

Please be advised that Euronext Dublin has approved the Listing Particulars referred to below:

<b>(a) Name:</b>	SANTANDER CONSUMER FINANCE, S.A.
<b>(b) Co-Issuer:</b>	
<b>(c) Security Details:</b>	€10,000,000,000 EURO-COMMERCIAL PAPER PROGRAMME
<b>(d) Job ID:</b>	87777
<b>(e) Date of Approval:</b>	18 June 2018

Yours sincerely

Mark Kennedy  
For and on behalf of  
Euronext Dublin

# INFORMATION MEMORANDUM DATED 18 JUNE 2018



**SANTANDER CONSUMER FINANCE, S.A.**

**€10,000,000,000**

## **EURO-COMMERCIAL PAPER PROGRAMME**

Application has been made to the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**") for Euro-commercial paper notes (the "**Notes**") issued during the twelve months after the date of this document under the €10,000,000,000 Euro-commercial paper programme (the "**Programme**") of Santander Consumer Finance, S.A. described in this document to be admitted to the official list of Euronext Dublin (the "**Official List**") and trading on its regulated market.

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 7 to 41 of this Information Memorandum).

Potential purchasers should note the statements on pages 95 to 103 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 2014 on regulation, supervision and solvency of credit entities, as amended by Law 11/2015, of 18 June ("**Law 10/2014**"), on the Issuer relating to the Notes. In particular, payments on the Notes may be subject to Spanish withholding tax if certain information is not received by the Issuer in a timely manner.

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

*Arranger*

Barclays

*Dealers*

Barclays

Citigroup

Crédit Agricole CIB

Goldman Sachs International

ING

NATIXIS

Rabobank

SEB

UBS Investment Bank

BofA Merrill Lynch

Commerzbank

Credit Suisse

HPC, S.A.

J.P. Morgan

NatWest Markets

Santander Global Banking & Markets

Société Générale

## IMPORTANT NOTICE

This Information Memorandum (together with any supplementary information memorandum and any documents incorporated by reference, the "**Information Memorandum**") contains summary information provided by Santander Consumer Finance, S.A. (the "**Issuer**") in connection with a euro-commercial paper programme (the "**Programme**") under which the Issuer may issue and have outstanding at any time euro-commercial paper notes (the "**Notes**") up to a maximum aggregate amount of €10,000,000,000 or its equivalent in alternative currencies. Under the Programme, the Issuer may issue Notes outside the United States pursuant to Regulation S ("**Regulation S**") of the United States Securities Act of 1933, as amended (the "**Securities Act**") to persons that are not U.S. Persons (as defined in Regulation S ("**U.S. Persons**"). The Issuer has, pursuant to a dealer agreement dated 18 June 2018 (the "**Dealer Agreement**"), appointed Barclays Bank PLC as arranger for the Programme (the "**Arranger**"), appointed Banco Santander S.A., Bank of America Merrill Lynch International Limited, Barclays Bank PLC, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Coöperatieve Rabobank U.A., Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Goldman Sachs International, HPC, S.A., ING Bank N.V., J.P. Morgan Securities plc, NATIXIS, NatWest Markets Plc, Skandinaviska Enskilda Banken AB (publ), Société Générale, and UBS Limited as dealers for the Notes (together with the Arranger, the "**Dealers**") and authorised and requested the Dealers to circulate the Information Memorandum in connection with the Programme on their behalf to purchasers or potential purchasers of the Notes.

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

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

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

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

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

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer and the companies whose accounts are consolidated with those of the Issuer (together, the "**Consumer Group**") or the Notes other than as contained or incorporated by reference in this Information Memorandum, in the Dealer Agreement (as defined herein), in any other document prepared in connection with the Programme or in any Final Terms or as approved for such purpose by the Issuer.

Any such representation or information should not be relied upon as having been authorised by the Issuer, the Arranger, the Dealers or any of them.

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

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

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

Neither the Arranger nor any of the Dealers accepts any liability in relation to this Information Memorandum or any Final Terms or its or their distribution by any other person. This Information Memorandum does not, and is not intended to, constitute (nor will any Final Terms constitute, or be intended to constitute) an offer or invitation to any person to purchase Notes. The distribution of this Information Memorandum and any Final Terms and the offering for sale of Notes or any interest in such Notes or any rights in respect of such Notes, in certain jurisdictions, may be restricted by law. Persons obtaining this Information Memorandum, any Final Terms or any Notes or any interest in such Notes or any rights in respect of such Notes are required by the Issuer, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. In particular, but without limitation, such persons are required to comply with the restrictions on offers or sales of Notes and on distribution of this Information Memorandum and other information in relation to the Notes and the Issuer set out under "*Subscription and Sale*" below.

**THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS.**

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

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

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

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

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

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

#### **PRIIPs / Prohibition of Sales to EEA Retail Investors**

The Notes are not intended to be offered, sold or otherwise made available to and, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, (a) a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"); and (b) the expression "offer" includes the communication in any form and by any means of sufficient information on terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

## **Interpretation**

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

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

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## RISK FACTORS

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

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

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

### CONTENTS OF THE RISK FACTORS

- 1. Macro-Economic and Political Risks**
- 2. Risks Relating to the Issuer and the Consumer Group Business**
- 3. Risks in relation to the Notes**

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

#### **1. Macro-Economic and Political Risks**

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

Our loan portfolio is concentrated in continental Europe, particularly in Germany and Austria, Spain and Portugal, and Scandinavia. At December 31, 2017, Germany and Austria accounted for 41% of our total loan portfolio, Spain and Portugal accounted for 17% and Scandinavia accounted for 16%. Accordingly, the recoverability of these loan portfolios in particular, and our ability to increase the amount of loans outstanding and our results of operations and financial condition in general, are dependent to a significant extent on the level of economic activity in continental Europe. A return to recessionary conditions in the economies of continental Europe (in particular, Germany) would likely have a significant adverse impact on our loan portfolio and, as a result, on our financial condition, cash flows and results of operations, including potential upcoming political-related events in Italy and Spain.

The economies of some of the countries where we operate have been affected by a series of political events, including the United Kingdom's vote to leave the European Union in June 2016, which caused significant volatility and has given rise to increasing anti-EU sentiment and populist movements in other EU member states. The Spanish region of Catalonia has recently experienced several social and political movements calling for the region's secession from Spain. As of the date of this Information Memorandum, considerable uncertainty exists regarding the outcome of political and social tensions in Catalonia, which could result in potential disruptions in business, financing conditions or the environment in which the Group operates in the region and in the rest of Spain, any of which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. On 1 June 2018, the former Prime Minister of Spain lost a no-confidence motion and the opposition leader was appointed as new Prime Minister of Spain. There can be no assurance that the European and global economic environments will not continue to be affected by political developments, including upcoming elections in 2018 in key EU member states.

The economies of some of the countries where we operate have experienced volatility since the recent global financial crisis. This volatility resulted in fluctuations in the levels of deposits and in the relative



economic strength of various segments of the economies to which we lend. In addition, some of the countries where we operate are particularly affected by commodities' price fluctuations, which in turn may affect financial market conditions through exchange rate fluctuations, interest rate volatility and deposits volatility. Negative and fluctuating economic conditions, such as slowing or negative growth and a changing interest rate environment, impact our profitability by causing lending margins to decrease and credit quality to decline and leading to decreased demand for higher margin products and services.

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

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

Additionally, the results of the 2016 United States presidential and congressional elections generated volatility in the global capital and currency markets.

***Exposure to UK political developments, including the ongoing negotiations for the country's exit from the European Union, could have a material adverse effect on the Consumer Group***

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

On 29 March 2017, the UK Prime Minister gave notice under Article 50(2) of the Treaty on European Union of the UK's intention to withdraw from the EU. The delivery of the Article 50(2) notice has triggered a two year period of negotiation which will determine the terms on which the UK will exit the EU, taking account of the framework for the UK's future relationship with the EU. Unless extended, the UK's EU membership will cease after this two year period. The timing of, and process for, such negotiations and the resulting terms of the UK's future economic, trading and legal relationships are uncertain, as is the basis of the UK's future trading position with the rest of the world. There is a possibility that the UK's membership ends at such time without reaching any agreement on the terms of its relationship with the EU going forward, although it should be noted that movement to phase two of the negotiations – with focus on finalising withdrawal issues, transition arrangements and a framework for the UK's future relationship with the EU – was agreed on 15 December 2017. A general election in the UK was held on 8 June 2017 (the "**General Election**"). The General Election resulted in a hung parliament with no political party obtaining the majority required to form an outright government. On 26 June 2017, it was announced that the Conservative Party had reached an agreement with the Democratic Unionist Party (the "**DUP**") in order for the Conservative Party to form a minority government with legislative support from the DUP. The outcome of the General Election the negotiation of the UK's exit from the EU and the long term effects of the General Election could have a significant impact on the future international and domestic political agendas of the government (including the UK's exit from the EU), and on the ability of the government to pass legislation in the House of Commons, as well as increasing the risk of further early general elections and a period of political instability and/or a change of government.

While the longer term effects of the UK EU Referendum are difficult to predict, these could include further financial instability and slower economic growth as well as higher unemployment and inflation in the UK, in addition to the uncertainty created as a result of the outcome of the General Election. For instance, the UK Government has stated its intention for the UK to leave both the Single Market and the Customs Union (thereby ceasing to be party to the global trade deals negotiated by the EU on behalf of its members) and this could affect the attractiveness of the UK as a global investment centre and increase tariff and non-tariff barriers for the UK's trading relationships and, as a result, could have a detrimental impact on UK growth.

The UK EU Referendum has also given rise to further calls for a second referendum on Scottish independence. These developments, or the perception that they could occur, could have a material adverse effect on economic conditions and the stability of financial markets, and could significantly reduce market liquidity and restrict the ability of key market participants to operate in certain financial markets.

Asset valuations, currency exchange rates and credit ratings may be particularly subject to increased market volatility during the period of the negotiation of the UK's exit from the EU. The major credit rating agencies downgraded and changed their outlook to negative on the UK's sovereign credit rating following the UK EU Referendum and there is a risk that this may recur during the negotiation of the UK's exit from the EU as the potential terms of the exit (and any transition period) become public.

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

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

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

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

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

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

A return to volatile conditions in the global financial markets could have a material adverse effect on the Consumer Group, including its ability to access capital and liquidity on financial terms acceptable to 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 become unable to maintain certain liability maturities. Any such increase in capital markets funding availability or costs or in deposit rates could have a material adverse effect on the Consumer Group's interest margins and liquidity.

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

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

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

The UK EU Referendum caused significant volatility in the global stock and foreign exchange markets. On 27 October 2017, a Spanish region (Catalonia) unilaterally declared independence from Spain resulting in subsequent intervention by the Spanish Government and causing political, social and economic instability in this region. Following these events, the risk of further instability in the Eurozone cannot be excluded.

In the past, the European Central Bank ("ECB") and European Council have taken actions with the aim of reducing the risk of contagion in the Eurozone and beyond and improving economic and financial stability. Notwithstanding these measures, a significant number of financial institutions throughout Europe have substantial exposures to sovereign debt issued by Eurozone (and other) nations, which may be under financial stress. Should any of those nations default on their debt, or experience a significant widening of credit spreads, major financial institutions and banking systems throughout Europe could be adversely affected, with wider possible adverse consequences for global financial market conditions. The risk of returning to fragile, volatile and political tensions exists if current ECB policies in place to control the crisis are normalised, the reforms aimed at improving productivity and competition, the banking union and other measures of integration do not progress or anti-European groups succeed.

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

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

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

The Acquisition took place in execution of the resolution of the Steering Committee of the Spanish banking resolution authority ("**FROB**") of 7 June 2017, adopting the measures required to implement the decision of the European banking resolution authority, the Single Resolution Board ("**SRB**"), in its Extended Executive Session of 7 June 2017, adopting the resolution scheme in respect of Banco Popular, Español, S.A. ("**Banco Popular**"), in compliance with article 29 of Regulation (EU) No. 806/2014 of the European Parliament and Council of 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 "**FROB Resolution**").

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

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

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

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

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

As a financial institution, the Consumer Group is subject to extensive regulation, which materially affects its businesses. The statutes, regulations and policies to which the Consumer Group is subject may be changed at any time. In addition, the interpretation and the application by regulators of the laws and regulations to which the Consumer Group is subject may also change from time to time. Extensive legislation and implementing regulation affecting the financial services industry has recently been adopted in regions that directly or indirectly affect the Consumer Group's business, including Spain, the EU, and other jurisdictions, and further regulations are in the process of being implemented. The manner in which those laws and related regulations are applied to the operations of financial institutions is still evolving. Moreover, to the extent these regulations are implemented inconsistently in the various jurisdictions in which the Consumer Group operates, the Consumer Group may face higher compliance costs. Any legislative or regulatory actions and any required changes to the business operations of the Consumer Group resulting from such legislation and regulations, as well as any deficiencies in the Consumer Group's compliance with such legislation and regulation, 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 and provide certain products and services, affect the value of assets that it holds, require the Consumer Group to increase its prices and therefore reduce demand for its products, impose additional compliance and other costs on the Consumer Group or otherwise adversely affect its businesses. In particular, legislative or regulatory actions resulting in enhanced prudential standards, in particular with respect to capital and liquidity, could impose a significant regulatory burden on the Issuer

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

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

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

#### ***Capital requirements***

In December 2010, the Basel Committee on Banking Supervision (the "**Basel Committee**") proposed a number of fundamental reforms to the regulatory capital framework for internationally active banks ("**Basel III**"). Basel III raised the quantity and quality of capital required to be held by a financial institution with an emphasis on Common Equity Tier 1 ("**CET1**") capital and introduced an additional requirement for both a capital conservation buffer and a countercyclical buffer to be met with CET1 capital.

Basel III was transposed into EU law by the enactment of Directive 2013/36/EU of the European Parliament and of the Council, of 26 June, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms ("**CRD IV Directive**"), which implements the Basel III capital standards over a phase-in period until 1 January 2019, and Regulation 575/2013 of the European Parliament and of the Council, of 26 June, on prudential requirements for credit institutions and investment firms ("**CRR**", and together with the CRD IV Directive and any CRD IV implementing measures, "**CRD IV**"). A number of the requirements introduced under CRD IV have been, and continue to be, further supplemented through the Regulatory and Implementing Technical Standards.

As a Spanish financial institution, we are subject to CRD IV. CRR has been applicable since 1 January 2014 and CRD IV has been implemented in Spain by Royal Decree-Law 14/2013, of November 29, Law 10/2014, of June 26, on organisation, supervision and solvency of credit institutions ("**Law 10/2014**"), Royal Decree 84/2015, of 13 February, developing Law 10/2014 ("**RD 84/2015**"), and Bank of Spain Circular 2/2014, of 31 January, and Bank of Spain Circular 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.

On 23 November 2016, the European Commission announced a further package of reforms to CRD IV, the BRRD and the SRM Regulation (each of the BRRD and SRM Regulation as defined below) (the "**EU Banking Reforms**"), including measures to increase the resilience of EU institutions and enhance financial stability. The timing for the final implantation of these reforms as at the date of this Information Memorandum is unclear.

Under CRR, we are required, on a consolidated basis, to hold a minimum amount of regulatory capital of 8% of risk-weighted assets ("**RWAs**"), of which at least 4.5% of RWAs must be CET1 capital and at least 6% of RWAs must be Tier 1 capital (together, the "**Pillar 1 requirements**").

In addition, the new regulatory regime has also increased the level of capital required by means of a "combined buffer requirement" which is required to be satisfied with CET1 capital. The "combined buffer requirement" has introduced five new capital buffers: (i) the capital conservation buffer, (ii) the institution-specific countercyclical buffer, (iii) the global systemically important institutions ("**G-SIBs**") buffer, (iv) the other systemically important institutions (or domestic systemically important banks or "**D-SIBs**") buffer and (v) the systemic risk buffer. While the capital conservation buffer is mandatory, the Bank of Spain has greater discretion in relation to the institution-specific countercyclical buffer, the G-SIB buffer, the D-SIB buffer and the systemic risk buffer. The ECB also has the ability to provide certain recommendations in this respect.

The capital conservation buffer will be 1.875% phased-in in 2018 and 2.5% fully loaded.

In addition, the Bank of Spain has not required us to maintain the systemic risk buffer.

The G-SIBs buffer applies to those institutions included in the list of global systemically important banks, which is updated annually by the Financial Stability Board (the "**FSB**"). We have not been classified as a G-SIB by the FSB nor by the Bank of Spain so, unless otherwise indicated by the FSB or by the Bank of Spain in the future, it will not be required to maintain the G-SIB buffer. Likewise, the D-SIB buffer applies to those institutions deemed to be of local systemic importance, domestic systemically important banks; we have not been considered a D-SIB during 2017 and, thus, it will not be required to maintain a D-SIB buffer during this period.

The percentages of the institution-specific countercyclical buffer are revised each quarter. The Bank of Spain agreed in March 2017 to maintain the institution-specific countercyclical buffer applicable to credit exposures in Spain at 0% for the first third of 2018.

Consequently, as at the date of this Information Memorandum, we are only required to maintain the capital conservation buffer (1.875% in 2018). However, some or all of the other buffers may also apply to us from time to time as determined by the Bank of Spain, the ECB or any other competent authority.

Moreover, in addition to the Pillar 1 requirements, supervisory authorities may impose further "Pillar 2" capital requirements to cover other risks, including those not considered to be fully captured by the Pillar 1 requirements or to address macro-prudential considerations (although, under the EU Banking Reforms, it is proposed that further "Pillar 2" capital requirements should be used to address micro-prudential considerations only). This may result in the imposition of further CET1, Tier 1 and total capital requirements on the Group pursuant to this "Pillar 2" framework.

