

BASE PROSPECTUS



SANTANDER CONSUMER BANK S.P.A.

(Incorporated with limited liability in the Republic of Italy)

EUR 3,000,000,000

Euro Medium Term Note Programme

Guaranteed by

SANTANDER CONSUMER FINANCE, S.A.

(Incorporated with limited liability in the Kingdom of Spain)

This base prospectus (the "**Base Prospectus**") has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority for the purpose of Directive 2003/71/EC and amendments thereto including Directive 2010/73/EU (the "**Prospectus Directive**"), as a base prospectus in accordance with the requirements imposed under EU and Irish law pursuant to the Prospectus Directive for the purpose of giving information with regard to the issue of notes ("**Notes**") issued under the Euro Medium Term Note Programme (the "**Programme**") described in this Base Prospectus by Santander Consumer Bank S.p.A. (the "**Issuer**") during the period of twelve months after the date hereof. Such approval relates only to Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange Plc (the "**Regulated Market**") or other regulated markets for the purposes of Directive 2004/39/EC or which are offered to the public in any Relevant Member State. Applications have been made to the Irish Stock Exchange Plc to admit Notes issued under the Programme during the period of twelve months after the date hereof to listing on the official list of the Irish Stock Exchange Plc (the "**Official List**") and to trading on the Regulated Market of the Irish Stock Exchange Plc which is a regulated market for the purposes of Directive 2004/39/EC. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

The payment of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by Santander Consumer Finance, S.A. (the "**Guarantor**"). The aggregate principal amount of Notes outstanding and guaranteed will not at any time exceed EUR 3,000,000,000 (or the equivalent in other currencies).

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 16 to 32 of this Base Prospectus).**

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

Each of Moody's Investors Service España, S.A. ("**Moody's**") and Standard & Poor's Credit Market Services France SAS ("**S&P**") has rated the Programme, see page 3. Each of Fitch Ratings Limited ("**Fitch**"), S&P and Moody's is established in the European Union and is registered under the CRA Regulation and is, as of the date of this Base Prospectus, included in the list of credit rating agencies published by the European Securities and Market Authority (ESMA) on its website, <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> in accordance with the CRA Regulation.

Arranger **Morgan Stanley** *Dealers*

ABN AMRO
Banca IMI
BNP PARIBAS
Citigroup
Crédit Agricole CIB
Deutsche Bank
Goldman Sachs International
Mediobanca
Nomura
Société Générale Corporate & Investment Banking
UBS Investment Bank

Banca Akros S.p.A Gruppo Bipiemme Banca Popolare di Milano
Barclays
BofA Merrill Lynch
Commerzbank
Credit Suisse
J.P. Morgan
Lloyds Bank
Morgan Stanley
Santander Global Corporate Banking
The Royal Bank of Scotland
UniCredit Bank

The date of this Base Prospectus is 18 July 2016

Responsibility for this Base Prospectus

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

Final Terms/Drawdown Prospectus

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as completed by a document specific to such Tranche called final terms (the "**Final Terms**") or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "*Final Terms and Drawdown Prospectus*" below.

Public Offers of Notes in the European Economic Area

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

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

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

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

In the context of any Public Offer of Notes in a Public Offer Jurisdiction, the Issuer and Guarantor accept responsibility in that Public Offer Jurisdiction, for the content of this Base Prospectus in relation to any person (an "**Investor**") who purchases any Notes in that Public Offer Jurisdiction made by a Dealer or an Authorised Offeror (as defined below), where that offer is made during the Offer Period (as defined below).

Except in the circumstances described below, neither the Issuer nor the Guarantor has authorised the making of any offer by any offeror and neither the Issuer nor the Guarantor has consented to the use of this Base Prospectus by any other person in connection with any offer of the Notes in any jurisdiction. Any offer made without the consent of the Issuer or the Guarantor is unauthorised and neither the Issuer nor the Guarantor, nor, for the avoidance of doubt, any of the Dealers accepts any responsibility or liability in relation to such offer or for the actions of the persons making any such unauthorised offer.

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

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

Consent to the use of this Base Prospectus Common conditions to Consent

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

- (i) is only valid in respect of the relevant Tranche of Notes;
- (ii) is only valid during the Offer Period specified in the applicable Final Terms; and
- (iii) only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of Notes in such of the Public Offer Jurisdictions as are specified in the applicable Final Terms

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

Specific Consent and General Consent

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

(a) ***Specific Consent:***

- (i) the Dealers specified in the relevant Final Terms;
- (ii) any financial intermediaries specified in the applicable Final Terms; and
- (iii) any financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the website of the Guarantor (www.santanderconsumerfinance.com) and identified as an Authorised Offeror in respect of the relevant Public Offer; and

(b) ***General Consent:***

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

- (i) is authorised to make such offers under Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments, including under any applicable implementing measure in each relevant jurisdiction ("**MiFID**"); and
- (ii) accepts such offer by publishing on its website the following statement (with the information in square brackets duly completed with the relevant information) (the "**Acceptance Statement**"):

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

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

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

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

Authorised Offerors

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

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

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

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT ARRANGEMENTS. NEITHER THE ISSUER NOR THE GUARANTOR WILL BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE PUBLIC OFFER OR SALE OF THE NOTES CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE RELEVANT AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE AUTHORISED OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION. NONE OF THE ISSUER, THE GUARANTOR AND THE DEALERS HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

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

Public Offers: Issue Price and Offer Price

Notes to be offered pursuant to a Public Offer will be issued by the Issuer at the Issue Price specified in the applicable Final Terms. The Issue Price will be determined by the Issuer and the Guarantor in consultation with the relevant Dealer(s) at the time of the relevant Public Offer and will depend, amongst other things, on the interest rate applicable to the Notes and prevailing market conditions at that time. The offer price of such Notes will be the Issue Price or such other price as may be agreed between an Investor and the Authorised Offeror making the offer of the Notes to such Investor. Neither the Issuer nor the Guarantor will be party to arrangements between an Investor and an Authorised Offeror, and the Investor will need to look to the relevant Authorised Offeror to confirm the price at which such Authorised Offeror is offering the Notes to such Investor.

Other relevant information

This Base Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms. In the case of a Tranche of Notes which is the subject of any Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise. This Base Prospectus and each Final Terms may only be used for the purposes for which they have been published.

The Issuer and the Guarantor have confirmed to the Dealers named under "*Subscription and Sale*" below that this Base Prospectus (including for this purpose, each relevant Final Terms) contain all information which is (in the context of the Programme, the issue, offering and sale of the Notes and the guarantee of the Notes) material; that such information is true and accurate in all material respects and is not

misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus do not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes and the guarantee of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

Unauthorised information

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or the Guarantor or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor or any Dealer.

