tax at the current rate of 19 per cent., withholding that will be made by the depositary or custodian, if the Notes do not comply with exemption requirements specified in the Reply to the Consultation of the Directorate General for Taxation (Dirección General de Tributos) dated 27 July 2004 and require a withholding to be made.

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

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

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

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

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

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

(a) With permanent establishment in Spain

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

(b) With no permanent establishment in Spain

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

In order for the exemption to apply, it is necessary to comply with certain information obligations relating to the Notes, in the manner detailed under "*Information about the Notes in Connection with Payments*" as laid down in section 44 of Royal Decree 1065/2007, as amended. If these information obligations are not complied with in the manner indicated, the Issuer will withhold 19 per cent. and the Issuer will not pay additional amounts.

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

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

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

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

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

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

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

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

If the Notes are not listed on an organised market in an OECD country on any Payment Date, payments to Holders in respect of the Notes will be subject to withholding tax at the current rate of 19 per cent., except in the case of Holders which are: (a) resident in a Member State of the European Union other than Spain and obtain the interest income either directly or through a permanent establishment located in another Member State of the European Union, **provided that** such Holders (i) do not obtain the interest income on the Notes through a permanent

establishment in Spain and (ii) are not resident of, or are not located in, nor obtain income through, a tax haven (as defined by Royal Decree 1080/1991, of 5 July, as amended) or (b) resident for tax purposes of a country which has entered into a convention for the avoidance of double taxation with Spain which provides for an exemption from Spanish tax or a reduced withholding tax rate with respect to interest payable to any Holder.

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

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

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

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

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

In accordance with Section 44, 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 Instruments) immediately preceding the date on which any payment of interest, principal or of any amounts in respect of the early redemption of the Notes (each, a "**Payment Date**") is due.

Such information comprises:

- (a) the identification of the Notes with respect to which the relevant payment is made;
- (b) the date on which the relevant payment is made;
- (c) the total amount of the relevant payment;
- (d) the amount of the relevant payment paid to each entity that manages a clearing and settlement system for securities situated outside of Spain.

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

In light of the above, the Issuer and the Issue and Paying Agent have arranged certain procedures to facilitate the collection of information concerning the Notes by the close of business on the Business Day immediately preceding each relevant Payment Date. If, despite these procedures, the relevant information is not received by the Issuer on each Payment Date, the Issuer will withhold tax at the then-applicable rate (as at the date of this Base Prospectus, 19 per cent.) from any payment in respect of the relevant Notes. The Issuer will not pay any additional amounts with respect to any such withholding.

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

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

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

EXHIBIT I

Annex to Royal Decree [•]/[•], of [•], 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

1. Withholding Tax

In general, tax at the standard rate of income tax (currently 19 per cent.), is required to be withheld from payments of Irish source interest which could include interest paid on the Notes. However, an exemption from withholding on interest payments exists under Section 64 of the Taxes Consolidation Act, 1997 (the "**1997 Act**") for certain interest bearing securities ("**quoted Eurobonds**") issued by a body corporate (such as the Issuer) which are quoted on a recognised stock exchange (which would include the Irish Stock Exchange).

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

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

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

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

2. Taxation of Noteholders

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

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

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

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

3. **Capital Gains Tax**

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

4. **Capital Acquisitions Tax**

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

5. **Stamp Duty**

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

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

Taxation in the Federal Republic of Germany ("Germany")

The following is a general discussion of certain tax consequences under the tax laws of the Federal Republic of Germany of the acquisition, ownership and disposal of the Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase the Notes. As each Tranche of Notes may be subject to a different tax treatment due to the specific terms of such Tranche of Notes as set out in the respective Final Terms, the following section only provides some very general information on the possible tax treatment. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. The following is based on the laws of the Federal Republic of Germany currently in force and as applied on the date of this Base Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

PROSPECTIVE PURCHASERS OF THE NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSAL OF THE NOTES, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES UNDER THE TAX LAWS APPLICABLE IN THE FEDERAL REPUBLIC OF GERMANY.

1. **Income Taxation - Tax Residents**

Persons (individuals and corporate entities) who are tax resident in Germany (in particular, persons having a residence, habitual abode, seat or place of management in Germany) are subject to income taxation (income tax or corporate income tax, as the case may be, plus solidarity surcharge thereon plus church tax and/or trade tax, if applicable) on their worldwide income, regardless of its source, including interest from debt of any kind (such as the Notes) and, in general, capital gains.