In accordance with Council Regulation (EU) No 1024/2013, of 15 October, conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions (the "**SSM Regulation**"), the ECB has fully assumed its new supervisory responsibilities of us within the Single Supervisory Mechanism (the "**SSM**") (which include assessing additional "Pillar 2" capital requirements to be complied). The ECB is required under the SSM Regulation to carry out a supervisory review and evaluation process (the "**SREP**") at least on an annual basis. The SREPs may result in additional own funds requirements (Pillar 2).

The European Banking Authority ("**EBA**") published on 19 December 2014 its final guidelines for common procedures and methodologies in respect of the SREP (the "**EBA SREP Guidelines**") which contained guidelines for a common approach to determining the amount and composition of additional Pillar 2 own funds requirements to be implemented from 1 January 2016. The guidelines also contemplate that national supervisors should not set additional own funds requirements in respect of risks which are already covered by the "combined buffer requirement" and/or additional macro-prudential requirements.

On 1 July 2016 the EBA published additional information on how the results of the EU-wide stress test will affect the SREP process (the "**2016 EBA Information Update**"). The 2016 EBA Information Update stated that SREP assessments may include setting additional supervisory monitoring metrics in the form of capital guidance ("**P2G**") in addition to the Pillar 2 requirements ("**P2R**"). Banks are expected to meet the P2G which will be set above the level of binding capital requirements (Pillar 1 requirements and P2R)

and on top of the combined buffers. While P2R are binding, P2G is not directly binding and a failure to meet P2G does not automatically trigger legal action and is irrelevant for the maximum distributable amount ("**MDA**"). If a bank does not meet its P2G, supervisors will carefully consider the reasons and circumstances and may define fine-tuned supervisory measures. The EBA Banking Reforms also propose that a distinction be made between "Pillar 2" capital requirements and guidance, with only the former being mandatory requirements.

As set out in the "Opinion of the European Banking Authority on the interaction of Pillar 1, Pillar 2 and combined buffer requirements and restrictions on distributions" published on 16 December 2015 (the "**December 2015 EBA Opinion**"), in the EBA's opinion, competent authorities should ensure that the CET1 capital to be taken into account in determining the CET1 capital available to meet the "combined buffer requirement" for the purposes of the MDA calculation is limited to the amount not used to meet the Pillar 1 and Pillar 2 own funds requirements of the institution. There can be no assurance as to how and when binding effect will be given to the December 2015 EBA Opinion in Spain, including as to the consequences for an institution of its capital levels falling below those necessary to meet these requirements. The December 2015 EBA Opinion should be read together with the 2016 EBA Information Update, which excludes P2G from the MDA trigger.

As a result of the SREP carried out by the ECB in 2017, we were informed by the ECB that, from 1 January 2018, it is required to maintain a CET1 phased-in capital ratio of 8.1172% on a consolidated basis. This CET1 capital ratio of 8.1172% on a consolidated basis includes the minimum CET1 capital ratio required under the Pillar 1 requirement (4.5%), the additional own funds requirement under "Pillar 2", the capital conservation buffer (1.875%) and the countercyclical buffer (0.2422%). As of end of March 2018, our CET1 phased-in capital ratio was 12.14% on a consolidated basis. As of end of March 2018, our CET1 fully loaded capital ratio including available for sale unrealised sovereign exposure capital gains (in other words, applying all capital deductions without taking into account the transitional provisions set out in CRD IV) was 12.10% on a consolidated basis.

While our ratios currently exceed the applicable regulatory requirements described above, there can be no assurance that the total capital requirements (Pillar 1 requirements plus "Pillar 2" plus "combined buffer requirement" plus any other applicable request from time to time) imposed on us from time to time may not be higher than the levels of capital available at such point in time. There can also be no assurance as to the result of any future SREP carried out by the ECB and whether this will impose any further "Pillar 2" additional own funds requirements on us. Any failure by us to maintain its Pillar 1 requirements, any "Pillar 2" additional own funds requirements and/or any "combined buffer requirement" could result in administrative actions (including the imposition of further "Pillar 2" requirements) or sanctions, which, in turn, may have a material adverse effect on our results of operations. In particular, any failure to maintain any additional capital requirements pursuant to the "Pillar 2" framework or any other capital requirements to which we are or become subject (including the "combined buffer requirement"), may result in the imposition of restrictions or prohibitions on "discretionary payments" by us, including dividend payments.

In addition, any failure by us to comply with our regulatory capital requirements could also result in the adoption of any early intervention or, ultimately, resolution measures by resolution authorities pursuant to Law 11/2015, of 18 June, on the recovery and resolution of credit institutions and investment firms ("**Law 11/2015**"), which, together with Royal Decree 1012/2015, has implemented Directive 2014/59/EU, of 15 May, establishing a framework for the recovery and resolution of credit institutions and investment firms ("**BRRD**") into Spanish law, which could have a material adverse effect on our business and operations.

Building on changes made to requirements in relation to the quality and aggregate quantity of capital that banks must hold, the Basel Committee is currently in the process of reviewing and issuing recommendations in relation to risk asset weightings which may lead to increased regulatory scrutiny of risk asset weightings in the jurisdictions who are members of the Basel Committee.

#### ***Minimum requirement of own funds and eligible liabilities (MREL)***

In addition to the minimum capital requirements under CRD IV, the BRRD regime prescribes that banks shall hold a minimum level of own funds and eligible liabilities in relation to total liabilities and own funds (known as "**MREL**"). The MREL shall be calculated as the amount of own funds and eligible liabilities expressed as a percentage of the total liabilities and own funds of the institution. Eligible liabilities may be senior or subordinated, provided, among other requirements, that they have a remaining

maturity of at least one year and, if governed by a non-EU law, they must be able to be written down or converted under that law (including through contractual provisions). On 3 July 2015 the EBA published the final draft technical standards on the criteria for determining MREL, which was adopted with certain amendments by the European Commission pursuant to Commission Delegated Regulation (EU) 2016/1450, of 23 May.

The MREL requirement was scheduled to come into force by January 2016. However, the EBA has recognised the impact which this requirement may have on banks' funding structures and costs and it has proposed a long phase-in period of 48 months (four years) until 2020. The level of capital and eligible liabilities required under MREL will be set by the resolution authority for each bank (and/or group) based on certain criteria including systemic importance. As at the date of this Information Memorandum, this level has not yet been communicated to us, however it may have a material adverse effect on it.

On 9 November 2015 the FSB published its final Total Loss-Absorbing Capacity ("**TLAC**") Principles and Term Sheet, proposing that G-SIBs maintain significant minimum amounts of liabilities that are subordinated (by law, contract or structurally) to certain prior ranking liabilities, such as guaranteed insured deposits. The TLAC Principles and Term Sheet contains a set of principles on loss absorbing and recapitalisation capacity of G-SIBs in resolution and a term sheet for the implementation of these principles in the form of an internationally agreed standard. The FSB will undertake a review of the technical implementation of the TLAC Principles and Term Sheet by the end of 2019. The TLAC Principles and Term Sheet requires a minimum TLAC requirement to be determined individually for each G-SIB at the greater of (a) 16% of RWAs as of 1 January 2019 and 18% as of 1 January 2022, and (b) 6% of the Basel III Tier 1 leverage ratio exposures as of 1 January 2019, and 6.75% as of 1 January 2022. Although we have not been classified as a G-SIB by the FSB and, thus, in principle, TLAC should not apply to it, it cannot be disregarded that in future TLAC requirements may apply to us in addition to other capital requirements either because TLAC requirements are adopted and implemented in Spain and extended to non-G-SIBs through the imposition of similar MREL requirements as set out below or otherwise (and as per the BRRD, any legislative proposal from the European Commission will have to take into account the need of consistency between MREL and other international standards such as TLAC).

Among the EU Banking Reforms, on 23 November 2016, the European Commission published a proposal for a European Directive amending the BRRD and a proposal for a European Regulation amending Regulation (EU) No. 806/2014 of the European Parliament and of the Council, of 15 July, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a SRM and a Single Resolution Fund (the "**SRM Regulation**"). The main objective of these proposals is to implement the TLAC standard and to integrate the TLAC requirement into the general MREL rules thereby avoiding duplication from the application of two parallel requirements and ensure that both requirements are met with largely similar instruments. As mentioned above, although TLAC and MREL pursue the same regulatory objective, there are, nevertheless, some differences between them in the way they are constructed. Under these proposals, institutions such as financial entities within the Consumer Group would continue to be subject to an institution-specific MREL requirement. To maintain coherence between the MREL rules applicable to G-SIBs and those applicable to non-G-SIBs, while the EU Banking Reforms propose for a minimum harmonised or "Pillar 1" MREL requirement for G-SIBs, in the case of non-G-SIBs it is proposed that MREL requirements will be imposed on a bank-specific basis. For G-SIBs it is also proposed that a supplementary or "Pillar 2" MREL requirement may be further imposed on a bank-specific basis.

While the general goal of these proposals is well understood, it is too early to confirm the exact amendments that will be introduced and consequently the precise impact on us. In light of the above, new and more demanding additional capital requirements may be applied in the future. Additionally, if it is found that there could exist any obstacles to resolvability by us, a higher MREL requirement could be imposed.

Neither BRRD nor the MREL Delegated Regulation provides details on the implications of a failure by an institution to comply with its MREL requirement. However, the EU Banking Reforms propose that this be addressed by the relevant authorities on the basis of their powers to address or remove impediments to resolution, the exercise of their supervisory powers under the CRD IV Directive, early intervention measures and administrative penalties and other administrative measures.

### ***Liquidity requirements***



In December 2010 the Basel Committee also published its global quantitative liquidity framework, comprising the Liquidity Coverage Ratio ("**LCR**") and Net Stable Funding Ratio ("**NSFR**") metrics, seeking to (i) 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 (ii) 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. This liquidity framework was revised by the Basel Committee in January 2013 and in January 2014.

In addition, the CRR also includes a requirement for institutions to calculate a leverage ratio ("**LR**"), report it to their supervisors and to disclose it publicly from 1 January 2015 onwards. More precisely, Article 429 of the CRR requires institutions to calculate their LR in accordance with the methodology laid down in that article. In January 2014, the Basel Committee finalised a definition of how the LR should be prepared and set an indicative benchmark (namely 3% of Tier 1 capital). Such 3% Tier 1 LR has been tested during a monitoring period until the end of 2017 although the Basel Committee had already proposed the final calibration at 3% Tier 1 LR. Accordingly, the CRR does not currently contain a requirement for institutions to have a capital requirement based on the LR though prospective investors should note the European Commission's proposal amending the CRR which contain a binding 3% Tier 1 LR requirement, that would be added to the own funds requirements in article 92 of the CRR, and which institutions must meet in addition to their risk-based requirements. However, the full implementation of the LR is currently under consultation as part of the proposals.

As of April 2018, the Issuer's LCR was 137.82%.

As of March 2018, the Issuer's NSFR was 91.89% and its leverage ratios were 8.46% (fully loaded) and 8.48% (phase in).

## ***1 EU fiscal and banking union***

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

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

The SSM (comprised by both the ECB and the national competent authorities) is designed to assist in making the banking sector more transparent, unified and safer. In accordance with the SSM Regulation, the ECB fully assumed its new supervisory responsibilities within the SSM, in particular direct supervision of the 126 largest European banks (including the Issuer's parent company, Banco Santander, S.A.), on 4 November 2014. In preparation for this step, between November 2013 and October 2014, the ECB conducted, together with national supervisors, a comprehensive assessment of 130 banks, which together hold more than 80% of Eurozone banking assets. The exercise consisted of three elements: (i) a supervisory risk assessment, which assessed the main balance sheet risks including liquidity, funding and leverage; (ii) an asset quality review, which focused on credit and market risks; and (iii) a stress test to examine the need to strengthen capital or take other corrective measures.

The SSM represents a significant change in the approach to Issuer supervision. The SSM results in the direct supervision of 126 financial institutions, including the Issuer's parent company, Banco Santander, S.A., and indirect supervision of around 3,500 financial institutions and is now one of the largest in the world in terms of assets under supervision. In the coming years, the SSM is expected to continue working on the establishment of a new supervisory culture importing best practices from the 19 national competent authorities that are part of the SSM and promoting a level playing field across participating Member States. Several steps have already been taken in this regard such as the publication of the Supervisory Guidelines and the approval of the Regulation (EU) No 468/2014 of the ECB of 16 April 2014, establishing the framework for cooperation within the SSM between the ECB and national competent authorities and with national designated authorities (the SSM Framework Regulation); the approval of a Regulation (Regulation (EU) 2016/445 of the ECB of 14 March 2016 on the exercise of options and discretions available in EU law) and a set of guidelines on the application of CRR's national options and discretions, etc. In addition, this new body represents an extra cost for the financial institutions that funds it through payment of supervisory fees.

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

By allowing for the consistent application of EU Banking rules through the SSM and the SRM, the banking union is expected to help resume momentum towards economic and monetary union. In order to complete such union, a single deposit guarantee scheme is still needed which may require a change to the existing European treaties. This is the subject of continued negotiation by European leaders to ensure further progress is made in European fiscal, economic and political integration.

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

In addition, on 29 January 2014, the European Commission released its proposal on the structural reforms of 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. It includes a prohibition on proprietary trading similar to that contained in Section 619 of the Dodd-Frank Act (also known as the Volcker Rule) and a mechanism to potentially require the separation of trading activities (including market making), such as in the Financial Services (Banking Reform) Act 2013, complex securitisations and risky derivatives.

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

## ***2 Other regulatory reforms adopted or proposed in the wake of the financial crisis***

On 16 August 2012, Regulation (EU) No 648/2012 on over-the-counter ("OTC") derivatives, central counterparties and trade repositories entered into force ("**EMIR**"). While a number of the compliance requirements introduced by EMIR already apply, the European Securities and Markets Authority ("**ESMA**") is still in the process of finalising some of the implementing rules mandated by EMIR. EMIR introduced a number of requirements, including clearing obligations for certain classes of OTC derivatives, exchange of initial and variation margin and various reporting and disclosure obligations. Although some of the particular effects brought about by EMIR are not yet fully foreseeable, many of its elements have led and may lead to changes which may negatively impact the Consumer Group's profit margins, require it to adjust its business practices or increase its costs (including compliance costs).

The new Markets in Financial Notes legislation (which comprises Regulation (EU) No 600/2014 ("**MiFIR**") and Directive 2014/65/EU ("**MiFID II**")), introduces a trading obligation for those OTC derivatives which are subject to mandatory clearing and which are sufficiently standardised. Additionally, it includes other requirements such as enhancing the investor protection's regime and governance and reporting obligations. It also extends transparency requirements to OTC operations in non-equity Notes. MiFID II was initially intended to enter into effect on 3 January 2017. In order to ensure legal certainty and avoid potential market disruption, the European Commission delayed the effective date of MiFID II and MiFIR by 12 months until 3 January 2018.

Although MiFID II entered into force on 3 January 2018, it has only been partially transposed to the Spanish legislation by means of Royal Decree Law 21/2017, of 29 December, with regards to the conditions governing the operation of regulated markets, multilateral systems in financial instruments, organised trading facilities and infringements and sanctions. Therefore, there is still uncertainty as to whether the implementation of these new obligations and requirements will have material adverse effects on the Group's business, financial condition, results of operations and prospects.

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

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

In their supervisory roles, the regulators seek to maintain the safety and soundness of financial institutions with the aim of strengthening the protection of customers and the financial system. The supervisors' continuing supervision of financial institutions is conducted through a variety of regulatory tools, including the collection of information by way of prudential returns, reports obtained from skilled persons, visits to firms and regular meetings with management to discuss issues such as performance, risk management and strategy. In general, these regulators have a more outcome-focused regulatory approach that involves more proactive enforcement and more punitive penalties for infringement. As a result, we face increased supervisory scrutiny (resulting in increasing internal compliance costs and supervision fees), and in the event of a breach of our regulatory obligations we are likely to face more stringent regulatory fines. Some of the regulators are focusing intently on consumer protection and on conduct risk and will continue to do so. This has included a focus on the design and operation of products, the behavior of customers and the operation of markets. Such a focus could result in usury regulation that could restrict our ability to charge certain levels of interest in credit transactions or in regulation that would prevent us from bundling products that we offer to our customers. Some of the laws in the relevant jurisdictions in which we operate, give the regulators the power to make temporary product intervention rules either to improve a firm's systems and controls in relation to product design, product management and implementation, or to address problems identified with financial products. These problems may potentially cause significant detriment to consumers because of certain product features or governance flaws or distribution strategies. Such rules may prevent institutions from entering into product agreements with customers until such problems have been solved. Some of the regulatory regimes in the relevant jurisdictions in which we operate, require us to be in compliance across all aspects of our business, including the training, authorisation and supervision of personnel, systems, processes and documentation. If we fail to comply with the relevant regulations, there would be a risk of an adverse impact on our business from sanctions, fines or other actions imposed by the regulatory authorities. Customers of financial services institutions, including our customers, may seek redress if they consider that they have suffered loss as a result of the mis-selling of a particular product, or through incorrect application of the terms and conditions of a particular product. Given the inherent unpredictability of litigation and the evolution of judgments by the relevant authorities, it is possible that an adverse outcome in some matters could harm our reputation or have a material adverse effect on our operating results, financial condition and prospects arising from any penalties imposed or compensation awarded, together with the costs of defending such an action, thereby reducing our profitability.