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

Third party information

Where information has been sourced from a third party (see "*Consumer credit*", "*Personal Loans*" and "*Car Leases*" on page 87), the Issuer and the Guarantor confirm that this information has been accurately reproduced and that as far as the Issuer or the Guarantor, as the case may be, is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. A source is provided for all such information contained in this Base Prospectus.

Restrictions on distribution

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

Neither this Base Prospectus nor any Final Terms or Drawdown Prospectus, as the case may be, constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Guarantor, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms or Drawdown Prospectus, as the case may be, should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms or Drawdown Prospectus, as the case may be, shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Guarantor.

Programme limit

The maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme will not exceed EUR 3,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement (as defined under "*Subscription and Sale*")). The maximum aggregate principal amount of Notes which may be outstanding and guaranteed at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement.

Certain definitions

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**U.S. \$**", "**U.S. dollars**" or "**dollars**" are to United States dollars, references to "**EUR**" or "**euro**" are to the single currency of participating Member States of the European Union and references to "**£**" are to pounds sterling.

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

Language

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

Stabilisation

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

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SUMMARY

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

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

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

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

Section A – Introduction and Warnings		
A.1	Introduction:	<i>This summary must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including any information incorporated by reference. Following the implementation of the Prospectus Directive (Directive 2003/71/EC) in each Member State of the European Economic Area, no civil liability will attach to the Responsible Persons in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus, including any information incorporated by reference or it does not provide, when read together with the other parts of this Base Prospectus, key information in order to aid investors when considering whether to invest in the Notes. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member States, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.</i>
A.2	Consent:	<p>[General/Specific Consent]</p> <p>[The Issuer and the Guarantor consent to the use of this Base Prospectus in connection with a Public Offer of the Notes by any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) on the following basis:</p> <p>(a) the relevant Public Offer must occur during the period from and including [•] to but excluding [•] (the "Offer Period");</p> <p>(b) the relevant Authorised Offeror must publish an Acceptance Statement, as contained in the Base Prospectus, on its website [and satisfy the following additional conditions: [•]].]</p>
		<p>[The Issuer and the Guarantor consent to the use of this Base Prospectus in connection with a Public Offer of the Notes by [•] on the following basis:</p> <p>(a) the relevant Public Offer must occur during the period from and including [•] to but excluding [•] (the "Offer Period");</p>
		<p>(b) the relevant Authorised Offeror must satisfy the following conditions: [•].</p>

	Section A – Introduction and Warnings	
		Authorised Offerors will provide information to Investors on the terms and conditions of the Public Offer of the relevant Notes at the time such Public Offer is made by the Authorised Offeror to the Investor.]

Section B – Issuer and Guarantor		
B.1	Legal name of the Issuer:	Santander Consumer Bank S.p.A.
	Commercial name of the Issuer:	Santander Consumer Bank.
B.2	Domicile, legal form, legislation and country of incorporation of the Issuer:	Santander Consumer Bank S.p.A. is a company with limited liability established under the laws of Italy whose registered office is at Via Nizza 262, 10126 Turin, Italy.
B.4b	Trends:	The trends in terms of growth in consumer lending affect the Issuer, and this in turn will be dependent on the economic climate in Italy.
B.5	The Group:	The Issuer is a wholly owned subsidiary of the Guarantor, Santander Consumer Finance, S.A., which is part of the Santander Group (as defined below). The parent company of the Santander Group is Banco Santander, S.A. Banco Santander, S.A. is also the parent company of the Guarantor. The Issuer is an Italian concern with branches throughout Italy. The Issuer is the parent company of an Italian banking group that includes Santander Consumer Finance Media S.r.l. in liquidation (<i>liquidazione</i>). The Issuer also exercises control over PSA Italia S.p.A., a joint venture with Banque PSA Finance.
B.9	Profit Forecast or estimate:	Not Applicable. No profit forecast or estimates have been made in this Base Prospectus.
B.10	Audit Report Qualifications:	Not Applicable. There are no qualifications in the audit reports of the Issuer.

Section B – Issuer and Guarantor																																																			
B.12	Selected Financial Information:	Key	<p>Santander Consumer Bank S.p.A. – main financial indicators</p> <table> <tr> <th></th><th colspan="3">As at and for the year ending:</th></tr> <tr> <th></th><th>31 December 2015(audited)</th><th>31 December 2014(audited)</th><th>Variation (%)</th></tr> <tr> <td>Consolidated Balance sheet</td><td></td><td></td><td></td></tr> <tr> <td></td><td colspan="3"><i>(millions of euro)</i></td></tr> <tr> <td>Total assets</td><td>6,041,568</td><td>6,101,812</td><td>(1.0)</td></tr> <tr> <td>Loans to customers</td><td>4,826,256</td><td>4,964,004</td><td>(2.8)</td></tr> <tr> <td>Shareholders' equity</td><td>563,466</td><td>526,287</td><td>7,1</td></tr> <tr> <td>Consolidated Income Statements</td><td>31 December 2015(audited)</td><td>31 December 2014(audited)</td><td>Variation (%)</td></tr> <tr> <td></td><td colspan="3"><i>(millions of euro)</i></td></tr> <tr> <td>Profit (loss) from continuing operations before tax</td><td>48,251</td><td>2,073</td><td>2,227.6</td></tr> <tr> <td>Net profit (loss) for the period</td><td>34,868</td><td>2,656</td><td>1,212.8</td></tr> <tr> <td>Net profit (loss) pertaining to the Parent Company</td><td>34,964</td><td>2,684</td><td>1,202.7</td></tr> </table> <p>There has been no material adverse change in the prospects of the Issuer since 31 December 2015, being the date of its last published audited financial statement. There have been no significant changes in the financial or trading position subsequent to the period covered by the Issuer's historical financial information.</p>		As at and for the year ending:				31 December 2015(audited)	31 December 2014(audited)	Variation (%)	Consolidated Balance sheet					<i>(millions of euro)</i>			Total assets	6,041,568	6,101,812	(1.0)	Loans to customers	4,826,256	4,964,004	(2.8)	Shareholders' equity	563,466	526,287	7,1	Consolidated Income Statements	31 December 2015(audited)	31 December 2014(audited)	Variation (%)		<i>(millions of euro)</i>			Profit (loss) from continuing operations before tax	48,251	2,073	2,227.6	Net profit (loss) for the period	34,868	2,656	1,212.8	Net profit (loss) pertaining to the Parent Company	34,964	2,684	1,202.7
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B.13	Recent Events:		There are no recent events relevant to the solvency of the Issuer.																																																
B.14	Dependence upon other entities within the Group:		As set out in B.5. The Issuer is dependent on the Guarantor for funding of its operations.																																																
B.15	The Issuer's Principal Activities:		The Issuer's primary activity is related to automobile finance, salary assignment and consumer loans. The Issuer also works at attracting consumer funds by offering savings accounts.																																																
B.16	Controlling Persons:		The Issuer is a wholly owned subsidiary of the Guarantor.																																																
B.17	Ratings assigned to the Issuer or its Debt Securities:		<p>As at the date of this Base Prospectus the Programme has been assigned the following credit ratings:</p> <p>Moody's: Senior unsecured debt: (P) A3 Subordinated debt: (P) Baa2 Short term debt: (P) P-2</p> <p>S&P: Senior unsecured debt maturing in one year or more: BBB+ Senior unsecured debt maturing in less than one year: A-2</p>																																																
B.18	The Guarantee:		Senior Guarantee: The Guarantor has unconditionally and irrevocably guaranteed, on an unsubordinated basis, the due payment of all sums expressed to be payable by the Issuer under the Senior Notes, Receipts and Coupons.																																																