1.1 Taxation if the Notes are held as private assets (*Privatvermögen*)

In the case of German tax-resident individual investors (*unbeschränkt Steuerpflichtige*) holding the Notes as private assets (*Privatvermögen*), the following applies:

(a) Income

The Notes should qualify as other capital receivables (*sonstige Kapitalforderungen*) in terms of section 20 para 1 no 7 German Income Tax Act ("**ITA**" – *Einkommensteuergesetz*).

Accordingly, payments of interest on the Notes should qualify as taxable savings income (*Einkünfte aus Kapitalvermögen*) pursuant to section 20 para 1 no 7 ITA.

Capital gains / capital losses realised upon sale of the Notes, computed as the difference between the acquisition costs and the sales proceeds reduced by expenses directly and factually related to the sale, should qualify as positive or negative savings income in terms of section 20 para 2 sentence 1 no 7 ITA. Where the Notes are acquired and/or sold in a currency other than Euro, the acquisition costs will be converted into Euro at the time of acquisition, the sales proceeds will be converted into Euro at the time of sale and the difference will then be computed in Euro. If the Notes are assigned, redeemed, repaid or contributed into a corporation by way of a hidden contribution (*verdeckte Einlage in eine Kapitalgesellschaft*) rather than sold, as a rule, such transaction is treated like a sale. Losses from the sale of Notes can only be offset against other savings income and, if there is not sufficient other positive savings income, carried forward in subsequent assessment periods.

Pursuant to a tax decree issued by the Federal Ministry of Finance dated 18 January 2016, a sale shall be disregarded where the transaction costs exceed the sales proceeds, which means that losses suffered from such "sale" shall not be tax-deductible. Similarly, a bad debt loss (*Forderungsausfall*), i.e. should the Issuer become insolvent, and a waiver of a receivable (*Forderungsverzicht*), to the extent the waiver does not qualify as a hidden contribution, shall not be treated like a sale. Accordingly, losses suffered upon such bad debt loss or waiver shall not be tax-deductible. The same shall apply where, based on an agreement with the depository institution, the transaction costs are calculated on the basis of the sale proceeds taking into account a deductible amount.

Further, pursuant to said tax decree, where full risk certificates (*Vollrisikozertifikate*) provide for instalment payments, such instalment payments shall always qualify as taxable savings income (*Einkünfte aus Kapitalvermögen*) in the sense of section 20 para 1 no 7 ITA, unless the terms and conditions of the certificates provide explicit information regarding redemption or partial redemption during the term of the certificates and the contractual parties comply with these terms and conditions. It is further stated in the tax decree that, if, in the case of certificates with instalment payments, there is no final payment at maturity, the expiry of such certificates shall not qualify as a sale-like transaction, which means that any remaining acquisition costs could not be deducted for tax purposes. Similarly, any remaining acquisition costs of certificates with instalment payments shall not be tax-deductible if the certificates do not provide for a final payment or are terminated early without a redemption payment because the respective underlying has left the defined corridor or has broken certain barriers (e.g. in knock-out structures). Although this tax decree only refers to full risk certificates with instalment payments, it cannot be excluded that the tax authorities apply the above principles also to other kinds of full risk instruments such as notes (e.g. Instalment Notes).

(b) German withholding tax (*Kapitalertragsteuer*)

With regard to savings earnings (*Kapitalerträge*), e.g. interest or capital gains, German withholding tax (*Kapitalertragsteuer*) will be levied if the Notes are held in a custodial account which the investor maintains with a German branch of a German or non-German credit or financial services institution or with a German securities trading business or a German securities trading bank (a "**German Disbursing Agent**") and such German Disbursing Agent credits or pays out the earnings. If the Notes are not held in a custodial account, German withholding tax will nevertheless be levied if the Notes are issued as definitive securities and the savings earnings are paid by a German Disbursing Agent against presentation of the Notes or interest coupons (so-called over-the-counter transaction – *Tafelgeschäft*).

The tax base is, in principle, equal to the taxable gross income as set out above (i.e. prior to withholding). However, in the case of capital gains, if the custodial account has changed since the time of acquisition of the Notes (e.g. if the Notes are transferred from a non-EU custodial account) and the acquisition costs of the Notes are not proven to the German Disbursing Agent in the form required by law or in the case of over-the-counter transactions, withholding tax is applied to 30% of the proceeds from the redemption or sale of the Notes. When computing the tax base for withholding tax purposes, the German Disbursing Agent has to deduct any negative savings income (*negative Kapitalerträge*) or paid accrued interest (*Stückzinsen*) in the same calendar year or unused negative savings income of previous calendar years.