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

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

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

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

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

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

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

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

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

We have developed policies and procedures aimed at detecting and preventing the use of our banking network for money laundering and other financial crime related activities. These require implementation and embedding within our business effective controls and monitoring, which in turn requires on-going changes to systems and operational activities. Financial crime is continually evolving and, as noted, is subject to increasingly stringent regulatory oversight and focus. This requires proactive and adaptable responses from us so that we are able to deter threats and criminality effectively. As a multinational bank, we are particularly exposed to this risk. Even known threats can never be fully eliminated, and there will be instances where we may be used by other parties to engage in money laundering and other illegal or improper activities. In addition, we rely heavily on our employees to assist us by spotting such activities and reporting them, and our employees have varying degrees of experience in recognising criminal tactics and understanding the level of sophistication of criminal organisations. Where we outsource any of our customer due diligence, customer screening or anti financial crime operations, we remain responsible and accountable for full compliance and any breaches. If we are unable to apply the necessary scrutiny and oversight, there remains a risk of regulatory breach.

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

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

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

Any such risks could have a material adverse effect on our operating results, financial condition and prospects.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our loan loss reserves are based on our current assessment of and expectations concerning various factors affecting the quality of our loan portfolio. These factors include, among other things, our borrowers' financial condition, repayment abilities and repayment intentions, the realizable value of any collateral, the prospects for support from any guarantor, government macroeconomic policies, interest rates and the legal and regulatory environment. Because many of these factors are beyond our control and there is no precise method for predicting loan and credit losses, we cannot assure that our current or future loan loss reserves will be sufficient to cover actual losses. If our assessment of and expectations concerning the above mentioned factors differ from actual developments, if the quality of our total loan portfolio deteriorates, for any reason, or if the future actual losses exceed our estimates of incurred losses, we may

be required to increase our loan loss reserves, which may adversely affect us. Additionally, in calculating our loan loss reserves, we employ qualitative tools and statistical models which may not be reliable in all circumstances and which are dependent upon data that may not be complete.

Although our NPL ratio decreased from 2,38% at 31 December 2016 to 2,18% at 31 December 2017, we can provide no assurance that our NPL ratio will not increase as a result of the aforementioned and other factors. Consumer confidence, unemployment rates and housing indicators are among the factors that often impact consumer spending behaviour, and poor economic conditions could in turn could have a material adverse effect on our business, financial condition and results of operations.

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

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

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

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

***The Consumer Group is subject to counterparty risk in its business***

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

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

***The Consumer Group's financial results are constantly exposed to market risk. The Consumer Group is subject to fluctuations in interest rates and other market risks, which may materially and adversely affect it and its profitability***

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

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

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

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

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

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

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

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

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



***Operational risks are inherent in the businesses of the Consumer Group***

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

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

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

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

Some of our qualitative tools and metrics for managing risk are based upon our use of observed historical market behavior. We apply statistical and other tools to these observations to arrive at quantifications of our risk exposures. These qualitative tools and metrics may fail to predict future risk exposures. These risk exposures could, for example, arise from factors we did not anticipate or correctly evaluate in our statistical models. This would limit our ability to manage our risks. Our losses thus could be significantly greater than the historical measures indicate. In addition, our quantified modeling does not take all risks into account. Our more qualitative approach to managing those risks could prove insufficient, exposing us to material unanticipated losses. We could face adverse consequences as a result of decisions, which may lead to actions by management, based on models that are poorly developed, implemented or used, or as a result of the modeled outcome being misunderstood or the use of such information for purposes for which it was not designed. In addition, if existing or potential customers or counterparties believe our risk management is inadequate, they could take their business elsewhere or seek to limit their transactions with us. This could have a material adverse effect on our reputation, operating results, financial condition and prospects.

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

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

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

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

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

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

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

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

In recent years, computer systems of companies and organisations have been targeted not only by cyber criminals, but also by activists and rogue states. We have been and continue to be subject to a range of cyber-attacks, such as denial of service, malware and phishing. Cyber-attacks could give rise to the loss of significant amounts of customer data and other sensitive information, as well as significant levels of liquid assets (including cash). In addition, cyber-attacks could disrupt our electronic systems used to service our customers. As attempted attacks continue to evolve in scope and sophistication, we may incur significant costs in order to modify or enhance our protective measures against such attacks, or to investigate or remediate any vulnerability or resulting breach, or in communicating cyber-attacks to our customers. If we fail to effectively manage our cyber security risk (for example, by failing to update our systems and processes in response to new threats), this could harm our reputation and adversely affect our operating results, financial condition and prospects through the payment of customer compensation, regulatory penalties and fines and/or through the loss of assets. In addition, we may also be impacted by cyber-attacks against national critical infrastructures of the countries where we operate; for example, the

telecommunications network. Our information technology systems are dependent on such national critical infrastructure and any cyber-attack against such critical infrastructure could negatively affect our ability to service our customers. As we do not operate such national critical infrastructure, we have limited ability to protect our information technology systems from the adverse effects of such a cyber-attack.

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

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

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent to a wide range of the businesses we operate. Market turmoil and economic recession could have a material adverse effect on the liquidity, businesses and/or financial condition of our borrowers, which could in turn further increase our non-performing loan ratios, impair our loan and other financial assets and result in decreased demand for borrowings in general. In a context of continued market turmoil, economic recession and increasing unemployment, coupled with declining consumer spending, the value of assets acting as collateral for our secured loans could still decline significantly, which could result in an impairment of the value of our loan assets. Any of the conditions described above could have a material adverse effect on our business and financial condition and results of operations.

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

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

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

The substantial majority of the Consumer Group's operations are conducted through its subsidiaries. As a result, the Consumer Group's ability to pay dividends, to the extent it decides to do so, depends in significant part on the ability of its subsidiaries to generate earnings and to pay dividends to the Consumer Group. Payment of dividends, distributions and advances by the Consumer Group's subsidiaries will be contingent upon its subsidiaries' earnings and business considerations and is or may be limited by legal, regulatory and contractual restrictions. Additionally, the Consumer Group's right to receive any assets of any of its subsidiaries as an equity holder of such subsidiaries, upon their liquidation or reorganisation, will be effectively subordinated to the claims of the Consumer Group's subsidiaries' creditors, including trade creditors.

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

We face substantial competition in all parts of our business, including in originating loans and in attracting deposits. The competition in originating loans comes principally from other domestic and

foreign banks, mortgage banking companies, consumer finance companies, insurance companies and other lenders and purchasers of loans.

In addition, there has been a trend towards consolidation in the banking industry, which has created larger and stronger banks with which we must now compete. There can be no assurance that this increased competition will not adversely affect our growth prospects, and therefore our operations. We also face competition from non-bank competitors, such as brokerage companies, department stores (for some credit products), leasing and factoring companies, mutual fund and pension fund management companies and insurance companies.

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

Moreover, the rise in customer use of internet and mobile banking platforms in recent years may necessitate changes to our retail distribution strategy, which may include restructuring our work force and reforming our retail distribution channel. Our failure to swiftly and effectively implement such changes to our distribution strategy could have an adverse effect on our competitive position.

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

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

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

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

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

While the Consumer Group has successfully increased its customer service levels in recent years, should these levels ever be perceived by the market to be materially below those of the Consumer Group's competitor financial institutions, it could lose existing and potential business. If the Consumer Group is not successful in retaining and strengthening customer relationships, it may lose market share, incur losses on some or all of the Consumer Group's activities or fail to attract new deposits or retain existing deposits, which could have a material adverse effect on its operating results, financial condition and prospects. For further detail on the Consumer Group's legal and regulatory risk exposures, please see "*Risk Factors—The Consumer Group is exposed to risk of loss from legal and regulatory proceedings*".

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

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

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

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

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

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

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

A significant adverse change in automotive manufacturers' business, including (i) significant adverse changes in their respective liquidity position and access to the capital markets, (ii) the production or sale of the their vehicles (including the effects of any product recalls), (iii) the quality or resale value of their vehicles, (iv) the use of marketing incentives, (v) their relationships with their key suppliers, or (vi) their

respective relationships with labor unions and other factors impacting automotive manufacturers or their employees could have a material adverse effect on our profitability and financial condition. As a result of the recent economic downturn and contraction of credit to both dealers and their customers, there was an increase in dealership closures and our existing dealer base experienced decreased sales and loan volume in the past and may experience decreased sales and loan volume in the future, which may have an adverse effect on our business, results of operations, and financial condition.

There is no assurance that the global automotive market, or our other automotive manufacturer partners' share of that market, will not suffer downturns in the future, and any negative impact could in turn have a material adverse effect on our business, results of operations, and financial position. Similarly, our ability to generate new loans and the interest and fees and other income associated with them is dependent upon sales of merchandise and services by our retail partners. Our retail partners' sales may decrease or may not increase as we anticipate for various reasons, some of which are in the retail partners' control and some of which are not. For example, retail partner sales may be adversely affected by macroeconomic conditions having a national, regional or more local effect on consumer spending, business conditions affecting a particular partner or industry, or catastrophes affecting broad or more discrete geographic areas. If our retail partners' sales decline for any reason, it generally results in lower credit sales, and therefore lower loan volume and associated interest and fees and other income for us from their customers. In addition, if a retail partner closes some or all of its stores or becomes subject to a voluntary or involuntary bankruptcy proceeding (or if there is a perception that it may become subject to a bankruptcy proceeding), its customers who have used our financing products may have less incentive to pay their outstanding balances to us, which could result in higher charge-off rates than anticipated and our costs for servicing its customers' accounts may increase. Moreover, if the financial condition of a retail partner deteriorates significantly or a partner becomes subject to a bankruptcy proceeding, we may not be able to recover for customer returns, customer payments made in partner stores or other amounts due to us from the retail partner. A decrease in sales by our retail partners for any reason or a bankruptcy proceeding involving any of them could have a material adverse impact on our business and results of operations.

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

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

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

***Goodwill impairments may be required in relation to acquired businesses***

The Group has made business acquisitions in recent years and may make further acquisitions in the future. It is possible that the goodwill which has been attributed, or may be attributed, to these businesses may have to be written-down if the Group's valuation assumptions are required to be reassessed as a result of any deterioration in their underlying profitability, asset quality and other relevant matters. Impairment testing in respect of goodwill is performed annually, or more frequently if there are impairment indicators present, and comprises a comparison of the carrying amount of the cash-generating unit with its recoverable amount. Goodwill impairment however does not, however, affect the Group's regulatory capital. There can be no assurances that the Group will not have to write down the value attributed to goodwill in the future, which would adversely affect its results and net assets.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

***Changes in accounting standards could impact reported earnings***

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

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

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

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

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



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

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

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

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

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

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

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

In March 2017, the EBA also published an opinion on transitional arrangements and credit risk adjustments to mitigate the effect of the changes to IFRS 9 on prudential ratios. The EBA supports the progressive recognition of the initial impact of IFRS 9, but over a different timeframe, from 1 January 2018 until 2021, which has increased uncertainty as to the timing of transitional arrangements.

While the general goal of these proposals is now well understood, it is too early to confirm the exact amendments that will be introduced and consequently the precise impact on the Issuer.

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

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

- the inherent uncertainty regarding general economic conditions;
- its ability to assess the value, strengths and weaknesses of investment or acquisition candidates, including local regulations that could reduce or eliminate expected synergies;
- its ability to finance strategic investments or acquisitions;

- the prevailing laws and regulatory environment of each country in which it operates or seeks to operate, and, to the extent applicable, international regulations, which are subject to change at any time;
- the degree of competition in new markets and the effect on its ability to attract new customers;
- its ability to apply its risk management policy effectively to an enlarged group;
- its ability to recruit qualified personnel, in particular in areas where it faces a great deal of competition; and
- its ability to obtain and maintain any regulatory approvals, government permits, or licenses that may be required on a timely basis.

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

### 3. Risks in relation to the Notes

#### General risks relating to the Notes

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

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

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

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

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

The "**Spanish Bail-in Power**" is any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with any laws, regulations, rules or requirements in effect in Spain, relating to the transposition of the BRRD, as amended from time to time,

including, but not limited to (i) Law 11/2015, as amended from time to time, (ii) Royal Decree 1012/2015, as amended from time to time, (iii) the SRM Regulation, as amended from time to time, and (iv) any other Notes, 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 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 Notes; (ii) the principal amount of Additional Tier 1 Notes; (iii) the principal amount of Tier 2 Notes; (iv) other subordinated claims that do not qualify as Additional Tier 1 or Tier 2 Notes; and (v) eligible liabilities prescribed in Article 41 of Law 11/2015 in accordance with the applicable insolvency legislation. Any application of the Spanish Bail-in Power under BRRD shall be in accordance with the hierarchy of claims in normal insolvency proceedings (unless otherwise provided by applicable banking regulations)

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

Under Article 92 of Law 22/2003 dated 9 July 2003 (the "**Insolvency Law**") the Insolvency Law read in conjunction with Additional Provision 14.3° of Law 11/2015, the Issuer will meet subordinated claims after payment in full of unsubordinated claims, but before distributions to shareholders, in the following order and pro-rata within each class: (i) late or incorrect claims; (ii) contractually subordinated liabilities in respect of principal (firstly, those that do not qualify as Additional Tier 1 or Tier 2 Notes; secondly, those that qualify as Tier 2 Notes and thirdly, those that qualify as Additional Tier 1 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.

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

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

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

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

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

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

In addition, the preparation by the EBA of certain regulatory technical standards and implementing technical standards to be adopted by the European Commission is pending. These acts could be potentially relevant to determining when or how a Relevant Resolution Authority may exercise the Spanish Bail-in Power and/or, in the case of Subordinated Tier 2 Notes, the Non-Viability Loss Absorption. No assurance can be given that, once adopted, these standards will not be detrimental to the rights of a Holder under, and the value of a Holder's investment in, the Notes.

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

#### ***Risks relating to the Insolvency Law***

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

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

### ***Change of law***

Changes in European, English or Spanish laws or their official interpretation by regulatory authorities after the date hereof may affect the rights and effective remedies of Holders as well as the market value of the Notes. Such changes in law or official interpretation of such laws may include changes in statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on an investment in the Notes. No assurance can be given as to the impact of any possible judicial decision or change to such laws or official interpretation of such laws or administrative practices after the date of this Information Memorandum.

In particular, in relation to the Senior Subordinated Notes, the Senior Non Preferred Note and Ordinary Senior Notes eligible to comply with the TLAC/MREL Requirements, on 23 November 2016, the European Commission published proposals for European Directives amending the BRRD and the CRD IV and proposals for European Regulations amending the SRM Regulation and CRR which aim at implementing the TLAC/MREL Requirements. Among others, the European Commission proposed to amend the BRRD in order to facilitate the creation of a new asset class of "non-preferred" senior debt which will be eligible to count as TLAC and MREL. The recognition of the "non-preferred" senior debt has been implemented in the EU through the Directive (EU) 2017/2399 amending the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy which was published in the Official Journal of the EU on 27 December 2017. It has to be transposed into national law by the Member States by 29 December 2018, provided that the relevant member states have not been previously legislated in the sense of such Directive. In Spain, the new class of "non preferred" senior debt and its insolvency ranking were introduced earlier through the RDL 11/2017, which entered into force on 25 June 2017 and amended Additional Provision 14 of Law 11/2015, which paragraph 2 provides for the legal recognition of unsubordinated and unsecured senior non preferred obligations (*créditos ordinarios no preferentes*) in Spain.

Furthermore, any change in the laws or regulations of Spain, Applicable TLAC/MREL Regulations or the application or interpretation thereof may in certain circumstances result in the Issuer having the option to redeem, substitute or vary the terms of the Senior Subordinated Notes, the Senior Non Preferred Notes or certain Ordinary Senior Notes. In any such case, the Senior Non Preferred Notes or certain Ordinary Senior Notes would cease to be outstanding, be substituted or be varied, each of which actions could materially and adversely affect investors and frustrate investment strategies and goals.

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

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

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

In the case of Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes eligible to comply with the TLAC/MREL Requirements redemption at the option of the Issuer or for taxation reasons will be subject to the prior consent of the Regulator and/or the Relevant Resolution Authority if and as required therefor under Applicable Banking Regulations and may only take place in accordance with Applicable Banking Regulations in force at the relevant time.

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

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

### ***Suitability***

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

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

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

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

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

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

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

There is no negative pledge in respect of the Notes on the amount or type of debt that the Issuer may issue that ranks senior to the Notes, or on the amount or type of securities it may issue that rank *pari passu* with the Notes. The issue of any such debt or securities may reduce the amount recoverable by Holders upon

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

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

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

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

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

***Potential conflicts of interest between the investor and the Calculation Agent***

Potential conflicts of interest may arise between the Calculation Agent, if any, for a Tranche of Notes and the Holders (including where a Dealer acts as a calculation agent), including with respect to certain discretionary determinations and judgments that such Calculation Agent may make that may influence the amount receivable upon redemption of the Notes.

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

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

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

Holdes 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.

### ***Credit ratings may not reflect all risks***

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

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

### ***Legal investment considerations may restrict certain investments***

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

### ***Taxation in Spain***

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

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

- (i) identification of the securities;
- (ii) income payment date (or refund if the securities are issued at discount or are segregated);
- (iii) total amount of income (or total amount to be refunded if the securities are issued at discount or are segregated); and
- (iv) total amount of the income corresponding to each clearing system located outside Spain.

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



certificate pursuant to Law 10/2014 and Royal Decree 1065/2007 and any implementing legislation or regulation, the Issuer will not pay any additional amounts with respect to any such withholding.

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

***Transactions in the Notes could be subject to the European financial transaction tax, if adopted***

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transaction tax (the "**FTT**") in the Participating Member States.

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

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

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

The FTT proposal remains subject to negotiation between the Participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or certain of the Participating Member States may decide to withdraw. Prospective Holders of Notes are advised to seek their own professional advice in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Notes.