Section B – Issuer and Guarantor																																																							
		Subordinated Guarantee: Pursuant to each Subordinated Guarantee, the Guarantor will unconditionally and irrevocably guarantee, on a subordinated basis, the due and punctual payment of all sums expressed to be payable by the Issuer under the relevant Subordinated Notes. The Senior Guarantee and each relevant Subordinated Guarantee are collectively referred to as the " Guarantee ".																																																					
B.19 B.1	Legal name of the Guarantor: Commercial name of the Guarantor:	Santander Consumer Finance, S.A. Santander Consumer.																																																					
B.19 B.2	Domicile, legal form, legislation and country of incorporation of the Guarantor:	Santander Consumer Finance, S.A. is a limited liability company (<i>sociedad anónima</i>), established under the laws of the Kingdom of Spain and incorporated and domiciled in the Kingdom of Spain.																																																					
B.19 B.4b	Trends:	Not Applicable. There are no particular trends affecting the Guarantor and the industry in which it operates.																																																					
B.19 B.5	The Group:	Santander Consumer Finance, S.A. is the sole shareholder of the Issuer. Santander Consumer Finance, S.A. belongs to the consolidated group of credit institutions, the parent company of which is Banco Santander, S.A. (the " Santander Group ").																																																					
B.19 B.9	Profit Forecast:	Not Applicable. The Guarantor does not produce profit forecasts.																																																					
B.19 B.10	Audit Report Qualifications:	Not Applicable. There are no qualifications in the audit reports of the Guarantor.																																																					
B.19 B.12	Selected Key Financial Information:	<div>Santander Consumer Finance, S.A. – main financial indicators</div> <table><tr><td></td><td colspan="3">As at and for the year ended:</td></tr><tr><td></td><td>31 December 2015</td><td>31 December 2014</td><td>Variation</td></tr><tr><td>Consolidated Balance sheet</td><td>(audited)</td><td>(audited)</td><td>(%)</td></tr><tr><td colspan="4">(thousands of euro)</td></tr><tr><td>Total assets</td><td>86,428,716</td><td>70,831,990</td><td>22.0%</td></tr><tr><td>Loans and advances to customers ...</td><td>70,556,348</td><td>57,445,560</td><td>22.8%</td></tr><tr><td>Shareholders' equity</td><td>8,885,322</td><td>7,805,495</td><td>13.8%</td></tr><tr><td></td><td>31 December 2015</td><td>31 December 2014</td><td>Variation</td></tr><tr><td>Consolidated Income Statements</td><td>(audited)</td><td>(audited)</td><td>(%)</td></tr><tr><td colspan="4">(thousands of euro)</td></tr><tr><td>Profit before tax</td><td>1,501,925</td><td>824,299</td><td>82.2%</td></tr><tr><td>Consolidated Profit for the year</td><td>1,170,775</td><td>663,562</td><td>76.4%</td></tr><tr><td>Profit attributable to the Parent</td><td>1,059,788</td><td>638,317</td><td>66.0%</td></tr></table> <div>There has been no material adverse change in the prospects of the Guarantor nor any significant change in the financial or trading position of the Guarantor since 31 December 2015.</div>			As at and for the year ended:				31 December 2015	31 December 2014	Variation	Consolidated Balance sheet	(audited)	(audited)	(%)	(thousands of euro)				Total assets	86,428,716	70,831,990	22.0%	Loans and advances to customers ...	70,556,348	57,445,560	22.8%	Shareholders' equity	8,885,322	7,805,495	13.8%		31 December 2015	31 December 2014	Variation	Consolidated Income Statements	(audited)	(audited)	(%)	(thousands of euro)				Profit before tax	1,501,925	824,299	82.2%	Consolidated Profit for the year	1,170,775	663,562	76.4%	Profit attributable to the Parent	1,059,788	638,317	66.0%
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Section B – Issuer and Guarantor												
B.19 B.13	Recent Events:	There are no recent events relevant to the solvency of the Guarantor.										
B.19 B.14	Dependence upon other entities within the Group:	<p>As set out in B.19 B.5. At 31 December 2015 the Guarantor is dependent upon its shareholders. Shareholdings are as follows:</p> <table><tr><th>Entity</th><th>Ownership interest</th></tr><tr><td>Banco Santander, S.A.</td><td>63.2%</td></tr><tr><td>Holneth, B.V.</td><td>25.0%</td></tr><tr><td>Fomento e Inversiones, S.A.</td><td>11.8%</td></tr><tr><td></td><td>100.00%</td></tr></table>	Entity	Ownership interest	Banco Santander, S.A.	63.2%	Holneth, B.V.	25.0%	Fomento e Inversiones, S.A.	11.8%		100.00%
Entity	Ownership interest											
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Holneth, B.V.	25.0%											
Fomento e Inversiones, S.A.	11.8%											
	100.00%											
B.19 B.15	The Guarantor's Principal Activities:	<p>The Guarantor'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 Guarantor is the holding company of a finance group (the "Guarantor Group") and handles the investments of its subsidiaries.</p> <p>The Guarantor Group's primary activity is related to automobile financing, personal loan and credit card businesses. However, it also works at attracting customer funds. The Guarantor Group has 398 branches located throughout Europe (65 of which are in Spain) and engages in finance leasing, financing of third party purchases of consumer goods of any kind, full-service leasing ("renting") and other activities. Additionally, since December 2002, the Guarantor has been the head of a European corporate group, consisting mainly of financial institutions, which engages in commercial banking, consumer finance, operating and finance leasing, full-service leasing and other activities in Germany, France, Italy, Hungary, Austria, Poland, the Netherlands, Norway, Finland, Denmark, Sweden, Spain, Belgium and Portugal.</p>										
B.19 B.16	Controlling Persons:	The Guarantor is part of the Santander Group, the parent entity of which (Banco Santander, S.A.) has a 100 per cent. direct and indirect ownership interest in the share capital of the Guarantor.										