German withholding tax will be levied by a German Disbursing Agent at a flat withholding tax rate of 26.375% (including solidarity surcharge) plus, if applicable, church tax. Church tax, if applicable, will be collected by the German Disbursing Agent by way of withholding unless the investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*). In the latter case, the investor has to include the savings income in the tax return and will then be assessed to church tax.

No German withholding tax will be levied if the investor has filed a withholding tax exemption certificate (*Freistellungsauftrag*) with the German Disbursing Agent, but only to the extent the savings income does not exceed the exemption amount shown on the withholding tax exemption certificate. Currently, the maximum exemption amount is EUR 801 (EUR 1,602 in the case of jointly assessed husband and wife or registered life partners). Similarly, no withholding tax will be levied if the investor has submitted a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office to the German Disbursing Agent.

The Issuer is, as a rule, not obliged to levy German withholding tax in respect of payments on the Notes.

(c) Tax assessment

The taxation of savings income shall take place mainly by way of levying withholding tax (please see above). If and to the extent German withholding tax has been levied, such withholding tax shall, in principle, become definitive and replace the investor's income taxation. If no withholding tax has been levied other than by virtue of a withholding tax exemption certificate (*Freistellungsauftrag*) and in certain other cases, the investor is nevertheless obliged to file a tax return, and the savings income will then be taxed within the assessment procedure. If the investor is subject to church tax and has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*), the investor is also obliged to include the savings income in the tax return for church tax purposes.

However, also in the assessment procedure, savings income is principally taxed at a separate tax rate for savings income (*gesonderter Steuertarif für Einkünfte aus Kapitalvermögen*) being identical to the withholding tax rate (26.375% - including solidarity surcharge (*Solidaritätszuschlag*) plus, if applicable, church tax). In certain cases, the investor may apply to be assessed on the basis of its personal tax rate if such rate is lower than the above tax rate. Such application can only be filed consistently for all savings income within the assessment period. In case of jointly assessed husband and wife or registered life partners the application can only be filed for savings income of both spouses/life partners.

When computing the savings income, the saver's lump sum amount (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 in the case of jointly assessed husband and wife or registered life partners) will be deducted. The deduction of the actual income related expenses, if any, is excluded. That holds true even if the investor applies to be assessed on the basis of its personal tax rate.

1.2 Taxation if the Notes are held as business assets (*Betriebsvermögen*)

In the case of German tax-resident corporations or individual investors (*unbeschränkt Steuerpflichtige*) holding the Notes as business assets (*Betriebsvermögen*), interest payments and capital gains will be subject to corporate income tax at a rate of 15% or income tax at a rate of up to 45%, as the case may be, (in each case plus 5.5% solidarity surcharge thereon). In addition, trade tax may be levied, the rate of which depends on the municipality where the business is located. Further, in the case of individuals, church tax may be levied. Business expenses that are connected with the Notes are deductible.

The provisions regarding German withholding tax (*Kapitalertragsteuer*) apply, in principle, as set out above for private investors. However, investors holding the Notes as business assets cannot file a withholding tax exemption certificate with the German Disbursing Agent. Instead, no withholding tax will be levied on capital gains from the redemption, sale or assignment of the Notes if, for example, (a) the Notes are held by a corporation or (b) the proceeds from the Notes qualify as income of a domestic business and the investor notifies this to the German Disbursing Agent by use of the officially required form.

Any withholding tax levied is credited as prepayment against the German (corporate) income tax amount. If the tax withheld exceeds the respective (corporate) income tax amount, the difference will be refunded within the tax assessment procedure.

2. **Income Taxation – Non-residents**

Persons who are not tax resident in Germany are not subject to tax with regard to income from the Notes unless (i) the Notes are held as business assets (*Betriebsvermögen*) of a German permanent establishment (including a permanent representative) which is maintained by the investor or (ii) the income from the Notes qualifies for other reasons as taxable German source income. If a non-resident person is subject to tax with its income from the Notes, in principle, similar rules apply as set out above with regard to German tax resident persons (please see above).

If the income is subject to German tax as set out in the preceding paragraph, German withholding tax will be applied like in the case of a German tax resident person.

3. **Inheritance and Gift Tax**

Inheritance or gift taxes with respect to any Note will, in principle, arise under German law if, in the case of inheritance tax, either the decedent or the beneficiary or, in the case of gift tax, either the donor or the donee is a resident of Germany or if such Note is attributable to a German trade or business for which a permanent establishment is maintained or a permanent representative has been appointed.

The few existing double taxation treaties regarding inheritance and gift tax may lead to different results. Special rules apply to certain German citizens that are living in a foreign country and German expatriates.