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

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

The potential elimination of the LIBOR benchmark or any other Benchmark, or changes in the manner of administration of any Benchmark, as a result of the Benchmark Regulation or otherwise, could require an

adjustment to the Terms and Conditions, or result in other consequences, in respect of any Notes linked to such Benchmark. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or be discontinued, which could have a material adverse effect on the value of, and return on, any such Notes.

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

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

#### ***Partly-paid Notes***

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

#### ***Notes issued at a substantial discount or premium***

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

#### ***There is no active trading market for the Notes***

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

## DOCUMENTS INCORPORATED BY REFERENCE

The English language translation of the Issuer's audited consolidated annual accounts, the notes thereto and the Director's report included on pages 1-257 of the PDF document of the translation of the Issuer's Consolidated Annual Accounts and Directors' Report for the year ended 31 December 2017 (the "**2017 Consolidated Financial Statements**") and the auditors' report thereon, attached thereto, and on pages 1-284 of the PDF document of the translation of the Issuer's Consolidated Annual Accounts and Consolidated Director' Report for the year ended 31 December 2016 (the "**2016 Consolidated Financial Statements**") and the auditors' report thereon shall be deemed to be incorporated in, and to form part of, this Information Memorandum.

Pursuant to Spanish regulatory requirements, Directors' reports are required to accompany the audited consolidated financial statements as of and for each of the years ended 31 December 2017 and 2016. Investors are cautioned that the reports contain information as of various historical dates and may not contain a current description of the business, affairs or results of the Consumer Group. The information contained in the Directors' reports has not been audited or prepared for the specific purpose of the issue of the Notes and/or this Information Memorandum. Accordingly, the Directors' reports should be read together with the other sections of this Information Memorandum. Any information contained in the Directors' reports is deemed to be modified or superseded by any information contained elsewhere in this Information Memorandum that is subsequent to or inconsistent with it. Furthermore, the Directors' reports include certain forward-looking statements that are subject to inherent uncertainty. Accordingly, investors are cautioned not to rely upon the information contained in such Directors' reports.

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

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

## KEY FEATURES OF THE PROGRAMME

<b>Issuer:</b>	Santander Consumer Finance, S.A.
<b>Risk Factors:</b>	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under " <i>Risk Factors</i> ", above.
<b>Arranger:</b>	Barclays Bank PLC
<b>Dealers:</b>	Banco Santander, S.A., Bank of America Merrill Lynch International Limited, Barclays Bank PLC, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Coöperatieve Rabobank U.A., Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Goldman Sachs International, HPC, S.A., ING Bank N.V., J.P. Morgan Securities plc, NATIXIS, NatWest Markets Plc, Skandinaviska Enskilda Banken AB (publ), Société Générale, UBS Limited and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular issue of Notes.
<b>Issuing and Paying Agent:</b>	Citibank, N.A., London Branch
<b>Listing Agent:</b>	Matheson
<b>Programme Amount:</b>	The aggregate principal amount of Notes outstanding at any time will not exceed €10,000,000,000 or its equivalent in alternative currencies subject to applicable legal and regulatory requirements. The Programme Amount may be increased from time to time in accordance with the Dealer Agreement.
<b>Currencies:]</b>	Notes may be issued in Euro, Sterling, Swiss Francs, United States Dollars, Swedish Kronor, Norwegian Kroner, Danish Kroner and Polish Zloty, and such other currencies as may be agreed between the Issuer and the relevant Dealer(s) from time to time and subject to the necessary regulatory requirements having been satisfied.
<b>Denominations:]</b>	<p>Global Notes shall be issued (and interests therein exchanged for Definitive Notes, if applicable) in the following minimum denominations (or integral multiples thereof):</p> <ul style="list-style-type: none"><li>(a) for U.S.\$ Notes, U.S.\$500,000;</li><li>(b) for Euro Notes, €500,000;</li><li>(c) for Sterling Notes, £100,000;</li><li>(d) for Swiss Franc Notes, CHF 500,000;</li><li>(e) for Swedish Kronor Notes, an amount in SEK equal to a minimum of €100,000;</li><li>(f) for Norwegian Kroner Notes, Nkr 1,500,000;</li><li>(g) for Danish Kroner Notes, Dkr 1,000,000;</li><li>(h) for Polish Zloty Notes, PLN 500,000;</li></ul> <p>or such other conventionally accepted denominations in those currencies as may be agreed between the Issuer and the relevant Dealer from time to time, subject in each case to compliance with</p>

	all applicable legal and regulatory requirements.
<b>Maturity of the Notes:</b>	Not less than 1 nor more than 364 days, subject to legal and regulatory requirements.
<b>Tax Redemption:</b>	Early redemption will only be permitted for tax reasons as described in the terms of the Notes.
<b>Redemption on Maturity:</b>	The Notes may be redeemed at par.
<b>Issue Price:</b>	The Issue Price of each issue of Notes (or, if applicable in the case of discount notes, the discount rate) will be as set out in the relevant Final Terms.
<b>Status of the Notes:</b>	The payment obligations of the Issuer pursuant to the Notes constitute and at all times shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and upon the insolvency ( <i>concurso</i> ) of the Issuer (and unless they qualify as subordinated debts under article 92 of the Insolvency Law (as defined below) or equivalent legal provision which replaces it in the future, and subject to any applicable legal and statutory exceptions) rank <i>pari passu</i> and rateably without any preference among themselves and the payment obligations of the Issuer under the Notes rank at least <i>pari passu</i> with all other unsecured and unsubordinated indebtedness, present and future, of the Issuer.
<b>Taxation:</b>	All payments under the Notes will be made without deduction or withholding for or on account of any present or future Spanish withholding taxes, except as stated in the Notes and as stated under the heading " <i>Taxation – Taxation in Spain</i> ".
<b>Information Requirements under Spanish Tax law:</b>	<p>Under Spanish Law 10/2014 and Royal Decree 1065/2007, each as amended, the Issuer is required to receive certain information relating to the Notes.</p> <p>If the Issuing and Paying Agent fails to provide the Issuer with the required information described under "<i>Taxation— Taxation in Spain</i>", the Issuer will be required to withhold tax and may pay income in respect of the relevant Notes net of the Spanish withholding tax applicable to such payments (as at the date of the Information Memorandum 19 per cent.).</p> <p>None of the Issuer, the Arranger, the Dealers or the European clearing systems assumes any responsibility therefor.</p>
<b>Form of the Notes:</b>	The Notes will be in bearer form. Each issue of Notes will initially be represented by one or more global notes (each a " <b>Global Note</b> ", and together the " <b>Global Notes</b> "). Each Global Note which is not intended to be issued in new global note form (a " <b>Classic Global Note</b> " or " <b>CGN</b> "), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a " <b>New Global Note</b> " or " <b>NGN</b> "), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Global Notes will be exchangeable for Definitive Notes in whole, but not in part, in the limited circumstances set out in the Global Notes (see " <i>Certain Information in Respect of the Notes – Forms of Notes</i> ").

<b>Listing and Trading:</b>	Each issue of Notes may be admitted to the Official List and admitted to trading on the regulated market of Euronext Dublin and/or listed, traded and/or quoted on any other listing authority, stock exchange and/or quotation system as may be agreed between the Issuer and the relevant Dealer. No Notes may be issued on an unlisted basis.
<b>Delivery:</b>	The Notes will be available in London for delivery to Euroclear or Clearstream, Luxembourg or to any other recognised clearing system (as its nominee or depositary) in which the Notes may from time to time be held.
<b>Selling Restrictions:</b>	The offering and sale of the Notes is subject to all applicable selling restrictions including, without limitation, those of the United States of America, the United Kingdom, Japan, the Kingdom of Spain, France, Ireland, Norway, the Kingdom of Sweden, Denmark, Switzerland and Taiwan (see " <i>Subscription and Sale</i> ").
<b>Governing Law:</b>	The status of the Notes, the capacity of the Issuer and the relevant corporate resolutions shall be governed by Spanish law. Any non-contractual obligations arising out of or in connection with the Notes, the terms and conditions of the Notes and all related contractual documentation will be governed by, and construed in accordance with, English law.
<b>Use of Proceeds:</b>	The net proceeds of the issue of the Notes will be used for the general funding purposes.

## SANTANDER CONSUMER FINANCE, S.A.

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

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

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

### History and Development

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

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

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

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

The authorised and paid up share capital of the Issuer as at 31 December 2017 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 2016. 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 385 branches located throughout Europe (62 of which are in Spain) and engages in finance leasing, financing of third party purchases of consumer goods of any kind, full-service leasing ("renting") and other activities. Additionally, since December 2002, the Issuer has been the head of a European corporate group, consisting mainly of financial institutions, which engages in commercial banking, consumer finance, operating and finance leasing, full-service leasing and other activities in Germany, Italy, Austria, France, the Netherlands, Norway, Finland, Denmark, Sweden, Switzerland and Portugal.

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

Enjoying as it does a strong leadership position in the European consumer finance market, and specialising in auto finance, loans for the purchase of durable goods, personal loans and credit cards, the Consumer Group has displayed consistent profitability, reporting a record profit of €1,079.4 million in 2017.

The major milestones achieved in 2017 were as follows:

- Complete the definition of functional requirements as well as the design of an operational model adapted to the requirements of IFRS 9.
- Development a training plan for all the staff who could be involved or impacted with the standards application.
- At the IT environment, the technological needs have been identified as well as the necessary adaptations to the existing control environment.

In addition to the BPF agreement, progress continued on the signing and development of new agreements with retail distributors and manufacturers, triggering growth of new production in all countries, largely underpinned by the car business.

Loans and discounts amounted to €86,635 million in 2017, up 5.7% for the year. By country, growth was generally observed in all units.

On the liability side, customer deposits rose 0.85%, setting us apart from our peers. A total of €13,624 million in wholesale funding was secured in the year, through senior issuances, securitisations and other long-term issues.

In 2017 attributable profit amounted to €1,079.4 million (+2.3% with respect to 2016) as a result of the extraordinary effect of the impacts of the tax measures adopted by the regulator in the past two years.

Recurring profit was favoured, by both the current low interest rate environment, which is highly positive for the consumer finance business, affecting revenues and allowances, and the impact of the units included, translating into growth of the main account lines.

Revenues grew mainly due to net interest income which was up 4.1% on previous year.

Costs, taking into account administrative expenses and depreciation and amortization, also increased (2.8%) in line with the business. The efficiency ratio decreased to 43%, slightly worse than previous year.

Provisions fell by 37.7%, following a substantial improvement in the cost of borrowing, which fell to very low levels for the consumer finance business. This was possible thanks to the solid performance of portfolios and a fall in the NPL ratio to 2.2% following a 20 bp fall compared with 2016. The coverage ratio as of December 2017 was 99%.



Attributable profit for the year was impacted by a €66 million charge, net of tax, mainly due to integration costs for the main commercial networks in Germany.

Ordinary attributable profit was especially strong in Poland (+38%), Spain (+17%) and Italy (+12%).

In summary, this was a strong organic performance, with agreements being implemented successfully. This offers excellent potential for continued growth in 2018, further increasing market share and maintaining high profitability and efficiency.

### New Business of the Issuer in 2017

The volume of new loans at December 2017 was €37,348 million, up by 8.8 per cent. compared with the previous year. This increase was supported by the car business which increased by 10.6 per cent. and by consumer and credit cards which were up by 4.9 per cent. The increase in car business was due to both used and new vehicles.

The area's strategy, penetration and diversification have given rise to further increases in the market share in terms of volume in 2017.

The units with higher productions in 2017 were Germany (up 3.9 per cent. compared with 2016), the Nordic countries (up 8.9 per cent. compared with 2016), Spain (up 11.2 per cent. compared with 2016), France (up 13.8 per cent. compared with 2016) and Italy (up 19.8 per cent. compared with 2016).

The following table summarises new financing extended in 2017 by product line, compared with the previous year:

Unaudited	2017 financial year	Percentage of total activity	2016 financial year	Variation 2017/2016
	(millions of Euro)	(percentage)	(millions of Euro)	(percentage)
<b>New Business</b>				
Cars	24,716.4	66.2 per cent.	22,349.1	10.6 per cent.
<i>New cars</i>	15,386.6	41.2 per cent.	13,574.2	13.4 per cent.
<i>Used Cars</i>	9,329.9	25.0 per cent.	8,774.9	6.3 per cent.
Consumer Financing and Credit Cards	7,011.6	18.8 per cent.	6,684.8	4.9 per cent.
Direct	4,063.7	10.9 per cent.	4,132.1	-1.7 per cent.
Mortgages	235.7	0.6 per cent.	210.3	12.0 per cent.
Other	1,321.1	3.5 per cent.	938.5	40.8 per cent.
<b>Total financing activity</b>	<b>37,348.5</b>	<b>100.00 per cent.</b>	<b>34,314.9</b>	<b>8.8 per cent.</b>

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

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

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

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

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

At the end of 2017, the consolidated customer funds under management (customer deposits and marketable debt securities) reached €61,844.9 million, representing an increase of 1.2 per cent. compared to the €61,123.1 million recorded in the previous financial year. The Consumer Group holds banking licenses in the majority of the countries in which it operates. One of its main sources of funding is customer deposits in Germany and the Nordics. Consolidated customer deposits increased by 0.8 per cent. (from 33,257.5 million in 2016 to 33,539.7 million in 2017).

On the other hand, consolidated marketable debt securities increased by 1.58 per cent., mainly due to new bonds and debentures outstanding. The shareholders at the Annual General Meeting of the Bank on 21 March 2017 resolved to empower the Bank's Board of Directors to issue fixed-income securities up to an amount of €35,000 million. In turn, at the Board meeting held on 24 April 2017, the Directors delegated these powers to the Bank's Executive Committee.

At the meeting held on 1 June 2017, the Bank's Executive Committee adopted a resolution to update its Euro Medium Term Notes programme and issue notes for a maximum nominal amount of €15,000 million. That programme was listed on Euronext Dublin (formerly, the Irish Stock Exchange) on 15 June 2017. At 31 December 2017, the outstanding balance of these notes amounted to €9,287,480 thousand (31 December 2016: €8,406,738 thousand), and their maturity date is between 7 July 2017 and 30 November 2021. The annual interest rate on these financial liabilities is between 0.12% and 2.40% (2016: between 0.19% and 2.15%).

Also in the meeting held on 1 June 2017, the Bank's Executive Committee resolved to update its Euro Commercial Paper programme and issue paper notes with a maximum principal amount outstanding that may not exceed €10,000 million. The programme was listed on Euronext Dublin (formerly, the Irish Stock Exchange) on 15 June 2017. The outstanding balance of this commercial paper recognised in these consolidated financial statements amounted to €3,741,482 thousand at 31 December 2017 (31 December 2016: €4,621,394 thousand).

At its meeting held on 27 July 2017, the Bank's Executive Committee resolved to issue a Promissory Notes Programme with a maximum principal amount outstanding that may not exceed €5,000 million. This programme was registered in the Official Registers of the Spanish National Securities Market Commission (CNMV) on 17 October 2017. At 31 December 2017, the outstanding balance of these notes amounted to €2,172,036 thousand (31 December 2016: €4,062,469 thousand).

The following table summarises customer funds under management in 2017, as compared to the previous financial year (the data does not include valuation adjustments or subordinated debt):

<b>Customer management</b>	<b>Funds under</b>	<b>2017 Financial year (audited)</b>	<b>2016 Financial year (audited)</b>	<b>Variation 2017/2016</b>
		<i>(millions of euro)</i>	<i>(millions of euro)</i>	
Customer deposits	33,539.7		33,257.5	0.85 per cent
Marketable debt securities	28,305.3		27,865.7	1.58per cent
<b>Total client funds on balance sheet</b>	<b>61,844.9</b>		<b>61,123.1</b>	<b>1.18per cent</b>

#### **Main Markets in which the Issuer Competes**

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

The following tables summarise customer lending and customer deposits by geographical area as at 31 December 2017, in comparison with the previous year (the data does not include valuation adjustments or subordinated debt):

#### Loans and advances to customers

	<b>2017 Financial year (audited)</b>	<b>Percentage of total activity</b>		<b>2016 Financial year (audited)</b>	<b>Variation 2017/2016 (percentage)</b>
	<i>(millions of euro)</i>			<i>(millions of euro)</i>	
Spain	13,289	15.34 cent.	per	12,118	9.66 per cent.
Italy	7,775	8.97 cent.	per	6,893	12.80 per cent.
Germany	34,006	39.25 cent.	per	33,819	0.55 per cent.
France	10,382	11.98 cent.	per	9,350	11.04 per cent.
The Nordics	14,308	16.52 cent.	per	13,395	6.82 per cent.
Other Areas & Intragroup adjustments	6,875	7.94 cent.	per	6,408	7.29 per cent.
<b>Total</b>	<b>86,635</b>	<b>100.00 cent.</b>	<b>per</b>	<b>81,983</b>	<b>5.67 per cent.</b>

#### Customer Deposits

	<b>2017 Financial year (audited)</b>	<b>Percentage of total activity</b>		<b>2016 Financial year (audited)</b>	<b>Variation 2017/2016 (percentage)</b>
	<i>(millions of euro)</i>			<i>(millions of euro)</i>	
Spain	299	0.89 cent.	per	305	(1.97) per cent.
Italy	1,046	3.12 cent.	per	815	28.34 per cent.
Germany	23,435	69.87 cent.	per	24,538	(4.50) per cent.
France	2,102	6.27 cent.	per	1,804	16.52 per cent.
The Nordics	5,144	15.34 cent.	per	4,509	14.08 per cent.
Other Areas & Intra Group	1,514	4.51 cent.	per	1,286	17.73 per cent.