Section B – Issuer and Guarantor																				
B.19 B.17	Ratings assigned to the Guarantor or its Debt Securities:	<p>As at the date of this Base Prospectus the Guarantor has been assigned the following credit ratings:</p> <p>Moody's:</p> <table><tr><td>Senior unsecured debt:</td><td>A3, stable outlook</td></tr><tr><td>Commercial paper:</td><td>P-2</td></tr><tr><td>Subordinated debt:</td><td>Baa2</td></tr></table> <p>S&P:</p> <table><tr><td>Senior unsecured debt maturing in one year or more:</td><td>BBB+, stable outlook</td></tr><tr><td>Senior unsecured debt maturing in less than one year:</td><td>A-2</td></tr><tr><td>Subordinated debt:</td><td>BBB-</td></tr></table> <p>Fitch:</p> <table><tr><td>Long term senior unsecured debt:</td><td>A- , stable outlook</td></tr><tr><td>Short term senior unsecured debt:</td><td>F2</td></tr><tr><td>Subordinated debt:</td><td>BBB+</td></tr></table>	Senior unsecured debt:	A3, stable outlook	Commercial paper:	P-2	Subordinated debt:	Baa2	Senior unsecured debt maturing in one year or more:	BBB+, stable outlook	Senior unsecured debt maturing in less than one year:	A-2	Subordinated debt:	BBB-	Long term senior unsecured debt:	A- , stable outlook	Short term senior unsecured debt:	F2	Subordinated debt:	BBB+
Senior unsecured debt:	A3, stable outlook																			
Commercial paper:	P-2																			
Subordinated debt:	Baa2																			
Senior unsecured debt maturing in one year or more:	BBB+, stable outlook																			
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Subordinated debt:	BBB-																			
Long term senior unsecured debt:	A- , stable outlook																			
Short term senior unsecured debt:	F2																			
Subordinated debt:	BBB+																			

Section C – The Securities		
C.1	Type and Class of Notes:	<p><i>Issuance in Series:</i> Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.</p> <p><i>Issue-specific summary</i></p> <p><i>[The Notes are issued as Series number [•], Tranche number [•].]</i></p> <p><i>[The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [insert description of the Series] on [insert date/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as specified in the relevant Final Terms.]</i></p> <p><i>Forms of Notes:</i> Notes may only be issued in bearer form. Each Tranche of Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in new global note form (a "Classic Global Note" or "CGN"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a "New Global Note" or "NGN"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as</p>

Section C – The Securities		
		<p>applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.</p> <p>Security Identification Number(s): In respect of each Tranche of Notes, the relevant security identification number(s) will be specified in the relevant Final Terms.</p> <p><i>[ISIN Code: [•]]</i></p> <p><i>Common Code: [•]</i></p>
C.2	Currencies:	<p>Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.</p> <p><i>[The Notes are denominated in [•].]</i></p>
C.5	Restrictions on free Transferability:	<p>The Issuer, the Guarantor and the Dealers (as defined in E.4) have agreed certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material to comply with selling restrictions that apply to offers, sales or transfers of the Notes under the applicable laws in various jurisdictions.</p>
C.8	The Rights Attaching to the Notes, including Ranking and Limitations to those Rights:	<p>Denominations: No Notes may be issued under the Programme which (a) have a minimum denomination of less than EUR 1,000 (or nearly equivalent in another currency), or (b) carry the right to acquire shares (or transferable securities equivalent to shares) issued by the Issuer or by any entity to whose group the Issuer belongs. Subject thereto, Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.</p> <p><i>[The Notes are issued in denomination(s) of [•].]</i></p> <p>Negative Pledge: The Notes will have the benefit of a negative pledge in respect of Indebtedness which is in the form of or represented by any bond, note, debenture, loan stock, or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market.</p> <p>Cross Default: The Notes will have the benefit of a cross default subject to a threshold of U.S.\$50,000,000 (or its equivalent in any other currency on the basis of the middle spot rate for the relevant currency against the U.S. Dollar as quoted by any leading bank on the day on which this paragraph operates).</p> <p>Taxation: All payments in respect of Notes will be made free and clear of withholding taxes of Italy, or Spain, as the case may be, unless the withholding is required by law. In that event, the Issuer will, subject to customary exceptions, pay such additional amounts as will result in the</p>

Section C – The Securities		
		<p>Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.</p> <p>Enforcement of Notes in Global Form: In the case of Global Notes, individual investors' rights against the Issuer will be governed by a Deed of Covenant dated 18 July 2016, a copy of which will be available for inspection at the specified office of the Issue and Paying Agent.</p> <p>[Status of the Notes: Notes may be issued on a subordinated or unsubordinated basis, as specified in the relevant Final Terms.</p> <p><i>[Status of the Notes: [The Senior Notes constitute, direct, unconditional, unsubordinated and (without prejudice to the provisions of Condition 4 (Negative Pledge)) unsecured obligations of the Issuer which rank pari passu amongst themselves and (save for certain debts required to be preferred by law) equally with all other unsecured obligations (including deposits) (other than subordinated obligations, if any) of the Issuer, present and future, from time to time outstanding.]¹ / [The Subordinated Notes constitute unsecured subordinated obligations of the Issuer which rank pari passu without any preference among themselves and with all other present and future unsecured and subordinated obligations of the Issuer other than (a) those subordinated obligations expressed by their terms to rank lower than the Subordinated notes and (b) those subordinated obligations preferred by mandatory and/or overriding provisions of law. In certain circumstances of non-viability of the Issuer, principal and interest shall only be due and payable in respect of any Subordinated Notes (if any) to the extent that the Issuer could make payment thereof rateably with the claims of other Subordinated Creditors and still be solvent immediately thereafter.]]²</i></p>
		<p>Status of the Guarantee: Notes will be unconditionally and irrevocably guaranteed by the Guarantor, on an [unsubordinated basis][subordinated basis], as specified in the relevant Final Terms.</p> <p><i>[Status of the Senior Guarantee: [The obligations of the Guarantor in respect of Senior Notes under the Senior Guarantee constitute direct, unconditional, unsubordinated and (without prejudice to the provisions of Condition 4 (Negative Pledge)) unsecured obligations of the Guarantor and, upon the insolvency of the Guarantor (and unless they qualify as subordinated claims pursuant to Article 92 of the Insolvency Law or equivalent legal provision which replaces it in future, and subject to any applicable legal and statutory exceptions), rank pari passu and rateably without preference among such obligations of the Guarantor in respect of the Senior Notes of the same Series and at least pari passu with all other unsubordinated and unsecured indebtedness and monetary obligations involving or otherwise related to borrowed money of the Guarantor, present and future.] / [The obligations of the Guarantor under the Subordinated Guarantee in respect of the relevant Subordinated Notes constitute direct, unconditional, subordinated and unsecured obligations of the Guarantor which, upon the insolvency of the Guarantor (and unless they qualify as subordinated claims pursuant to Articles 92.3 and 92.7 of the Insolvency Law or equivalent legal provision which replace them in the future, and subject to any applicable legal and statutory exceptions) shall rank, under Article 92.2 of the Insolvency Law (or equivalent legal</i></p>