4. **Other Taxes**

No stamp, issue, registration or similar taxes or duties are payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax (*Vermögensteuer*) is not levied in Germany. It is intended to introduce a financial transaction tax. However, it is unclear if and in what form such tax will be actually introduced (see below).

Luxembourg Taxation

The following is a general description of certain Luxembourg tax considerations relating to the Notes. It specifically contains information on taxes on the income from the Notes withheld at source and provides an indication as to whether the Issuer assumes responsibility for the withholding of taxes at the source. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Luxembourg or elsewhere. Prospective purchasers of the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of Luxembourg. This summary is based upon the law as in effect on the date of this Base Prospectus. The information contained within this section is limited to withholding taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature refers to Luxembourg tax law and/or concepts only.

A holder of the Notes may not become resident, or deemed to be resident, in Luxembourg by reason only of the holding of the Notes, or the execution, performance, delivery and/or enforcement of the Notes.

All payments of interest (including accrued but unpaid interest) and principal by the Issuer in the context of holding, disposal, redemption or repurchase of the Notes, which are not profit sharing, can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with the applicable Luxembourg law, subject however to:

- (i) the application as regards Luxembourg resident individuals of the Luxembourg law of 23 December 2005, as amended, which has introduced a 10% final withholding tax on savings income (i.e. with certain exemptions, savings income within the meaning of the Luxembourg law of 21 June 2005 implementing the EU Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments ("**EU Savings Directive**") paid by a paying agent within the meaning of the EU Savings Directive established in Luxembourg.

Responsibility for the withholding of tax in application of the above-mentioned Luxembourg law of 23 December 2005, as amended, is assumed by such a paying agent within the meaning of this law and not by the Issuer.

- (ii) Pursuant to the law of 23 December 2005, as amended by the law of 17 July 2008, Luxembourg resident individuals can opt to self-declare and pay a 10 per cent. levy on interest payments made or ascribed by paying agents located in a Member State of the European Union other than Luxembourg, a Member State of the European Economic Area (other than a Member State of the European Union).

The 10 per cent. withholding tax as described above or the 10 per cent. levy are in full discharge of income tax when Luxembourg resident individuals are acting in the context of the management of their private wealth.

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. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. 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 prior to 1 January 2019 and Notes issued on or prior to the date that is six 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 unless materially modified after such date. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

The proposed financial transactions tax ("FTT")

On 14 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, apply to certain dealings in the Notes (including secondary' market transactions) in certain circumstances.

Under the Commission's proposal, 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.

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

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

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Banca IMI S.p.A., Banco Santander, S.A., Barclays Bank PLC, BNP Paribas, 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, J.P. Morgan Securities plc, Lloyds Bank plc, Merrill Lynch International, Mizuho International plc, Morgan Stanley & Co. International plc, NATIXIS, Nomura International plc, Skandinaviska Enskilda Banken AB (publ), Société Générale, The Royal Bank of Scotland plc, UBS Limited, 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 16 June 2016 (the "**Dealer Agreement**") and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

United States of America: *Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.*

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Issue and Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Issue and Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive 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 the Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) **Approved prospectus:** if the Final Terms or Drawdown Prospectus in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**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 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 by Directive 2010/73/EU).

Selling Restrictions Addressing Additional United Kingdom Securities Laws

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

- (a) **No deposit-taking:** in relation to any Notes having a maturity of less than one year:
 - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

- (c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

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, and/or (b) to qualified investors (*investisseurs qualifiés*) as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 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", as referred to in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended ("**Decree No. 58**") and as defined in 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. 16190 of 29 October 2007, 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.

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

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 undertaken, and each further Dealer appointed under the Programme will be required to undertake 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

The Notes may not be offered, sold or distributed, nor may any subsequent resale of Notes be carried out in Spain, except in circumstances which do not constitute a public offer of securities in Spain within the meaning of the the consolidated text of the Securities Market Law approved by legislative Royal Decree 4/2015 of 23 October (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*) 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 any document being a "Prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**Companies Ordinance**") or which do not constitute an offer to the public within the meaning of the Companies Ordinance; 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 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 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.

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 has not circulated or distributed, nor will it circulate or distribute the 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 an offer referred to in Section 275(1A) of the SFA, and in accordance with the applicable 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 (as defined in Section 239(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 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 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

General

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

sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

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

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

GENERAL 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 and (b) accepts such offer by publishing an Acceptance Statement on its website.