Eliminations		cent.		cent.	
<b>Total</b>	<b>33,540</b>	<b>100.00</b>	<b>per</b>	<b>33,257</b>	<b>0.85 per</b>
		<b>cent.</b>			<b>cent.</b>

### Organisational Structure

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

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

The diagram below summarises the organisational structure of the Consumer Group as of April 2018:



## **2016**

### **Santander Benelux S.A./N.V.**

Once the corresponding administrative authorisations were secured, on 29 April 2016 the Bank acquired 99.99% of the capital of Santander Benelux, S.A./N.V. from Banco Santander, S.A., for approximately €1,170 million. Santander Benelux owns 50% of the share capital of PSA Finance Belux, S.A./N.V. At 31 December 2016, Santander Benelux contributes a lending portfolio of approximately €2,367 million to the Group, of which around €1,065 million corresponds to PSA Finance Benelux, S.A./N.V.

As a result of the acquisition of this 99.99% interest, as from the acquisition date, Santander Benelux, S.A./N.V. and its subsidiaries have been fully consolidated as Group subsidiaries. At the date on which the Santander Consumer Finance Group assumed control of the entity, the balance of assets acquired and liabilities assumed, measured in accordance with applicable accounting standards, amounted to approximately €1,467 million. Consequently, in view of the consideration given by the Group, disclosed above, and the corresponding non-controlling interests, the transaction did not give rise to any goodwill or gain from a bargain purchase. In accordance with prevailing accounting standards and with the bank group's policy, this acquisition has been measured at the original carrying amount at the transferor.

### **Transolver, E.F.C., S.A.**

On 22 December 2016, the Bank acquired 1% of the capital of Transolver, E.F.C., S.A., for a total amount of €382,000. As a result of the acquisition of the aforementioned 1% interest, which brought the total ownership interest to 51%, as from the acquisition date, Transolver, E.F.C., S.A. has been fully consolidated as a Group subsidiary. At the date on which the Santander Consumer Finance Group assumed control of the entity, the balance of the latter's assets and liabilities, measured in accordance with applicable accounting standards, amounted to approximately €394 million. Consequently, in view of the consideration given by the Group, disclosed above, and the corresponding non-controlling interests, the transaction did not give rise to any goodwill or bargain-purchase gain.

### **Santander Consumer Finance, Z.R.T.**

Once the corresponding administrative authorisations were secured, on 6 October 2016, the Group sold 100% of the share capital of Santander Consumer Finance, Z.R.T., incurring a consolidated loss of €9.7 million.

### **Agreements with Banque PSA Finance**

In the framework of the agreements signed in 2014 between the Bank, Peugeot, S.A. and Banque PSA Finance, the PSA Peugeot Citroën Group vehicle financing unit, the following transactions and events took place during the first half of 2016:

On 2 January 2016, Santander Consumer Bank, S.p.A. (Italy) acquired 50% of the capital of Banca PSA Italia, S.p.A., for approximately €81 million.

As a result of the acquisition of the aforementioned 50% interest and by virtue of the above-referenced agreements, Banca PSA Italia, S.p.A. has been fully consolidated as a Group subsidiary. The total amount of assets acquired and liabilities assumed, measured in accordance with applicable accounting standards, is approximately €1,709 million and €1,536 million, respectively. Consequently, in view of the consideration given by the Group, disclosed above, and the corresponding non-controlling interests, the transaction did not give rise to any goodwill or gain from a bargain purchase.

- On 1 February 2016, Santander Consumer Finance Benelux, B.V. (Netherlands) acquired a 50% interest in PSA Financial Services Nederland, B.V., for approximately €23 million.

As a result of the acquisition of the aforementioned 50% interest and by virtue of the above-referenced agreements, PSA Financial Services Nederland, B.V. has been fully consolidated as a Group subsidiary. The total amount of assets acquired and liabilities assumed, measured in accordance with applicable accounting standards, is approximately €500 million and €450 million, respectively. Consequently, in view of the consideration given by the Group, disclosed above, and the corresponding non-controlling interests, the transaction did not give rise to any goodwill or gain from a bargain purchase.

- On 2 May 2016, Santander Benelux, S.A./N.V. acquired 50% of PSA Finance Belux, S.A./N.V., for approximately €41 million.

As a result of the acquisition of the aforementioned 50% interest and by virtue of the above-referenced agreements, PSA Finance Belux, S.A./N.V. has been fully consolidated as a Group subsidiary. The total amount of assets acquired and liabilities assumed, measured in accordance with applicable accounting standards, is approximately €930 million and €842 million, respectively. Consequently, in view of the consideration given by the Group, disclosed above, and the corresponding non-controlling interests, the transaction did not give rise to any goodwill or gain from a bargain purchase.

- On 1 July 2016, Santander Consumer Holding GmbH (Germany) acquired 50% of PSA Bank Deutschland GmbH, for approximately €198 million.

As a result of the acquisition of the aforementioned 50% interest and by virtue of the agreements indicated in Note 2 below, PSA Bank Deutschland GmbH has been fully consolidated as a Group subsidiary. At the date on which the Group assumed control of the entity, the balance of assets acquired and liabilities assumed, measured in accordance with applicable accounting standards, amounted to approximately €3,168 million and €2,731 million, respectively. Consequently, in view of the consideration given by the Group, disclosed above, and the corresponding non-controlling interests, the transaction did not give rise to any goodwill or gain from a bargain purchase.

- On 2 October 2016, Santander Consumer Bank, s.a. (Poland) acquired a 50% interest in PSA Finance Polska, Sp. z o.o., for approximately €14 million.

As a result of the acquisition of the aforementioned 50% interest and by virtue of the agreements indicated in Note 2 below, PSA Finance Polska Sp. z o.o. has been fully consolidated as a Group subsidiary. At the date on which the Group assumed control of the entity, the balance of assets acquired and liabilities assumed, measured in accordance with applicable accounting standards, amounted to approximately €222 million and €194 million, respectively. Consequently, in view of the consideration given by the Group, disclosed above, and the corresponding non-controlling interests, the transaction did not give rise to any goodwill or gain from a bargain purchase.

In accordance with IFRS-EU 3 Business Combinations, although the business combinations indicated above did not give rise to any goodwill or gain from a bargain purchase, the definitive measurement of the assets acquired and liabilities assumed on the business combinations is being subject to the corresponding review, as the maximum one-year measurement period established in the standard has not yet elapsed. In the event new and relevant information is obtained about facts and circumstances that existed at the date of acquisition by the Group that, if known, would have affected the initial measurement of the assets and liabilities, the provisional amounts at which these assets and liabilities are recognised in these consolidated financial statements would be adjusted.

At 31 December 2016, the businesses acquired by the Santander Consumer Finance Group pursuant to the agreements signed with the PSA Finance Group contributed a total of €83 million to the Group's income statement. If these business combinations had taken place on 1 January 2016, the profit or loss contributed to the Santander Consumer Finance Group during the six-month period ended 30 June 2016 would have been approximately €109 million.

### Capital increases

In 2017 and 2016, 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:

	<b>Millions of Euro</b>	
	<b>(*)</b>	
	<b>2017</b>	<b>2016</b>
Santander Consumer Bank S.p.A (Italia)	-	80
Banca PSA Italia S.p.A. (**)	53.0	15
PSA Insurance Europe Ltd (Malta) (**)	7.6	5
PSA Bank Deutschland GmbH (**)	41.6	0.5
PSA Financial Services Nederland B.V.(**)	6.0	-
PSA Life Insurance Europe Ltd (Malta) (**)	4.5	-
(**)		

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

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

### Notifications of acquisitions of investments

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

### Events after the reporting period

From 31 December 2017 to the date on which these consolidated annual accounts were authorised for issue no additional events took place that might affect them.

### Board of Directors

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

As at the date of this Information Memorandum, the Board of Directors was comprised of 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 García 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 Information Memorandum included:

<b>Directors</b>	<b>Company Name</b>	<b>Functions</b>
<b>D. Antonio Escámez Torres</b>	Open Bank, S.A.	Chairman
	Attijariwafa Bank, S.A. (Marruecos)	Deputy Chairman
	Arena Media Communications España S.A.	Chairman
	Tarazona Once, S.L.	Sole Administrator
	Santander Consumer Finance, S.A.	Chairman
	Fundacion Consejo España-India	Chairman
	Fundacion Banco Santander	Chairman
	Fundacion Konecta	Chairman
<b>D. Juan Rodríguez Inciarte</b>	Santander Consumer Finance, S.A.	Member of the Board of Directors
	Compañía Logística de Hidrocarburos, S.A.	Member of the Board of Directors
	Santander UK Group Holding Ltd	Member of the Board of Directors
	Santander UK, Plc.	Deputy Chairman
	Saarema Inversiones, S.A.	Chairman
	Saarema Sociedad Promotora De Centros Residenciales, S.L.	Member of the Board of Directors
<b>Dña. Magdalena Salarich Fernández de Valderrama</b>	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
<b>D. David Turiel López</b>	Santander Consumer Finance, S.A.	Member of the Board of Directors

	Banco Santander Consumer Portugal, S.A.	Chairman
	Santander Consumer Bank, S.p.A.	Member of the Board of Directors
	Santander Consumer Finance Global Services, S.L.	Joint Administrator
	Santander Consumer Bank, S.A. (Polonia)	Member of the Supervisory Board
	Finance Professional Services SAS	Sole Administrator
	Santander Consumer Banque, S.A.	Member of the Supervisory Board
<b>D. Luis Alberto Salazar-Simpson Bos</b>	Santander Consumer Finance, S.A.	Member of the Board of Directors
	Constructora Inmobiliaria Urbanizadora Vasco-Aragonesa, S.A.	Chairman
<b>D. Bruno Montalvo Wilmot</b>	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
	Psa Finance Polska, sp.z.o.	Member of the Board of Directors
	Santander Consumer Finance, S.A.	Member of the Board of Directors
	PSA Finance UK Limited	Member of the Board of Directors
<b>Dña. Inés Serrano González</b>	Santander Consumer Holding GmbH	Member of the Supervisory Board
	PSA Banque France	Chairman
	Compagnie Generalé De Credit Aux Particuliers- CREDIPAR	Member of the Supervisory Board
	Santander Consumer Banque, S.A.	Member of the Supervisory Board
	Financiera El Corte Inglés, E.F.C, S.A.	Member of the Board of Directors
	Santander Consumer Bank AG	Member of the Supervisory Board
	Santander Consumer Finance, S.A.	Member of the Board of Directors
<b>D. Javier Francisco Gamarra Antón</b>	Santander Consumer Finance, S.A.	Member of the Board of Directors

	Santander Consumer, EFC, S.A.	Chairman
<b>D. Jose Luis De Mora Gallardo</b>	Banco Santander, S.A.	Director
	Santander Consumer Finance, S.A.	Member of the Board of Directors
	Bank Zachodni WBK S.A.	Member of the Board of Directors
	Santander Consumer Bank AG	Member of the Board of Directors
	Santander Consumer Holding, GmbH	Member of the Board of Directors

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

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

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

#### **Executive Committee**

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

<b>Executive Committee Members</b>	<b>Functions</b>
D. Antonio Escámez Torres	Chairman
Dña. Magdalena Salarich Fernández de Valderrama	Member
D. Bruno Montalvo Wilmot	Member
Dña. Inés Serrano González	Member
D. Francisco Javier Gamarra Antón	Member
D. David Turiel López	Member
D. Fernando Garcial Sole	Secretary

#### **Audit Committee**

The main responsibilities of the Audit Committee are to:

- 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.
- Supervise the efficiency of our 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.
- 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.
- 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.<sup>a</sup> 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 we 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 it 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:

Jean Pierre Landau	Chairman
Luis Alberto Salazar-Simpson	Member
Juan Rodríguez Inciarte	Member
Fernando García Solé	Secretary

### **Risk Committee**

The main responsibilities of the Risk Committee are the following:

To support and advise the Board of Directors in the evaluation of the risk policies and in the determination of the risk appetite and risk strategy that may affect the Issuer.

The risk policies of the Issuer must include:

- Identification of the different types of risk (operational, technological, financial, legal and reputational, among others) that the Issuer may face, including financial or economic contingent liabilities and other off-balance sheet liabilities;
- The establishment of the risk appetite that the Issuer considers acceptable;
- The actions planned to mitigate the impact of the risks identified, in case that they appear;

- The information and internal control systems that may be used to control and manage the mentioned risks.

Monitoring the price policy of the assets and liabilities offered to the clients taking into consideration the company model and the risk strategy of the Issuer;

Evaluating the management tools, initiatives, projects evolution and other relevant activities related to the risks control;

Determining together with the Board of the Directors, the nature, quantity, format and frequency of the risk information that this Committee and the Board of Directors should receive;

Collaborating to establish rational remuneration policies and practices. The Risk Committee will examine, without prejudice of the functions of the Remuneration Committee, whether the incentive policy in the remuneration system takes into consideration risk, capital, liquidity and the probability and the profit opportunity.

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

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

#### **Nomination Committee**

The main responsibilities of the Nomination Committee are the following:

To identify and recommend for approval by the Board of Directors or the General Meeting Board, candidates to fill vacant board positions.

To evaluate the knowledge, capacity, diversity and experience of the Board of Directors and elaborate a description of the functions and aptitudes needed to a concrete nomination, taking into account the expected time commitment of that particular position.

To evaluate regularly, at least once a year, the suitability of the members of the Board of Directors and of the Board as a unit. Then inform to the Board of Directors of the results of this evaluation.

To regularly review the Board of Directors policy regarding the selection process and the nomination process for senior management members and make recommendations.

To establish, in accordance with article 31.3 of 10/2014 Law of June 26<sup>th</sup>, an objective of equal gender representation in the Board of Directors and elaborate orientations about how to increase the number of people of the less represented gender in order to achieve the objective of equality. The objective, the proposed actions and it's application will be published with the information required to be included by 435.2.c) of the EU Regulation number 575/2013 of 26 June 2013. The Bank of Spain will send this information to the European Banking Authority.

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

Luis Alberto Salazar-Simpson	Chairman
Jean-Pierre Landau	Member
José Luis de Mora	Member
Fernando García Solé	Secretary

#### **Remuneration Committee**

The main responsibilities of the Remuneration Committee are the following:

To consider and make decisions about remunerations, including the ones which have impact in both risk and risk management matters which the Board of Directors must adopt.

To provide information about the general policy of retributions of the members of the Board of Directors, general managers or similar, as well as the individual remuneration and other contractual conditions of the members of the Board of Directors that perform executive functions, and will ensure their enforcement.

Ensure that the directors and members of senior management complying with the remuneration policy established by the Issuer.

Periodically review the remuneration programs, taking into account their accommodation and their performance, to ensure that the remunerations of the directors comply with criteria of moderation and adequacy with the results of the Issuer.

Ensure the transparency of remunerations and, to this end, submit to the Board of Directors as much information as is appropriate.

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

Luis Alberto Salazar-Simpson	Chairman
Antonio Escámez Torres	Member
José Luis de Mora	Member
Fernando García Solé	Secretary

### **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 the Issuer's directors as at 31 December 2017 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 the Issuer. 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 2017 and 2016 the Issuer's directors did not report to the Board of Directors or to the General Meeting any direct or indirect conflict of interest that they or persons related to them might have.

### **Litigation**

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

## CERTAIN INFORMATION IN RESPECT OF THE NOTES

### Key Information

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

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

### Information Concerning the Securities to be Admitted to Trading

#### *Total amount of Notes Admitted to Trading*

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

The maximum aggregate principal amount of Notes which may be outstanding at any one time is €10,000,000,000 (or its equivalent in other currencies). Such amount may be increased from time to time in accordance with the Dealer Agreement.

#### *Type and Class of Notes*

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

- (a) for U.S.\$ Notes, U.S.\$500,000;
- (b) for Euro Notes, €500,000;
- (c) for Sterling Notes, £100,000;
- (d) for Swiss Franc Notes, CHF 500,000;
- (e) for Swedish Kronor Notes, an amount in SEK equal to a minimum of €100,000;
- (f) for Norwegian Kroner Notes, Nkr 1,500,000;
- (g) for Danish Kroner Notes, Dkr 1,000,000;
- (h) for Polish Zloty Notes, PLN 500,000,

or such other conventionally accepted denominations in those currencies as may be agreed between the Issuer and the relevant Dealer from time to time, subject in each case to compliance with all applicable legal and regulatory requirements.

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

#### *Legislation under which the Notes and related contractual documentation, and the Deed of Covenant have been created*

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

#### *Form of the Notes*

The Notes will be in bearer form. Each issue of Notes will initially be represented by a Global Note and, in the case of a Global Note which is not intended to be issued in new global note ("NGN") form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Notes with a depositary or common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Each Global Note which is intended to be issued in NGN form, as specified in

the relevant Final Terms, will be deposited on or around the issue date of the relevant Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Global Note may, if so specified in the relevant Final Terms, be exchangeable for Notes in definitive bearer form in the limited circumstances specified in the relevant Global Note.

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

#### *Currency of the Notes*

Notes may be issued in Euro, Sterling, Swiss Francs, U.S. Dollars, Swedish Kronor, Norwegian Kroner, Danish Kroner and Polish Zloty, and such other currencies as may be agreed between the Issuer and the relevant Dealer(s) from time to time and subject to the necessary regulatory requirements having been satisfied.