¹ Include text in relation to Senior Notes.

² Include text in relation to Subordinated Notes.

Section C – The Securities		
		<p><i>provisions which replace, substitute or amend it in the future),</i></p> <p>(i) <i>pari passu with all other contractually subordinated obligations of the Guarantor (other than (1) those subordinated obligations which qualify as subordinated claims pursuant to Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provisions which replace them in the future, (2) other subordinated obligations which by law or their terms rank junior to the Guarantor's obligations under the Subordinated Guarantees and (3) any other subordinated obligations which by law and/or their terms, and to the extent permitted by Spanish law, rank senior to the Guarantor's obligations under the Subordinated Guarantees and/or to any subordinated obligations of the Guarantor ranking pari passu with the Subordinated Guarantees); and</i></p> <p>(ii) <i>junior to any non-subordinated obligations of the Guarantor, any other subordinated obligations which by law and/or their terms, and to the extent permitted by Spanish law, rank senior to the Guarantor's obligations under the Subordinated Guarantees, and any claim on the Guarantor, which becomes subordinated as a consequence of article 92.1° of the Insolvency Law.]</i></p>
		<p>Governing Law: English law. The subordination provisions in relation to the Notes are governed by Italian law. The status of the guarantee in respect of the Notes will be governed by Spanish law.</p>
C.9	<p>The Rights Attaching to the Notes (Continued), including Information as to Interest, Maturity, Yield and the Representative of the Holders:</p>	<p>See C.8 for a description of the rights attaching to the Notes, ranking and limitations.</p> <p>Interest: Interest (if any) may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series. In respect of each Tranche of Notes, the date from which interest becomes payable and the due dates for interest, the maturity date, the arrangements for the amortisation of the Notes, including the repayment procedures and an indication of yield will be specified in the relevant Final Terms.</p> <p><i>[Interest: The Notes bear interest from [•] at a fixed rate of [•] per cent. per annum payable in arrear on [•].]</i></p> <p><i>[Interest: The Notes bear interest from [•] at a rate equal to the sum of [•] per cent. per annum and [period] / [currency] [EURIBOR/LIBOR] determined in respect of each Interest Period on the day which is [•] [[•] business days] before] the first day of the Interest Period and payable in arrear on [•]. [EURIBOR in respect of a specified currency and a specified period is the interest rate benchmark known as the Euro-zone interbank offered rate which is calculated and published by a designated distributor (as at the date of the Base Prospectus, Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation]/[LIBOR in respect of a specified currency and a specified period is the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (as at the date of the Base Prospectus, Thomson Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over administration of that rate).]</i></p> <p><i>[Interest: The Notes do not bear interest.]</i></p>

Section C – The Securities		
		<p>Maturities: Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements. In the case of Subordinated Notes, unless otherwise permitted by current laws, regulations, directives and/or the Bank of Italy's requirements applicable to the issue of Subordinated Notes, Subordinated Notes must have a minimum maturity of five years (or, if issued for an indefinite duration, redemption of such Notes may only occur five years after their date of issue).</p> <p>Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by the Issuer.</p>
		<p><i>[Maturity Date: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed on [•].]</i></p> <p>Redemption: Unless previously redeemed, or purchased and cancelled, and subject as specified below in respect of Subordinated Notes, the Notes will be redeemed on the Maturity Date at the Maturity Redemption Amount.</p> <p>Subordinated Notes may not be redeemed prior to the date falling on the fifth anniversary of their date of issue and in any event may not be redeemed without the prior written consent of the Bank of Italy. Neither the Issuer nor the Guarantor shall be liable if, for any reason, such consent is not granted. Consent to redemption is at the discretion of the Bank of Italy but will not be granted at the initiative of a Noteholder or where the solvency of the Issuer would be affected.</p>
		<p>Optional Redemption: Senior Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms. Subordinated Notes may not be redeemed prior to the date falling on the fifth anniversary of their issue date and in any event without the prior written consent of the Bank of Italy.</p> <p><i>[Redemption at the Option of the Issuer: The Senior Notes may be redeemed at the option of the Issuer [in whole]/[in whole or in part] on [•] at [•], plus accrued interest (if any) to such date, on the Issuer's giving not less than [30] days' notice to the Noteholders.]</i></p> <p><i>[Redemption at the Option of the Noteholders: The Issuer shall, at the option of the holder of any Senior Note redeem such Senior Note on [•] at [•] together with interest (if any) accrued to such date.]</i></p> <p>Tax Redemption: Except as described in "Optional Redemption" above, early redemption will only be permitted if the Issuer or the Guarantor has or will become obliged to pay certain additional amounts in respect of the Notes as a result of any change in the tax laws of Italy or Spain.</p>

Section C – The Securities		
		<p>Yield: The yield of each Tranche of Notes will be calculated on an annual or semi-annual basis using the relevant Issue Price at the relevant Issue Date.</p> <p><i>[Yield: Based upon the Issue Price of [•], at the Issue Date the anticipated yield of the Notes is [•] per cent. per annum.]</i></p> <p>Representative of the Noteholders: Not Applicable. In accordance with Condition 13 (<i>Meetings of Noteholders; Modification and Waiver</i>), Schedule 1 (<i>Provisions for meetings of Noteholders</i>) of the Issue and Paying Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests.</p>
C.10	Derivative Components in interest payment:	Not Applicable. Payments of interest on the Notes shall not involve any derivative component.
C.11	Admission to Trading:	<p>Applications have been made for Notes to be admitted during the period of 12 months after the date hereof to trading on the Regulated Market of the Irish Stock Exchange Plc. The Programme also permits Notes to be issued on the basis that they will not be admitted to trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.</p> <p><i>[Application has been made for the Notes to be admitted to trading on the Regulated Market of the Irish Stock Exchange Plc.]</i></p> <p><i>[Application has been made for the Notes to be admitted to listing, trading and/or quotation by [•].]</i></p> <p><i>[The Issuer does not intend to make any application for the Notes to be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system.]</i></p>