1. General

The relevant financial intermediary:

- (a) **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;
- (b) **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 and with any further relevant requirements as may be specified in the applicable Final Terms;
- (c) **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;
- (d) **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;
- (e) **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;
- (f) **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;
- (g) **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;
- (h) **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;
- (i) **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;
- (j) **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;

- (k) **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;
- (l) **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
- (m) **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:

- (a) 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;
- (b) 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;
- (c) 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
- (d) 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 sole shareholder of the Issuer passed on 16 October 2008 and of the Board of Directors of the Issuer passed on 16 October 2008. The update of the Programme was authorised by resolutions of the sole shareholder of the Issuer passed on 31 March 2016, the Board of Directors of the Issuer passed on 26 April 2016 and the Executive Committee passed on 26 May 2016. 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 2015 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 consolidated and unconsolidated financial statements of the Issuer have been audited without qualification for the years ended 31 December 2015 and 31 December 2014 by the external audit firm Deloitte, S.L. (formerly Deloitte & Touche España, S.L.) of Plaza Pablo Ruiz Picasso, 1, Madrid, registered under number S-0692 in the Official Register of Auditors (*Registro Oficial de Auditores de Cuentas*), and member of the *Instituto de Censores Jurados de Cuentas de España*.

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

The audited consolidated and non-consolidated financial statements of the Issuer for each of the years ended 31 December 2015 and 2014 have been filed with the Spanish securities market regulator (*Comisión Nacional del Mercado de Valores*).

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* has been appointed as auditor of the Issuer from 1 January 2016. The auditors are registered in the Commercial Registry of Madrid in 3rd section, book 8,054, volume 9,267, sheet 75, page No. 87,250-1.

No information relating to the Issuer in this Base Prospectus has been audited by PricewaterhouseCoopers Auditores, S.L.

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 Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and at the registered office of the Issuer for the life of this Base Prospectus:
 - (a) the *estatutos* (constitutive documents) of the Issuer;
 - (b) English translations of the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2015 and 2014;
 - (c) the Issue and Paying Agency Agreement;
 - (d) the Deed of Covenant;
 - (e) the Programme Manual;
 - (f) 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);
 - (g) 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*";
 - (h) 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*";
 - (i) 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*";
 - (j) the terms and conditions set out on pages 42 to 125 of the base prospectus dated 22 June 2012 relating to the Programme under the heading "*Terms and Conditions of the Notes*"; and
 - (k) the terms and conditions set out on pages 41 to 120 of the base prospectus dated 18 November 2011 relating to the Programme under the heading "*Terms and Conditions of the Notes*".

Material Contracts

7. 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

8. 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

9. 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

Morgan Stanley & Co. International plc

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United Kingdom

DEALERS

Banca IMI S.p.A.

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20121 Milan
Italy

Banco Santander, S.A.

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Edificio Pedreña
28033 Madrid

Barclays Bank PLC

5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

BNP Paribas

10 Harewood Avenue
London
NW1 6AA
United Kingdom

Citigroup Global Markets Limited

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Commerzbank Aktiengesellschaft

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60311 Frankfurt am Main
Federal Republic of Germany

**Crédit Agricole Corporate and Investment
Bank**

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92920 Paris La Défense Cedex
France

Credit Suisse Securities (Europe) Limited

One Cabot Square
London E14 4QJ
United Kingdom

Deutsche Bank AG, London Branch

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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
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United Kingdom

J.P. Morgan Securities plc

25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Lloyds Bank plc

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United Kingdom

Merrill Lynch International

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London EC1A 1HQ
United Kingdom

Mizuho International plc

Bracken House
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Morgan Stanley & Co. International plc

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Skandinaviska Enskilda Banken AB (publ)

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106 40 Stockholm
Sweden

Société Générale

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75009 Paris
France

The Royal Bank of Scotland plc

135 Bishopsgate
London EC2M 3UR
United Kingdom

UBS Limited

1 Finsbury Avenue
London EC2M 2PP
United Kingdom

UniCredit Bank AG

Arabellastrasse 12
81925 Munich
Germany

ISSUE AND PAYING AGENT**Citibank, N.A., London Branch**

Citigroup Centre,
Canada Square,
Canary Wharf,
London E14 5LB,
United Kingdom

LEGAL ADVISERS

To the Issuer as to Spanish law

Internal Legal Department

Ciudad Grupo Santander
Edificio Pinar
Avda de Cantabria s/n
28660 Boadilla del Monte
Madrid
Spain

To the Dealers as to English and Spanish law

Clifford Chance, S.L.

Paseo de la Castellana, 110
28046 Madrid
Spain

AUDITORS TO THE ISSUER

(until 31 December 2015)

Deloitte, S.L.

Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid, Spain

and

(from 1 January 2016)

PricewaterhouseCoopers Auditores S.L.

Torre PwC
Pº de la Castellana 259 B
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