#### *Status of the Notes*

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

*In the event of insolvency (concurso) of the Issuer, under Law 22/2003 (Ley Concursal) dated 9 July 2003 (the "Insolvency Law"), claims relating to Notes (unless they qualify as subordinated credits under the limited events regulated by Article 92 of the Insolvency Law) will be ordinary credits (créditos ordinarios) as defined in the Insolvency Law. The claims that qualify as subordinated credits under the limited events regulated by Article 92 of the Insolvency Law include, but are not limited to, any accrued and unpaid interests (including, for Notes sold at a discount, the amortization of the original issue discount from (and including) the date of issue to (but excluding) the date upon which the insolvency proceeding (concurso) of the Issuer commenced). Ordinary credits rank below credits against the insolvency state (créditos contra la masa) and credits with a privilege (créditos privilegiados). Ordinary credits rank above subordinated credits and the rights of shareholders. Under Spanish law, accrual of interests shall be suspended from the date of any declaration of insolvency (other than any interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security).*

#### *Rights attaching to the Notes*

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

#### *Maturity of the Notes*

The Maturity Date applicable to each issue of Notes will be specified in the relevant Final Terms. The Maturity Date of an issue of Notes may not be less than 1 day nor more than 364 days, subject to applicable legal and regulatory requirements.

#### *Optional Redemption for Tax Reasons*

The Issuer may redeem Notes (in whole but not in part) if it has or will become obliged to pay additional amounts pursuant to the terms and conditions of the Notes as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or



regulations (including a holding by a court of competent jurisdiction) which change or amendment becomes effective on or after the issue date of the relevant Notes and such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

#### *Prescription*

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

#### *Yield Basis*

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

#### *Authorisations and approvals*

The establishment of the Programme and the issuance of Notes pursuant thereto was authorised by resolutions of the shareholders of the Issuer passed on 18 October 2007 and of the Board of Directors of the Issuer passed on 27 May 2010. The update of the Programme and the issuance of Notes pursuant thereto was authorised by resolutions of the shareholder of the Issuer passed on 5 April 2018, the Board of Directors of the Issuer passed on 24 April 2018 and the Executive Committee passed on 13 June 2018. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

#### **Admission to Trading and Dealing Arrangements**

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

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

#### **Expense of the Admission to Trading**

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

#### **Additional Information**

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

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

Standard & Poor's Credit Market Services Europe Limited Sucursal en España: A-2

Fitch Ratings España SAU: F2

Moody's Investors Service España, S.A.: P-1

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

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

## FORMS OF NOTES

### PART A – FORM OF MULTICURRENCY GLOBAL NOTE

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

#### **SANTANDER CONSUMER FINANCE, S.A.**

*(Incorporated with limited liability in the Kingdom of Spain)*

**€10,000,000,000**

#### **EURO-COMMERCIAL PAPER PROGRAMME**

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

All such payments shall be made in accordance with an issuing and paying agency agreement (the "**Agency Agreement**") dated 18 June 2018 (as amended and restated or supplemented from time to time) between the Issuer, Citibank, N.A., London Branch as issue agent and as principal paying agent (the "**Issuing and Paying Agent**"), a copy of which is available for inspection at the offices of the Issuing and Paying Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, England, and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this Global Note at the office of the Issuing and Paying Agent referred to above by transfer to an account denominated in the Specified Currency set out in the Final Terms maintained by the bearer in the principal financial centre in the country of that currency or, in the case of a Global Note denominated in Euro, by Euro cheque drawn on, or by transfer to a Euro account (or any other account to which Euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any member state of the European Union. The Issuer undertakes that, so long as the Notes are listed, traded and/or quoted on any listing authority, stock exchange and/or quotation system, there will at all times be a paying agent with a specified office in such place as may be required by the rules and regulations of the relevant listing authority, stock exchange and/or quotation system.

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

2. If the Final Terms specify that the New Global Note form is applicable, this Global Note shall be a "**New Global Note**" or "**NGN**" and the Nominal Amount of Notes represented by this Global

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

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

3. All payments in respect of this Global Note by or on behalf of the Issuer shall be made without set-off, counterclaim, fees, liabilities or similar deductions and free and clear of, and without deduction or withholding for or on account of, taxes, levies, duties, assessments or charges of any nature now or hereafter imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain or any political subdivision thereof or any taxing authority or agency thereof or therein ("**Taxes**"). If the Issuer or any agent thereof is required by law or regulation to make any deduction or withholding for or on account of Taxes, the Issuer shall, to the extent permitted by applicable law or regulation, pay such additional amounts as shall be necessary in order that the net amounts received by the bearer of this Global Note or the holder or beneficial owner of any interest herein or rights in respect hereof (each, a "**Beneficial Owner**") after such deduction or withholding shall equal the amount which would have been receivable hereunder in the absence of such deduction or withholding, except that the Issuer shall not be required to pay any additional amounts in relation to any payment:
- (i) to, or to a third party on behalf of, a Beneficial Owner of a Note who is liable for such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with Spain other than the mere holding of such Note; or
  - (ii) to, or to a third party on behalf of, a holder if the Issuer does not receive the information about the Notes as may be required in order to comply with the applicable Spanish tax reporting obligations; or
  - (iii) in respect of any Note presented for payment more than fifteen days after the Maturity Date (or, as the case may be, the Relevant Date) or, if applicable, the relevant Interest Payment Date or (in either case) the date on which the payment hereof is duly provided for, whichever occurs later, except to the extent that the relevant holder would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of fifteen days; or
  - (iv) to, or to a third party on behalf of, individuals resident for tax purposes in The Kingdom of Spain if the Spanish tax authorities determine that payments made to such individuals are not exempt from withholding tax and require a withholding to be made; or
  - (v) to, or to a third party on behalf of, a Spanish-resident legal entity subject to the Spanish Corporate Income Tax if the Spanish tax authorities determine that the Notes do not comply with applicable exemption requirements including those specified in the Reply to a Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 and require a withholding to be made.

4. The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 14 days notice to the holders (which notice shall be irrevocable), at the Redemption Amount specified in the Final Terms, together with (if this Note is an interest bearing Note) interest accrued to the date fixed for redemption, if:
- (a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in paragraph 3 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision thereof or any authority or agency thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date specified in the Final Terms; and
  - (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

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

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

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

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

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

the Issuer shall procure that:

- (a) if the Final Terms specify that the New Global Note form is not applicable, (i) the aggregate principal amount of such Notes; and (ii) the remaining Nominal Amount of Notes represented by this Global Note (which shall be the previous Nominal Amount hereof less the aggregate of the amount referred to in (i) above) are entered in the Schedule hereto, whereupon the Nominal Amount of Notes represented by this Global Note shall for all purposes be as most recently so entered; and
- (b) if the Final Terms specify that the New Global Note form is applicable, details of the exchange or cancellation shall be entered *pro rata* in the records of the ICSDs and the

Nominal Amount of the Notes entered in the records of the ICSDs and represented by this Global Note shall be reduced by the principal amount so exchanged or cancelled.

8. The payment obligations of the Issuer represented by this Global Note constitute and at all times shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and upon insolvency of the Issuer (and unless they qualify as subordinated debts under article 92 of the Law 22/2003 (*Ley Concursal*) dated 9 July 2003 or equivalent legal provision which replaces it in the future, and subject to any applicable legal and statutory exceptions) rank *pari passu* and rateably without any preference among themselves and the payment obligations of the Issuer under the Notes rank at least *pari passu* with all other unsecured and unsubordinated indebtedness, present and future, of the Issuer.
9. If the Maturity Date (or, as the case may be, the Relevant Date) or, if applicable, the relevant Interest Payment Date, is not a Payment Business Day (as defined herein) payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day unless that date falls more than 364 days after the Issue Date, in which case payment shall be made on the immediately preceding Payment Business Day, and the bearer of this Global Note shall not be entitled to any interest or other sums in respect of such postponed payment.

As used in this Global Note:

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

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

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

10. This Global Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof (notwithstanding any notation of ownership or other writing thereon or notice of any previous loss or theft thereof).
11. This Global Note is issued in respect of an issue of Notes of the Issuer and is exchangeable in whole (but not in part only) for duly executed and authenticated bearer Notes in definitive form (whether before, on or, subject as provided below, after the Maturity Date):
  - (a) if Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**", together with Euroclear, the international central securities depositaries or "**ICSDs**") or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease to do business or does so in fact; or
  - (b) if default is made in the payment of any amount payable in respect of this Global Note; or
  - (c) the Notes are required to be removed from Euroclear, Clearstream Luxembourg, or any other clearing system and no suitable (in the determination of the Issuer) alternative clearing system is available.

Upon presentation and surrender of this Global Note during normal business hours to the Issuer at the offices of the Issuing and Paying Agent (or to any other person or at any other office

outside the United States as may be designated in writing by the Issuer to the bearer), the Issuing and Paying Agent shall authenticate and deliver, in exchange for this Global Note, bearer definitive notes denominated in the Specified Currency set out in the Final Terms in an aggregate nominal amount equal to the Nominal Amount of this Global Note.

12. If, upon any such default and following such surrender, definitive Notes are not issued in full exchange for this Global Note before 5.00 p.m. (London time) on the thirtieth day after surrender, this Global Note (including the obligation hereunder to issue definitive notes) will become void and the bearer will have no further rights under this Global Note (but without prejudice to the rights which the bearer or any other person may have under a Deed of Covenant dated 18 June 2018, entered into by the Issuer).
13. If this is an interest bearing Global Note, then:
  - (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Global Note falling due for payment prior to the Maturity Date remains unpaid on the fifteenth day after falling so due, the amount referred to in paragraph 1 shall be payable on such fifteenth day;
  - (b) upon each payment of interest (if any) prior to the Maturity Date in respect of this Global Note, the Issuer shall procure that:
    - (i) if the Final Terms specify that the New Global Note form is not applicable, the Schedule hereto shall be duly completed by the Issuing and Paying Agent to reflect such payment; and
    - (ii) if the Final Terms specify that the New Global Note form is applicable, details of such payment shall be entered *pro rata* in the records of the ICSDs.
14. If this is a fixed rate interest bearing Global Note, interest shall be calculated on the Nominal Amount as follows:
  - (a) interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, to the Relevant Date), in arrears on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Final Terms or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days or, if this Global Note is denominated in Sterling, 365 days at the Rate of Interest specified in the Final Terms with the resulting figure being rounded to the nearest amount of the Specified Currency which is available as legal tender in the country or countries (in the case of the Euro) of the Specified Currency (with halves being rounded upwards); and
  - (b) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is an "Interest Period" for the purposes of this paragraph.
15. If this is a floating rate interest bearing Global Note, interest shall be calculated on the Nominal Amount as follows:
  - (a) in the case of a Global Note which specifies LIBOR as the Reference Rate in the Final Terms, the Rate of Interest will be the aggregate of LIBOR and the Margin specified in the Final Terms (if any) above or below LIBOR. The Rate of Interest determined for any Interest Period by reference to LIBOR shall be subject to a floor of zero to ensure that the Rate of Interest on any Interest Period for Floating Rate Notes is not negative. Interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, to the Relevant Date), in arrears on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Final Terms or, if none is specified, on the basis of the actual number of days in such Interest

Period and a year of 360 days or, if this Global Note is denominated in Sterling, 365 days.

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

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

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

- (b) in the case of a Global Note which specifies EURIBOR as the Reference Rate in the Final Terms, the Rate of Interest will be the aggregate of EURIBOR and the Margin specified in the Final Terms (if any) above or below EURIBOR. The Rate of Interest determined for any Interest Period by reference to EURIBOR shall be subject to a floor of zero to ensure that the Rate of Interest on any Interest Period for Floating Rate Notes is not negative. Interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, to the Relevant Date), in arrears on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Final Terms or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days.

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

- (c) in the case of a Global Note which specifies ISDA Determination in the Final Terms, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where **"ISDA Rate"** in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
  - (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
  - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is as specified in the relevant Final Terms.

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

- (d) the Calculation Agent specified in the Final Terms will, as soon as practicable after 11.00 a.m. (London time) on each LIBOR Interest Determination Date; 11.00 a.m. (Brussels time) on each EURIBOR Interest Determination Date; or, in the case of ISDA Determination, at the time and on the Reset Date specified in the relevant Final Terms, determine the Rate of Interest and calculate the amount of interest payable (the "**Amount of Interest**") for the relevant Interest Period. "**Rate of Interest**" means (A) if the Reference Rate is LIBOR, the rate which is determined in accordance with the provisions of paragraph 15(a); (B) if the Reference Rate is EURIBOR, the rate which is determined in accordance with the provisions of paragraph 15(b); and (C) in the case of a Global Note which specifies ISDA Determination in the Final Terms, the rate which is determined in accordance with the provisions of paragraph 15(c). The Amount of Interest shall be calculated by applying the Rate of Interest to the Nominal Amount of one Note of each Denomination, multiplying such product by the Day Count Convention specified in the Final Terms or, if none is specified, by the actual number of days in the Interest Period concerned divided by 360 or, if this Global Note is denominated in Sterling, by 365 and rounding the resulting figure to the nearest amount of the above-mentioned Specified Currency which is available as legal tender in the country or countries (in the case of the Euro) of the Specified Currency (with halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties;
  - (e) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the bearer hereof;
  - (f) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an "Interest Period" for the purposes of this paragraph; and
  - (g) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the clearing system(s) and/or depositaries in which this Global Note is held at the relevant time or, if this Global Note has been exchanged for bearer definitive Notes pursuant to paragraph 11, will be published in a leading English language daily newspaper published in London (which is expected to be the Financial Times).
16. Instructions by the Issuer expressing its intention to pay the relevant interest amounts, less any necessary withholding must be received at the office of the Issuing and Paying Agent referred to above together with this Global Note as follows:
- (a) if this Global Note is denominated in Euro or Sterling, on or prior to the relevant payment date; and
  - (b) in all other cases, at least one Business Day prior to the relevant payment date.

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

- (i) a day other than a Saturday or Sunday on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;
- (ii) in the case of payments in Euro, a TARGET Business Day; and



- (iii) in all other cases, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre in the country of the Specified Currency set out in the Final Terms.
17. Upon any payment being made in respect of the Notes represented by this Global Note, the Issuer shall procure that:
    - (a) *CGN*: if the Final Terms specify that the New Global Note form is not applicable, details of such payment shall be entered in the Schedule hereto and, in the case of any payment of principal, the Nominal Amount of the Notes represented by this Global Note shall be reduced by the principal amount so paid; and
    - (b) *NGN*: if the Final Terms specify that the New Global Note form is applicable, details of such payment shall be entered *pro rata* in the records of the ICSDs and, in the case of any payment of principal, the Nominal Amount of the Notes entered in the records of the ICSDs and represented by this Global Note shall be reduced by the principal amount so paid.
  18. This Global Note shall not be validly issued unless manually authenticated by Citibank, N.A., London Branch as Issuing and Paying Agent.
  19. If the Final Terms specify that the New Global Note form is applicable, this Global Note shall not be valid for any purpose until it has been effectuated for and on behalf of the entity appointed as common safekeeper by the ICSDs.
  20. The status of this Global Note, the capacity of the Issuer and the relevant corporate resolutions shall be governed by Spanish law. This Global Note and any non-contractual obligations arising out of or in connection with it are governed by, and construed in accordance with, English law.
    - (a) *English courts*: The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with this Global Note (including a dispute relating to any non-contractual obligations arising out of or in connection with this Global Note or a dispute regarding the existence, validity or termination of this Global Note) or the consequences of its nullity.
    - (b) *Appropriate forum*: The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
    - (c) *Rights of the bearer to take proceedings outside England*: Paragraph 20(a) (*English courts*) is for the benefit of the bearer only. As a result, nothing in this paragraph 20 prevents the bearer from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the bearer may take concurrent Proceedings in any number of jurisdictions.
    - (d) *Service of process*: The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Banco Santander, S.A., London Branch at 2 Triton Square, Regent's Square, London NW1 3AN or at any address of the Issuer in Great Britain at which service of process may be served on it. Nothing in this sub-paragraph shall affect the right of the bearer to serve process in any other manner permitted by law.
  21. The Notes represented by this Global Note have been admitted to listing on the official list of the Irish Stock Exchange plc ("**Euronext Dublin**") and to trading on the regulated market of Euronext Dublin (and/or have been admitted to listing, trading and/or quotation on any other listing authority, stock exchange and/or quotation system), all notices required to be published concerning this Global Note shall be published in accordance with the requirements of Euronext Dublin (and/or of the relevant listing authority, stock exchange and/or quotation system). So long as the Notes are represented by this Global Note, and this Global Note has been deposited with a depositary or common depositary for the ICSDs, or any other relevant clearing system or a Common Safekeeper (which expression has the meaning given in the Agency Agreement), the Issuer may, in lieu of such publication and if so permitted by the rules of Euronext Dublin

(and/or of the relevant listing authority, stock exchange and/or quotation system), deliver the relevant notice to the clearing system(s) in which this Global Note is held but only upon a receipt of an undertaking by such intermediaries to ensure the timely delivery of such notifications to such Beneficial Owners.

22. Claims for payment of principal and interest in respect of this Global Note shall become prescribed and void unless made, in the case of principal, within ten years after the Maturity Date (or, as the case may be, the Relevant Date) or, in the case of interest, five years after the relevant Interest Payment Date.
23. No person shall have any right to enforce any provision of this Global Note under the Contracts (Rights of Third Parties) Act 1999.

**AUTHENTICATED** by

**CITIBANK, N.A., LONDON BRANCH**

without recourse, warranty or liability and for  
authentication purposes only

Signed on behalf of:

**SANTANDER CONSUMER FINANCE, S.A.**

By: .....  
(*Authorised Signatory*)

By: .....  
(*Authorised Signatory*)

By: .....  
(*Authorised Signatory*)

**EFFECTUATED** for and on behalf of

.....  
as common safekeeper without  
recourse, warranty or liability

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

**SCHEDULE<sup>1</sup>**  
**PAYMENTS OF INTEREST, DELIVERY OF DEFINITIVE NOTES AND CANCELLATION OF**  
**NOTES**

[illegible]

<sup>1</sup> This Schedule should only be completed where the Final Terms specify that the New Global Note form is not applicable.