Section D - Risks		
D.2	Risks Specific to the Issuer:	<p><i>Since the Issuer's loan portfolio is concentrated in Italy, adverse changes affecting the Italian economy could adversely affect the Issuer's financial condition.</i></p> <p><i>Since the Guarantor Group's loan portfolio is concentrated in Continental Europe, adverse changes affecting the Continental European economy could adversely affect the Guarantor Group's financial condition.</i></p> <p><i>The business of the Issuer and Guarantor Group could be affected if their capital is not managed effectively.</i></p> <p><i>Some of the business of the Issuer and the Guarantor Group is cyclical. The income of the Issuer and the Guarantor Group may decrease when demand for certain products or services is in a down cycle.</i></p> <p><i>A sudden shortage of funds could increase the Issuer's and/or the Guarantor Group's cost of funding and have an adverse effect on their liquidity and funding.</i></p> <p><i>The Guarantor Group is vulnerable to disruptions and volatility in the</i></p>

	Section D - Risks
	<p><i>global financial markets.</i></p> <p><i>Risks concerning borrower credit quality and general economic conditions are inherent to the business of the Issuer and the Guarantor Group.</i></p> <p><i>The financial problems which the customers of the Issuer and the Guarantor Group may face could adversely affect the Issuer and/or the Guarantor Group.</i></p> <p><i>Portions of the Issuer's and the Guarantor Group's loan portfolio are subject to risks relating to force majeure and any such event could have a material adverse effect on their operating results.</i></p> <p><i>The Issuer and the Guarantor Group are exposed to risks faced by other financial institutions.</i></p> <p><i>Market risks associated with fluctuations in bond and equity prices and other market factors are inherent in each of the Issuer's and the Guarantor Group's respective businesses. Protracted market decline can reduce liquidity in the markets, making it harder to sell assets and leading to material losses.</i></p> <p><i>Despite the Issuer and the Guarantor Group's risk management policies, procedures and methods, the Issuer and/or the Guarantor Group may nonetheless be exposed to unidentified or unanticipated risks.</i></p> <p><i>The Guarantor Group's recent and future acquisitions may not be successful and may be disruptive to the Guarantor Group's business.</i></p> <p><i>Increased competition in the countries where the Issuer and the Guarantor Group operate may adversely affect the growth prospects and operations of the Issuer and/or the Guarantor Group.</i></p> <p><i>Volatility in interest rates may negatively affect the Issuer's and the Guarantor Group's net interest income and increase the non-performing loan portfolio of the Issuer and/or the Guarantor Group.</i></p> <p><i>Foreign exchange rate fluctuations may negatively affect the Guarantor Group's earnings and the value of its assets and shares.</i></p> <p><i>Changes in the regulatory framework, including increased regulation of the financial services industry in the jurisdictions where the Issuer and the Guarantor Group operate, could adversely affect their respective businesses.</i></p> <p><i>Operational risks are inherent in the businesses of the Issuer and the Guarantor Group: Losses can result from inadequate personnel, inadequate or failed internal control processes and systems, or from external events that interrupt normal business operations.</i></p> <p><i>The Issuer and the Guarantor Group rely on recruiting, retaining and developing appropriate senior management and skilled personnel.</i></p> <p><i>Damage to the reputation of the Issuer or the Guarantor Group could cause harm to their respective business prospects.</i></p> <p><i>Both the Issuer and the Guarantor Group are exposed to risk of loss from legal and regulatory proceedings.</i></p>

Section D - Risks		
		<i>Credit, market and liquidity risk may have an adverse effect on the Guarantor Group's credit ratings and its cost of funding.</i>
D.3	Risk Specific to the Notes:	<p><i>Risks Relating to the Italian Insolvency Law:</i> The Issuer's payment obligations under the Notes may be affected by the Italian Insolvency Law or by the Italian public administration regime applicable to banks.</p> <p><i>Risks Relating to the Spanish Insolvency Law:</i> Claims of investors under the Guarantee may be affected by the Spanish Insolvency Law.</p> <p><i>Suitability:</i> An investment in the Notes may not be appropriate or suitable for a prospective investor based on his particular circumstances.</p> <p><i>No active trading market:</i> Although application has been made for the Notes issued under the Programme to be admitted to listing on the Official List and to trading on the Regulated Market of the Irish Stock Exchange Plc, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop.</p> <p><i>Redemption of Senior Notes prior to maturity:</i> An optional redemption feature of Senior Notes is likely to limit their market value. The Issuer may exercise the option to redeem Senior Notes when interest rates are relatively low so an investor may not be able to reinvest in a comparable security at as high an interest rate.</p> <p><i>Global Notes:</i> Holders of Global Notes will need to rely on the procedures of Euroclear and Clearstream or any other clearing system with which such Global Notes are deposited for transfers of and payments in respect of Notes and for communications with the Issuer.</p> <p>Risks specific to the structure of a particular issue of Notes include:</p> <p><i>Partly-paid Notes:</i> 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 investors losing all of their investment.</p> <p><i>Fixed/Floating Rate Notes:</i> Fixed/Floating Rate Notes may bear interest, the rate of which may be converted by the Issuer at any time. The exercise of any such conversion right by the Issuer may affect the market value of the Notes and the interest rates and interest rate spreads applicable to such Notes, which may be less favourable than the prevailing rates and spreads on other comparable Notes.</p> <p><i>Notes issued at a substantial discount or premium:</i> The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities.</p> <p><i>The Issuer's obligations under Subordinated Notes are subordinated:</i> The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and there is a real risk that an investor in Subordinated Notes will lose all or some of his investment should the Issuer become insolvent.</p> <p><i>Regulatory classification of the Notes:</i> The intention of the Issuer is for Subordinated Notes to qualify on issue as "Tier II capital", for regulatory capital purposes.</p> <p><i>Implementation of the Bank Recovery and Resolution Directive could</i></p>

Section D - Risks		
		<p><i>materially affect the value of the Notes</i></p> <p>The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.</p> <p><i>The Guarantor's obligations under Subordinated Notes are subordinated:</i> The Guarantor's obligations under Subordinated Notes will be unsecured and subordinated and there is a real risk that investors in Subordinated Notes will lose all or some of their investment should the Guarantor become insolvent.</p>