**FINAL TERMS**

*[Completed Final Terms to be attached]*

## PART B – FORM OF MULTICURRENCY DEFINITIVE NOTE

THE SECURITIES COVERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS. TERMS USED ABOVE HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

### **SANTANDER CONSUMER FINANCE, S.A.**

*(Incorporated with limited liability in the Kingdom of Spain)*

**€10,000,000,000**

### **EURO-COMMERCIAL PAPER PROGRAMME**

Nominal Amount of this Note:

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

All such payments shall be made in accordance with an issuing and paying agency agreement (the "**Agency Agreement**") dated 18 June 2018 (as amended and restated or supplemented from time to time) between the Issuer, Citibank, N.A., London Branch as issue agent and as principal paying agent (the "**Issuing and Paying Agent**"), a copy of which is available for inspection at the offices of the Issuing and Paying Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, England, and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this Note at the office of the Issuing and Paying Agent referred to above by transfer to an account denominated in the Specified Currency set out in the Final Terms maintained by the bearer in the principal financial centre in the country of that currency or, if this Note is denominated in Euro, by Euro cheque drawn on, or by transfer to a Euro account (or any other account to which Euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any member state of the European Union. The Issuer undertakes that, so long as the Notes are listed, traded and/or quoted on any listing authority, stock exchange and/or quotation system, there will at all times be a paying agent with a specified office in such place as may be required by the rules and regulations of the relevant listing authority, stock exchange and/or quotation system.

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

- (ii) to, or to a third party on behalf of, a holder if the Issuer does not receive the information about the Notes as may be required in order to comply with the applicable Spanish tax reporting obligations; or
  - (iii) in respect of any Note presented for payment more than fifteen days after the Maturity Date (or, as the case may be, the Relevant Date) or, if applicable, the relevant Interest Payment Date or (in either case) the date on which the payment hereof is duly provided for, whichever occurs later, except to the extent that the relevant holder would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of fifteen days; or
  - (iv) to, or to a third party on behalf of, individuals resident for tax purposes in The Kingdom of Spain if the Spanish tax authorities determine that payments made to such individuals are not exempt from withholding tax and require a withholding to be made; or
  - (v) to, or to a third party on behalf of, a Spanish resident legal entity subject to the Spanish Corporate Income Tax if the Spanish tax authorities determine that the Notes do not comply with applicable exemption requirements including those specified in the Reply to a Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 and require a withholding to be made.
3. This Note may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 14 days' notice to the holders (which notice shall be irrevocable), at the Redemption Amount specified in the Final Terms, together with (if this Note is an interest bearing Note) interest accrued to the date fixed for redemption, if:
- (a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in paragraph 2 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision thereof or any authority or agency thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date specified in the Final Terms; and
  - (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;
- provided, however, that** no such notice of redemption shall be given earlier than 14 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.
- Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent:
- (a) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
  - (b) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.
- Upon the expiry of any such notice as is referred to in this paragraph, the Issuer shall be bound to redeem the Notes in accordance with this paragraph.
4. The Issuer or any subsidiary of the Issuer may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured interest coupons (if this Note is an interest bearing Note) are purchased therewith.
5. All Notes so purchased by the Issuer otherwise than in the ordinary course of business of dealings in securities or as a nominee shall be cancelled and shall not be reissued or resold. All

Notes so purchased by any subsidiary of the Issuer may be cancelled, held by such subsidiary or resold.

6. The payment obligations of the Issuer represented by this Note constitute and at all times shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and upon insolvency of the Issuer (and unless they qualify as subordinated debts under article 92 of the Law 22/2003 (*Ley Concursal*) dated 9 July 2003 or equivalent legal provision which replaces it in the future, and subject to any applicable legal and statutory exceptions) rank *pari passu* and rateably without any preference among other Notes of the same Series (as specified in the Final Terms) and the payment obligations of the Issuer under the Notes rank at least *pari passu* with all other unsecured and unsubordinated indebtedness, present and future, of the Issuer.
7. If the Maturity Date (or, as the case may be, the Relevant Date) or, if applicable, the relevant Interest Payment Date, is not a Payment Business Day (as defined herein) payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day unless that date falls more than 364 days after the Issue Date, in which case payment shall be made on the immediately preceding Payment Business Day, and the bearer of this Note shall not be entitled to any interest or other sums in respect of such postponed payment.

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

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

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

8. This Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof (notwithstanding any notation of ownership or other writing thereon or notice of any previous loss or theft thereof).
9. <sup>2</sup>[If this is an interest bearing Note, then:
  - (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Note falling due for payment prior to the Maturity Date remains unpaid on the fifteenth day after falling so due, the amount referred to in paragraph 1 shall be payable on such fifteenth day; and
  - (b) upon each payment of interest (if any) prior to the Maturity Date in respect of this Note, the Schedule hereto shall be duly completed by the Issuing and Paying Agent to reflect such payment.
10. If this is a fixed rate interest bearing Note, interest shall be calculated on the above-mentioned Nominal Amount as follows:
  - (a) interest shall be payable on the above-mentioned Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, to the Relevant Date), in arrear on

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<sup>2</sup> If this Note is denominated in Sterling, delete paragraphs 9 through 12 inclusive and replace with interest provisions to be included on the reverse of the Note as indicated below.



the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Final Terms or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days at the Rate of Interest specified in the Final Terms with the resulting figure being rounded to the nearest amount of the Specified Currency which is available as legal tender in the country or countries (in the case of the Euro) of the Specified Currency (with halves being rounded upwards); and

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

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

- (a) in the case of a Note which specifies LIBOR as the Reference Rate in the Final Terms, the Rate of Interest will be the aggregate of LIBOR and the Margin specified in the Final Terms (if any) above or below LIBOR. The Rate of Interest determined for any Interest Period by reference to LIBOR shall be subject to a floor of zero to ensure that the Rate of Interest on any Interest Period for Floating Rate Notes is not negative. Interest shall be payable on the above-mentioned Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, to the Relevant Date), in arrears on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Final Terms or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days.

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

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

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

- (b) in the case of a Note which specifies EURIBOR as the Reference Rate in the Final Terms, the Rate of Interest will be the aggregate of EURIBOR and the Margin specified in the Final Terms (if any) above or below EURIBOR. The Rate of Interest determined for any Interest Period by reference to EURIBOR shall be subject to a floor of zero to ensure that the Rate of Interest on any Interest Period for Floating Rate Notes is not negative. Interest shall be payable on the above-mentioned Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, to the Relevant Date), in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Final Terms or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days.

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

the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) were the number of months specified in the Final Terms in relation to the Reference Rate;

- (c) in the case of a Global Note which specifies ISDA Determination in the Final Terms, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
  - (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
  - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is as specified in the relevant Final Terms.

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

- (d) the Calculation Agent specified in the Final Terms will, as soon as practicable after 11.00 a.m. (London time) on each LIBOR Interest Determination Date; 11.00 a.m. (Brussels time) on each EURIBOR Interest Determination Date; or, in the case of ISDA Determination, at the time and on the Reset Date specified in the relevant Final Terms, determine the Rate of Interest and calculate the amount of interest payable (the "**Amount of Interest**") for the relevant Interest Period. "**Rate of Interest**" means (A) if the Reference Rate is LIBOR, the rate which is determined in accordance with the provisions of paragraph 11(a); (B) if the Reference Rate is EURIBOR, the rate which is determined in accordance with the provisions of paragraph 11(b); and (C) in the case of a Global Note which specifies ISDA Determination in the Final Terms, the rate which is determined in accordance with the provisions of paragraph 11(c). The Amount of Interest shall be calculated by applying the Rate of Interest to the above-mentioned Nominal Amount, multiplying such product by the Day Count Convention specified in the Final Terms or, if none is specified, by the actual number of days in the Interest Period concerned divided by 360 and rounding the resulting figure to the nearest amount of the above-mentioned Specified Currency which is available as legal tender in the country or countries (in the case of the Euro) of the Specified Currency (with halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties;
- (e) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the bearer hereof;
- (f) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an "**Interest Period**" for the purposes of this paragraph; and
- (g) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the bearer of this Note or, if that is not practicable, will be published in a leading English language daily newspaper published in London (which is expected to be the Financial Times).

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

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

**AUTHENTICATED** by

Signed on behalf of:

**CITIBANK, N.A., LONDON BRANCH**

**SANTANDER CONSUMER FINANCE, S.A.**

without recourse, warranty or liability and for authentication purposes only

By: .....  
(Authorised Signatory)

By: .....  
(Authorised Signatory)

[By: .....  
(Authorised Signatory)]<sup>3</sup>

By: .....  
(Authorised Signatory)

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<sup>3</sup> Include second authentication block if the currency of this Note is Sterling.

[On the Reverse]

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

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

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

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

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

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

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

- (b) the Calculation Agent specified in the Final Terms will, as soon as practicable after 11.00 a.m. (London time) on the LIBOR Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable (the "**Amount of Interest**") for the relevant Interest Period. "**Rate of Interest**" means the rate which is determined in accordance with the provisions of sub-paragraph (a) above. The Amount of Interest shall be calculated by applying the Rate of Interest to the above-mentioned Nominal Amount, multiplying such product by the Day Count Fraction specified in the Final Terms, or if none is specified, the actual number of days in the Interest Period concerned divided by 365 and rounding the resulting figure to the nearest penny. The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent named above shall (in the absence of manifest error) be final and binding upon all parties;

- (c) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the bearer hereof;
- (d) the period beginning on (and including) the above-mentioned Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an "**Interest Period**" for the purposes of this paragraph (C);
- (e) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the bearer of this Note or, if that is not practicable, will be published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*).]

**SCHEDULE**  
**PAYMENTS OF INTEREST**

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

<b>Date Made</b>	<b>Payment From</b>	<b>Payment To</b>	<b>Gross Amount Payable</b>	<b>Withholding at 20%</b>	<b>Net Amount Paid</b>	<b>Notation on behalf of Issuing and Paying Agent</b>
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

## FORM OF FINAL TERMS

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

### **MIFID II product governance / Professional investors and Eligible Counterparties only target market**

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

### **[Prohibition of Sales to EEA Retail Investors]**

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, (a) a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"); and (b) the expression "offer" includes the communication in any form and by any means of sufficient information on terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

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

[As far as the Issuer is aware, [specify benchmark (as this term is defined in the Benchmark Regulation)] [does not fall within the scope of the Benchmark Regulation/ the transitional provisions in Article 51 of the Benchmark Regulation apply] such that [legal name of the benchmark administrator] is not currently required to obtain authorisation or registration (or, if located outside the EU, recognition, endorsement or equivalence).]

**Santander Consumer Finance, S.A.**

**€10,000,000,000 Euro-Commercial Paper Programme (the "Programme")**

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

## **PART A – CONTRACTUAL TERMS**

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



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

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

[Include whichever of the following apply or specify as "Not applicable" (N/A). Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

- |     |   |  |
|-----|---|--|
| 1.  | Issuer:                                       | Santander Consumer Finance, S.A.                                     |
| 2.  | Type of Note:                                 | Euro commercial paper  |
| 3.  | Series No:                                    | [●]  |
| 4.  | Dealer(s)                                     | [●]  |
| 5.  | Specified Currency:                           | [●]  |
| 6.  | Nominal Amount:                               | [●]  |
| 7.  | Issue Date:                                   | [●]  |
| 8.  | Maturity Date:                                | [●] [May not be less than 1 day nor more than 364 days]              |
| 9.  | Issue Price or (if applicable) discount rate: | [●]  |
| 10. | Denomination:                                 | [●]  |
| 11. | Redemption Amount:                            | [Redemption at par][[●] per Note of [●] Denomination] <i>[other]</i> |
| 12. | Delivery:                                     | [Free of/against] payment  |

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- |     |   |   |
|-----|---|---|
| 13. | <b>Fixed Rate Note Provisions</b>   | [Applicable/Not applicable]<br><i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>  |
|     | (i) Rate[(s)] of Interest:  | [●] [per cent. per annum]   |
|     | (ii) Interest Payment Date(s):  | [●]   |
|     | (iii) Day Count Convention (if different from that specified in the terms and conditions of the Notes): | [Not applicable/ <i>other</i> ]<br><br>[The above-mentioned Day Count Convention shall have the meaning given to it in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced at the Issue Date.] <sup>4</sup> |

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<sup>4</sup> Delete text in square brackets unless a Day Count Convention which is different from that specified in the terms and conditions of the Notes is used.

- (iv) Other terms relating to the method of calculating interest for Fixed Rate Notes (if different from those specified in the terms and conditions of the Notes): [Not applicable/*give details*]
14. **Floating Rate Note Provisions** [Applicable/Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Payment Dates: [●]
- (ii) Calculation Agent (party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s): [[the Issuing and Paying Agent]/[Name] shall be the Calculation Agent]
- (iii) Reference Rate: [●] months [LIBOR/EURIBOR] [Not applicable]
- (iv) ISDA Determination: [Not applicable]
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date and time: [●] [Not applicable] *[in the case of self-compounding overnight interest rate commercial paper, the Reset Date will be the date prior to each Interest Payment Date]*<sup>5</sup>
- (v) Margin(s): [+/-][●] per cent. per annum
- (vi) Day Count Convention if different from that specified in the terms and conditions of the Notes: [Not applicable/*other*]  
 [The above-mentioned Day Count Convention shall have the meaning given to it in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced at the Issue Date.]<sup>6</sup>
- (vii) Any other terms relating to the method of calculating interest on floating rate Notes, if different from those set out in the terms and conditions of the Notes: [●]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

15. Listing and admission to trading: [Ireland (Euronext Dublin). Application [has been made/is expected to be made] by the Issuer (or on its

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

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

		behalf) for the Notes to be admitted to trading on the regulated market of Euronext Dublin with effect from [●].][other]
16.	Ratings:	<p>The Notes to be issued under the Programme have been rated:</p> <p>[Standard &amp; Poor's: [●]]</p> <p>[Fitch Ratings: [●]]</p> <p>[Moody's Investors Service España.: [●]]</p> <p><i>[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]</i></p>
17.	Clearing System(s):	Euroclear[,/and] Clearstream, Luxembourg
18.	Issuing and Paying Agent:	Citibank, N.A., London Branch
19.	Listing Agent:	[Matheson]/[Not applicable]/[Give name]]
20.	ISIN:	[●]
21.	Common code:	[●]
22.	Any clearing system(s) other than or in addition to Euroclear Bank, SA/NV, Clearstream Banking, société anonyme and the relevant identification number(s):	[Not applicable/give name(s) and number(s)]
23.	New Global Note:	[Yes][No]
24.	Intended to be held in a manner which would allow Eurosystem eligibility:	<p>[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.]]<i>[include this text if "yes" selected in which case the Notes must be issued in NGN form]</i></p> <p>[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.]].] <i>[Include this text if "No" selected in which case the Notes must be issued in</i></p>

## **LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €10,000,000,000 Euro-Commercial Paper Programme of Santander Consumer Finance, S.A.

## **RESPONSIBILITY**

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

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

By: .....  
(*duly authorised*)

Dated:

## **PART B – OTHER INFORMATION**

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

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

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

### **2. ESTIMATED TOTAL EXPENSES RELATED TO THE ADMISSION TO TRADING**

Estimated total expenses: [●]

### **3. YIELD<sup>7</sup>**

Indication of yield: [●]

### **4. *Floating Rate Notes only* – HISTORIC INTEREST RATES**

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

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<sup>7</sup> To be marked "Not applicable" in the case of discount notes for which a discount rate is applicable.

## TAXATION

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

### ***The proposed financial transactions tax ("FTT")***

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

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

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

The FTT proposal remains subject to negotiation between the Participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or certain of the Participating Member States may decide to withdraw. Prospective Holders are advised to seek their own professional advice in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Notes.

### **Taxation in Spain**

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

#### **1. Introduction**

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

- (a) of general application, Additional Provision One of Law 10/2014, of 26 June, on regulation, supervision and solvency of credit entities and Royal Decree 1065/2007, of 27 July, as amended, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes;

- (b) for individuals resident for tax purposes in Spain which are subject to the Individual Income Tax ("**IIT**"), Law 35/2006, of 28 November, on the IIT and on the Partial Amendment of the Corporate Income Tax Law, the Non-Residents Income Tax Law and the Net Wealth Tax Law as amended by Law 26/2014, of 27 November, and Royal Decree 439/2007, of 30 March, promulgating the IIT Regulations, along with Law 29/1987, of 18 December, on the Inheritance and Gift Tax;
- (c) for legal entities resident for tax purposes in Spain which are subject to the Corporate Income Tax ("**CIT**"), Law 27/2014, of 27 November of the CIT Law, and Royal Decree 634/2015, of 10 July, promulgating the CIT Regulations; and
- (d) for individuals and entities who are not resident for tax purposes in Spain which are subject to the Non-Resident Income Tax ("**NRIT**"), Legislative Royal Decree 5/2004, of 5 March, promulgating the Consolidated Text of the NRIT Law as amended by Law 26/2014, of 27 November, and Royal Decree 1776/2004, of 30 July, promulgating the NRIT Regulations, along with Law 29/1987, of 18 December, on the Inheritance and Gift Tax.

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

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

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

Both interest payments periodically received and income derived from the transfer, redemption or repayment of the Notes constitute a return on investment obtained from the transfer of a person's own capital to third parties in accordance with the provisions of Section 25 of the IIT Law, and therefore must be included in the investor's IIT savings taxable base pursuant to the provisions of the aforementioned law, and taxed according to the then-applicable rate. The savings taxable base of tax year 2018 will be taxed at the rate of 19 per cent. up to €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 Holders who are resident for tax purposes in Spain **provided that** the information about the Notes required by Exhibit 1 is submitted, notwithstanding the information obligations of the Issuer under general provisions of Spanish tax legislation by virtue of which identification of Spanish investors may be provided to the Spanish tax authorities. In addition, income obtained upon transfer, redemption or exchange of the Notes may also be paid without withholding.

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

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

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

Individuals with tax residency in Spain are subject to Wealth Tax on the 2017 tax year to the extent that their net worth exceeds a certain limit. This limit has been set at €700,000 for 2018 which may vary in each of the autonomous communities. Therefore, they should take into account the value of the Notes which they hold as at 31 December in each year, the applicable rates ranging between 0.2 per cent and 2.5 per cent. The autonomous communities may have different provisions on this respect.

In accordance with article 4 of Royal Decree-Law 3/2016, a full exemption on Wealth Tax will apply in 2018 unless such exemption is revoked.

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

Individuals resident in Spain for tax purposes who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to the Inheritance and Gift Tax in accordance with the applicable Spanish regional or State rules. The applicable tax rates currently range between 7.65 per cent and 34 per cent. Relevant factors applied (such as previous net wealth or family relationship among transferor and transferee) do determine the final effective tax rate that currently ranges between 0 per cent and 81.6 per cent.

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

(a) **Corporate Income Tax (*Impuesto sobre Sociedades*)**

Both interest received periodically and income derived from the transfer, redemption or repayment of the Notes are subject to CIT in accordance with the rules for this tax. The current general tax rate of 25 per cent, 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 1 is submitted, notwithstanding the information obligations of the Issuer under general provisions of Spanish tax legislation, by virtue of which identification of Spanish investors may be provided to the Spanish tax authorities.

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

Withheld amounts may be credited against Noteholders' final CIT liability.

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

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

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

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

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

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

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

Ownership of the Notes by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.



If the Notes form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes are, generally, the same as those previously set out for Spanish CIT taxpayers.

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

(ii) *With no permanent establishment in Spain*

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

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

Holders not resident in Spain for tax purposes and entitled to exemption from NRIT but where the Issuer does not receive the information about the Notes in a timely fashion in accordance with the procedure described in detail as set forth in Exhibit 1 hereto would have to apply directly to the Spanish tax authorities for any refund to which they may be entitled, according to the procedures set forth in the Spanish Non Resident Income Tax Law.

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

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

Individuals that are not resident in Spain for tax purposes but who are resident in an EU or European Economic Area Member State may apply the rules approved by the autonomous region where the assets and rights with more value (i) are located, (ii) can be exercised or (iii) must be fulfilled.

In accordance with article 4 of Royal Decree-Law 3/2016, a full exemption on Wealth Tax will apply in 2018 unless such exemption is revoked.

Non-Spanish individuals will be exempt from Net Wealth Tax in respect of Notes which income is exempt from NRIT.

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

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

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

If the provisions of the foregoing paragraph do not apply, such individuals will be subject to inheritance and gift tax in accordance with Spanish legislation.

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

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

## 5. **Foreign Account Tax Compliance Act ("FATCA")**

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

Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply to foreign passthru payments prior to 1 January 2019 and Notes that have a fixed term and are not treated as equity for U.S. federal income tax purposes, issued on or prior to the date that is six (6) months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding on foreign passthru payments unless materially modified after such date. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding. Prospective purchasers should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

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

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

If the Notes are not listed on a multilateral trading facility, regulated market or any other organised market in an OECD country on any Payment Date, payments to 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 double tax treaty with Spain which provides for an exemption from Spanish tax or a reduced withholding tax rate with respect to interest payable to any Holder.

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

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

## 7. **Information about the Notes in Connection with Payments**

As described above, interest and other income paid with respect to the Notes will not be subject to Spanish withholding tax unless the procedures for delivering to the Issuer the information described in Exhibit 1 of this Information Memorandum are not complied with.

The information obligations to be complied with in order to apply the exemption are those laid down in Section 44.

In accordance with Section 44 paragraph 5, before the close of business on the Business Day (as defined in the Notes) immediately preceding the date on which any payment of interest, principal or of any amounts in respect of the early redemption of the Notes (each, a "**Payment Date**") is due, the Issuer must receive from the Issuing and Paying Agent the following information about the Notes:

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

In particular, the Issuing and Paying Agent must certify the information above about the Notes by means of a certificate, the form of which is attached as Exhibit 1 of this Information Memorandum.

In light of the above, the Issuer and the Issuing and Paying Agent have arranged certain procedures to facilitate the collection of information concerning the Notes by the close of business on the Business Day immediately preceding each relevant Payment Date. If, despite these procedures, the relevant information is not received by the Issuer on each Payment Date, the Issuer will withhold tax at the then-applicable rate (as at the date of this Information Memorandum 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 Issuing and Paying Agent provides such information, the Issuer will reimburse the amounts withheld.

Prospective Holders of Notes should note that none of the Issuer or the Dealers accepts any responsibility relating to the procedures established for the collection of information concerning the Notes. Accordingly, none of the Issuer or the Dealers will be liable for any damage or loss suffered by any Holder who would otherwise be entitled to an exemption from Spanish withholding tax but whose income payments are nonetheless paid net of Spanish withholding tax because these procedures prove ineffective. Moreover, the Issuer will not pay any additional amounts with respect to any such withholding. See "*Risk Factors - Risks in relation to the Notes - Taxation*".

*Set out below is Exhibit 1. Sections in English have been translated from the original Spanish and such translations constitute direct and accurate translations of the Spanish language text. In the event of any discrepancy between the Spanish language version of the certificate contained in Exhibit 1 and the corresponding English translation, the Spanish tax authorities will give effect to the Spanish language version of the relevant certificate only.*

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

## EXHIBIT 1

**Anexo al Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007, tal y como ha sido modificado.**

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

Annex to Royal Decree 1065/2007, of 27 July, as amended, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes

Declaration form referred to in paragraphs 3, 4 and 5 of Article 44 of the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes

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

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

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

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

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

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

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

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

**(d) Agente de pagos designado por el emisor.**

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

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

Makes the following statement, according to its own records:

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

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

**1.1 Identificación de los valores.....**

1.1 Identification of the securities.....

**1.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados)**

1.2 Income payment date (or refund if the securities are issued at discount or are segregated)

**1.3 Importe total de los rendimientos (o importe total a reembolsar, en todo caso, si son valores emitidos al descuento o segregados).....**

1.3 Total amount of income (or total amount to be refunded, in any case, if the securities are issued at discount or are segregated)

**1.4 Importe de los rendimientos correspondiente a contribuyentes del Impuesto sobre la Renta de las Personas Físicas, excepto cupones segregados y principales segregados en cuyo reembolso intervenga una Entidad Gestora .....**

1.4 Amount of income corresponding to Personal Income Tax taxpayers, except segregated coupons and segregated principals for which reimbursement an intermediary entity is involved.....

**1.5 Importe de los rendimientos que conforme al apartado 2 del artículo 44 debe abonarse por su importe íntegro (o importe total a reembolsar si son valores emitidos al descuento o segregados).**

1.5 Amount of income which according to paragraph 2 of Article 44 must be paid gross (or total amount to be refunded if the securities are issued at discount or are segregated).

## **2. En relación con el apartado 5 del artículo 44.**

2. In relation to paragraph 5 of Article 44.

**2.1 Identificación de los valores.....**

2.1 Identification of the securities.....

**2.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados) .....**

2.2 Income payment date (or refund if the securities are issued at discount or are segregated) .....

**2.3 Importe total de los rendimientos (o importe total a reembolsar si son valores emitidos al descuento o segregados .....**

2.3 Total amount of income (or total amount to be refunded if the securities are issued at discount or are segregated)

**2.4 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero A.**

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

**2.5 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero B.**

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

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

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

**Lo que declaro en .....a .... de .....de ....**

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

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

<sup>(1)</sup>In case of non-residents (individuals or corporations) without permanent establishment in Spain it shall be included the number or identification code which corresponds according to their country of residence.

### **USE OF PROCEEDS**

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

## SUBSCRIPTION AND SALE

### 1. General

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

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

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

### 2. Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area ("**EEA**"). For these purposes, (a) a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**") or (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"); and (b) the expression "offer" includes the communication in any form and by any means of sufficient information on terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

### 3. United States of America

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has offered and sold, and will offer and sell, Notes only outside the United States to non-U.S. persons in accordance with Rule 903 of Regulation S. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it, nor its affiliates nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Notes within the United States, and that it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer has also represented and agreed, and each further Dealer appointed under the Programme will be required to agree, that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling commission, fee or other



remuneration that purchases Notes from it a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Terms used above have the meanings given to them by Regulation S under the Securities Act."

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

#### 4. **Selling Restrictions addressing additional United Kingdom Securities Laws**

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

- (a)
  - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer if it was not an authorised person; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

#### 5. **Japan**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge that the Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except pursuant to an exemption from the registration requirements of, and otherwise in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

#### 6. **Kingdom of Spain**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that the Notes may not be offered, sold or distributed in Spain, except in circumstances which do not constitute a public offer of securities in Spain within the meaning of 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 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 Information Memorandum have been registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) and therefore the Information Memorandum is not intended for any public offer of the Notes in Spain.

7. **Republic of 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 Information Memorandum, the relevant Final Terms or any other offering material relating to Notes, and that such offers, sales and distributions have been and shall only be made in the Republic of France to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) to qualified investors (*investisseurs qualifiés*) acting for their own account as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*. Accordingly, the offer of Notes does not require an information memorandum to be submitted to the Autorité des Marchés Financiers (the "**AMF**") for its prior approval, and this Information Memorandum has not been approved by the AMF.

The direct or indirect resale of Notes to the public in the Republic of France may be made only as provided by and in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French *Code monétaire et financier*.

8. **Ireland**

Each Dealer has represented and agreed, and each further Dealer will be required to represent and agree that it will not offer, sell, place or underwrite the Notes, or do anything in Ireland in respect of the Notes, otherwise than in conformity with the provisions of:

- (a) the European Communities (Markets in Financial Instruments) Regulations 2007 (No.s 1 to 3) (as amended by the European Communities (Markets in Financial Instruments) (Amendment) Regulations 2010 and the European Union (Markets in Financial Instruments) (Amendment) Regulations 2012) (the "**MiFID Regulations**"), including, without limitation, Parts 6, 7, and 12 thereof or any codes or rules of conduct issued in connection therewith, and the provisions of the Investor Compensation Act, 1998 (as amended);
- (b) the Companies Act 2014 (as amended) and all other statutes and statutory instruments or parts thereof which are to be read as one with or construed or read together as one with the Companies Act 2014 (as amended);
- (c) the Central Bank Acts 1942 to 2015 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989 (as amended) or any regulations made pursuant to Part 8 of the Central Bank (Supervision and Enforcement Act) 2013 (as amended);
- (d) Directive 2003/71/EC (the "**Prospectus Directive**") (as amended by Directive 2010/73/EU (the "**2010 PD Amending Directive**"), the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended by the Prospectus (Directive 2003/71/EC) (Amendment) Regulations 2012, the Prospectus (Directive 2003/71/EC) (Amendment) (No. 2) Regulations 2012), the Prospectus (Directive 2003/71/EC) Amendment Regulations 2015 and the Prospectus (Directive 2003/71/EC) (Amendment) (No.2) 2015 (the "**Prospectus Regulations**") and any rules issued under Section 1363 of the Companies Act 2014 (as amended), by the Central Bank of Ireland (the "**Central Bank**");

- (e) the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended by the Market Abuse (Directive 2003/6/EC) (Amendment) Regulations 2012) (the "**MAD Regulations**") and any rules issued under Section 1370 of the Companies Act 2014 (as amended) by the Central Bank; and
  - (f) in full compliance with Central Bank Notice BSD C 01/02,
- and will assist the Issuer in complying with its obligations thereunder.

#### 9. **Norway**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that this Information Memorandum has not been approved by, or registered with, any Norwegian securities regulators pursuant to the Norwegian Securities Trading Act of 29 June 2007. Accordingly, neither this Information Memorandum nor any other offering material relating to the Notes constitutes, or shall be deemed to constitute, an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007. The Notes may not be offered or sold, directly or indirectly, in Norway except:

- (a) in respect of an offer of Notes addressed to investors subject to a minimum purchase of Notes for a total consideration of not less than €100,000 per investor, or in respect of Notes whose denomination per unit amounts to at least €100,000;
- (b) to "professional investors" as defined in section 7-1 cf. section 10-2 to 10-5 of the Norwegian Securities Regulation of 29 June 2007 no. 876;
- (c) to fewer than 150 natural or legal persons in the Norwegian securities market (other than "professional investors" as defined in section 7-1 of the Norwegian Securities Regulation of 29 June 2007 no. 876);
- (d) in any other circumstances provided that no such offer of Notes shall result in a requirement for the registration, or the publication by the Issuer or any of the Dealers of an information memorandum pursuant to the Norwegian Securities Trading Act of 29 June 2007.

In no circumstances may an offer of Notes be made in the Norwegian market without the Notes being registered in the Norwegian Central Securities Depository (the "**VPS**") in dematerialised form, to the extent such Notes shall be registered according to the Norwegian Securities Registry Act (Norwegian: *Verdipapirregisterloven*, 2002) and its regulations.

#### 10. **Kingdom of Sweden**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy or sell the Notes or distribute this Information Memorandum or any other document in relation to any such offer, invitation or sale in the Kingdom of Sweden, except, in compliance with the laws of the Kingdom of Sweden and only under circumstances where such offer, invitation or sale does not require the publication or registration of an information memorandum in Sweden as set forth in Chapter 2 of the Financial Instruments Trading Act (*Sw.lag (1991:980) om handel med finansiella instrument*), as amended.

#### 11. **Denmark**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold and will not offer, sell or deliver any of the Notes directly or indirectly in the Kingdom of Denmark by way of public offering, unless in compliance with the Danish Consolidation Act no. 12 of 8 January 2018 on Capital Markets as amended and Executive Orders issued thereunder and in compliance with the Executive Order No. 747 of 7 June 2017 issued pursuant to the Danish Financial Business Act.

12. **Switzerland**

The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Information Memorandum nor any other offering or marketing material relating to the Notes constitutes an information memorandum as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, and neither this Information Memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Information Memorandum nor any other offering or marketing material relating to the offering, nor the Issuer nor the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority FINMA, and investors in the Notes will not benefit from protection or supervision by such authority.

13. **Taiwan**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except where such sale is made through a duly licensed Taiwan intermediary and the relevant Notes meet all applicable requirements (including, but not limited to, the listing on TPEx) for sale in Taiwan, it has not offered, sold or delivered, and will not offer, sell or deliver, at any time, directly or indirectly, any Notes in Taiwan.

In the event that the Notes are to be listed on TPEx in Taiwan, the Notes shall not be, offered, sold or resold, directly or indirectly, to investors other than “professional institutional investors” as defined under Paragraph 2, Article 4 of the Financial Consumer Protection Act of the ROC (“**Professional Institutional Investors**”). Purchasers of the Notes are not permitted to sell or otherwise dispose of the Notes except by transfer to a Professional Institutional Investor.

## GENERAL INFORMATION

### ***Clearing of the Notes***

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

### ***Admission to Listing and Trading***

It is expected that Notes issued under the Programme may be admitted to listing on the Official List and to trading on the regulated market of Euronext Dublin after 18 June 2018. The admission of the Notes to trading on the regulated market of Euronext Dublin will be expressed as a percentage of their principal amount. Any Notes intended to be admitted to listing on the Official List and admitted to trading on the regulated market of Euronext Dublin will be so admitted to listing and trading upon submission to Euronext Dublin of the relevant Final Terms and any other information required by Euronext Dublin, subject in each case to the issue of the relevant Notes.

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

### ***Significant Change***

Save as set out in this Information Memorandum, since 31 December 2017 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.

### ***Material Contracts***

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

### ***Auditors***

The consolidated annual accounts of the Issuer have been audited without qualification as of and for the years ended 31 December 2017 and 31 December 2016 by the external audit firm PricewaterhouseCoopers Auditores, S.L. of Torre PwC, Paseo de la Castellana, 259-B, Madrid, registered under number S0242 in the Official Register of Auditors (*Registro Oficial de Auditores de Cuentas*) with tax identification number (CIF) B-79 031290, and member of the *Instituto de Censores Jurados de Cuentas de España*, appointed auditor of the Issuer from 1 January 2016.

The audited consolidated annual accounts of the Issuer as of and for each of the years ended 31 December 2017 and 2016 have been filed with the Spanish securities market regulator (*Comisión Nacional del Mercado de Valores*).

### ***Documents on Display***

Electronic or physical copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the office of the Issuing and Paying Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, at the registered office of the Issuer for the life of this Information Memorandum:

1. the *estatutos* (by-laws) of the Issuer;
2. the audited consolidated financial statements of the Issuer as of and for the years ended 31 December 2017 and 2016, incorporated by reference herein;

3. this Information Memorandum, together with any supplements thereto;
4. the Agency Agreement;
5. the Deed of Covenant; and
6. the Issuer-ICSDs Agreement (which is entered into between the Issuer and Euroclear and/or Clearstream, Luxembourg with respect to the settlement in Euroclear and/or Clearstream, Luxembourg of Notes in New Global Note form).

## REGISTERED OFFICE OF THE ISSUER

### **Santander Consumer Finance, S.A.**

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## ARRANGER

### **Barclays Bank PLC**

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## DEALERS

### **Banco Santander, S.A.**

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### **Barclays Bank PLC**

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**AUDITORS TO THE ISSUER**

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