Section E - Offer		
E.2b	Reasons for the Offer and Use of Proceeds:	The net proceeds from each issue of Notes will be used for the general financing purposes of the Issuer.
E.3	Terms and Conditions of the Offer:	<p>Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer, the Guarantor and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions. The Terms and Conditions of any Non-exempt Offer shall be published by the relevant Authorised Offeror on its website at the relevant time.</p> <p><i>[The Issue Price of the Notes is [•] per cent. of their principal amount.]</i></p> <p><i>[Offer period: The Issuer's consent is given for Public Offers of Notes during [the period of twelve months from the date of approval of the Base Prospectus] / [the period from [Insert, for example, one business day after satisfaction of all regulatory requirements of such Member State(s)] until [specify date or a formula such as "the Issue Date" or "the date which falls [•] Business Days thereafter"] (the "offer period")].</i></p>
E.4	Interests Material to the Issue:	<p><i>[A description of any interest that is material to the issue/offer including conflicts of interest] [Not applicable]</i></p> <p>The Issuer and the Guarantor have appointed ABN AMRO Bank N.V., Banca Akros S.p.A. – Gruppo Bipiemme Banca Popolare di Milano, Banca IMI S.p.A., Banco Santander, S.A., Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, J.P. Morgan Securities plc, Lloyds Bank plc, Mediobanca – Banca di Credito Finanziario S.p.A., Merrill Lynch International, Morgan Stanley & Co. International plc, Nomura International plc, Société Générale, The Royal Bank of Scotland plc, UBS Limited and UniCredit Bank AG (the "Dealers") as Dealers for the Programme. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in the Dealer Agreement made between the Issuer, the Guarantor and the Dealers.</p>

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

RISK FACTORS

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

The Issuer and the Guarantor, as the case may be, believe that the following factors may affect their ability to fulfil their respective obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor are in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below. The Issuer and the Guarantor (as applicable) believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer or, as the case may be, the Guarantor to pay any amounts due on or in connection with any Notes or the Deed of Covenant, may occur for other reasons and neither the Issuer nor the Guarantor represents that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the information set out elsewhere in this Base Prospectus and reach their own view prior to making any investment decision.

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

Risks relating to the Issuer and the Guarantor

Since the Issuer's loan portfolio is concentrated in Italy, adverse changes affecting the Italian economy could adversely affect the Issuer's financial condition.

The Issuer's consumer loan and credit card portfolio is mainly concentrated in Italy. Adverse changes affecting the economy of Italy where the Issuer operates, would be likely to have a significant adverse impact on the Issuer's loan and credit card portfolio and, as a result, on its financial condition, cash flow and results of operations.

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

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

The business of the Issuer and Guarantor Group could be affected if their capital is not managed effectively.

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

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

The level of income the Issuer and the Guarantor Group derive, from certain of their products and services, depends on the strength of the economies in the regions where the Issuer or, as the case may be,

the Guarantor Group operate and certain market trends prevailing in those areas. Therefore, negative cycles may adversely affect the future income of the Issuer or, as the case may be, the Guarantor Group.

A sudden shortage of funds could increase the Issuer and/or the Guarantor Group's cost of funding and have an adverse effect on their liquidity and funding.

The Issuer is partly financed through loans and subordinated debt from the Guarantor and companies within the Santander Group. Such loans are priced at prevailing market rates. Whilst the Issuer is taking steps to diversify its funding sources it remains reliant on such financing arrangements with the Guarantor. Lack of liquidity in the interbank market and subsequent increases in the cost of funding are likely to raise the costs of funding for the Guarantor Group and therefore, in turn, for the Issuer.

Historically, one of the Guarantor Group's sources of funds has been customer deposits. At 31 December 2015, 32.2 per cent. of total funds under management had been undertaken through customer deposits from Germany and the Nordic countries (Scandinavia) (€27,795,244 thousand). Current and savings accounts represented 69 per cent. (€21,410,657 thousand) of total consolidated customer deposits at that date. Current and savings accounts may be a less stable source of deposits than other types of deposits.

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

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

In the past six years, financial systems worldwide have experienced difficult credit and liquidity conditions and disruptions leading to less liquidity, greater volatility, general widening of spreads and, in some cases, lack of price transparency on interbank lending rates. Global economic conditions deteriorated significantly between 2007 and 2009, and many of the countries in which the Guarantor Group operates fell into recession and some countries have only recently begun to recover and this recovery may not be sustainable. Many major financial institutions, including some of the world's largest global commercial banks, investment banks, mortgage lenders, mortgage guarantors and insurance companies experienced, and some continue to experience, significant difficulties. Around the world, there have also been runs on deposits at several financial institutions, numerous institutions have sought additional capital or have been assisted by governments, and many lenders and institutional investors have reduced or ceased providing funding to borrowers (including to other financial institutions).

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

- Increased regulation of the Guarantor Group's industry. Compliance with such regulation will increase the Guarantor Group's costs and may affect the pricing for its products and services and limit the Guarantor Group's ability to pursue business opportunities.
- Reduced demand for the Guarantor Group's products and services.
- Inability of the Guarantor Group's borrowers to comply fully or in a timely manner with their existing obligations.
- The process that the Guarantor Group follows to estimate losses inherent in its credit exposure requires complex judgments, including forecasts of economic conditions and how these economic conditions might impair the ability of the Guarantor Group's borrowers to repay their loans. The degree of uncertainty concerning economic conditions may adversely affect the accuracy of the Guarantor Group's estimates, which may, in turn, impact the reliability of the process and the sufficiency of the Guarantor Group's loan loss allowances.
- The value and liquidity of the portfolio of investment securities that the Guarantor Group holds may be adversely affected.
- Any worsening of global economic conditions may delay the recovery of the international financial industry and impact the Guarantor Group's financial condition and results of operations.

- Macroeconomic shocks may negatively impact the household income of the Guarantor Group's retail customers and may adversely affect the recoverability of the Guarantor Group's retail loans, resulting in increased loan losses.

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

Increased disruption and volatility in the global financial markets could have a material adverse effect on the Guarantor 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 Guarantor Group may be forced to raise the rates paid on deposits to attract more customers and may become unable to maintain certain liabilities.

Investor confidence may also fall due to uncertainties arising from the political uncertainties within Spain, which may slow the pace of reform or result in changes to laws, regulations and policies. This applies not only to specific Spanish regions such as Catalonia but also to the central Spanish government, where, after second general elections which took place on 26 June 2016, the degree of political fragmentation, similar to that after the results of the elections that took place on December 2015, might comprise further delays in the formation of a new government which may consequently impact economic growth in Spain.

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

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

The financial problems which the customers of the Issuer and the Guarantor Group may face could adversely affect the Issuer and/or the Guarantor Group.

Market turmoil and economic recession could have a material adverse effect on the liquidity, businesses and/or financial condition of each of the Issuer's and the Guarantor Group's borrowers, which could in turn further increase their respective non-performing loan ratios, impair the Issuer's and/or the Guarantor Group's loan and other financial assets and result in decreased demand for borrowings in general. In a context of continued market turmoil, economic recession and increasing unemployment, coupled with declining consumer spending, the value of assets acting as collateral for both the Issuer's and the Guarantor Group's secured loans, including, in the case of the Guarantor Group, homes and other real estate, could still decline significantly, which could result in an impairment of the value of the Issuer's and the Guarantor Group's loan assets.

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

Any of the conditions described above could have a material adverse effect on the business of the Issuer and the Guarantor Group and their respective financial condition and results of operations.

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

The Guarantor 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 Issuer and the Guarantor Group are exposed to risks faced by other financial institutions.

Both the Issuer and the Guarantor Group 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. Some of the transactions that the Issuer and the Guarantor Group enter into expose them to significant credit risk in the event of default by one of the counterparties. A default by a significant financial counterparty, or liquidity problems in the financial services industry in general, could have a material adverse effect on the Issuer's and the Guarantor Group's business, financial condition and results of operations.

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

The performance of financial markets may cause changes in the value of the Issuer's and the Guarantor Group's respective investments. In some of the Issuer's and the Guarantor Group's business, protracted adverse market movements, particularly asset price decline, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if the Issuer or, as the case may be, the Guarantor Group cannot close out deteriorating positions in a timely manner. This may especially be the case for assets of the Issuer or the Guarantor Group for which there are less liquid markets to begin with. Assets that are not traded on stock exchanges or other public trading markets, such as derivative contracts between banks, may have values that the Issuer and the Guarantor Group calculate using models other than publicly quoted prices. Monitoring the deterioration of asset prices like these is difficult and could lead to losses that neither the Issuer nor the Guarantor Group may anticipate.

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

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

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

their business elsewhere. This could harm the reputation of the Issuer and/or the Guarantor Group, as the case may be, as well as their revenues and profits.

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

The Guarantor Group has historically acquired controlling interests in various companies, including the acquisition of GE Money Bank AB (operates as a legal entity in Sweden, with two branches in Norway and Denmark) and has engaged in other strategic partnerships such as the acquisition of the financial arm of a major Spanish retail distributor (El Corte Inglés) and the recent agreement made with PSA Group. In addition, the Guarantor Group may consider other strategic acquisitions and partnerships from time to time. There can be no assurances that the Guarantor group will be successful in its plans regarding the operation of past or future acquisitions and strategic partnerships.

The Guarantor Group can give no assurance that its acquisition and partnership activities will perform in accordance with the Guarantor Group's expectations. The Guarantor Group's 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 Guarantor 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 Guarantor Group company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of each company within the Guarantor Group to maintain relationships with clients, customers or employees. If the Guarantor Group takes longer than anticipated or is not able to integrate the aforementioned businesses, the anticipated benefits of the Guarantor Group's recent acquisitions may not be realised fully or at all, or may take longer to realise than expected.

Increased competition in the countries where the Issuer and the Guarantor Group operate may adversely affect the growth prospects and operations of the Issuer and/or the Guarantor Group.

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

Volatility in interest rates may negatively affect the Issuer's and the Guarantor Group's net interest income and increase the non-performing loan portfolio of the Issuer and/or the Guarantor Group.

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

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

In the ordinary course of its business, the Guarantor 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 Guarantor Group's profitability. Additionally, while most of the governments of the countries in which the Guarantor Group operates have not imposed prohibitions on the repatriation of dividends, capital investment or other distributions, no assurance can be given that these governments will not institute restrictive exchange control policies in the future.

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

Changes in the regulatory framework, including increased regulation of the financial services industry in the jurisdictions where the Issuer and the Guarantor Group operate, could adversely affect their respective businesses.

The Issuer is subject to extensive regulation and supervision by the Bank of Italy. The banking laws to which the Issuer is subject govern the activities in which banks may engage and are designed to maintain the safety of banks, and to limit their exposure to risk.

Any changes to the current legislation could adversely affect the Issuer and the Guarantor's business operations and operating results respectively, and could also impair their ability to perform their obligations under the Notes.

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

Changes in regulatory framework

The Issuer is subject to extensive regulation and supervision by the Bank of Italy, CONSOB, the European Central Bank, the European System of Central Banks and the CSSF in Luxembourg. The banking laws to which the Issuer is subject govern the activities in which banks and foundations may engage and are designed to maintain the safety and soundness of banks, and limit their exposure to risk. In addition, the Issuer must comply with financial services laws that govern its marketing and selling practices. The regulatory framework governing international financial markets is currently being amended in response to the credit crisis, and new legislation and regulations are being introduced in Italy and the European Union that will affect the Issuer including proposed regulatory initiatives that could significantly alter the Issuer's capital requirements, as described below.

In the wake of the global financial crisis that began in 2008, the Basel Committee on Banking Supervision (the "**Basel Committee**") approved, in the fourth quarter of 2010, revised global regulatory standards (the "**Basel III**") on bank capital adequacy and liquidity, higher and better-quality capital, better risk coverage, measures to promote the build-up of capital that can be drawn down in periods of stress and the introduction of a leverage ratio as a backstop to the risk-based requirement as well as two global liquidity standards. The Basel III framework adopts a gradual approach, with the requirements to be implemented over time, with full enforcement in 2019. Minimum common equity tier 1 (the "**CET1**") will be increased from broadly 2 per cent. of risk-weighted assets to 7.0 per cent.. The 7.0 per cent. includes a "capital conservation buffer" of 2.5 per cent. to ensure that banks maintain a buffer of capital that can be used to absorb losses during periods of financial and economic stress. An additional "countercyclical buffer requirement" of 0 - 2.5 per cent. will be implemented according to national circumstances. The countercyclical buffer requirement will apply in periods of excess lending growth in the economy and can vary for each jurisdiction.

In January 2013 the Basel Committee revised its original proposal in respect of the liquidity requirements in light of concerns raised by the banking industry, providing for a gradual phasing-in of the Liquidity Coverage Ratio (i.e. annual increases of 10 per cent., starting with 60 per cent. in 2015 and ending with 100 per cent. in 2019), and the Basel Committee expanding the definition of high quality liquid assets to include lower quality corporate securities, equities and residential mortgage backed securities.

The Basel III framework has been implemented in the EU through new banking regulations adopted on 26 June 2013: Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the "**CRD IV Directive**") and Regulation (EU) No 575/2013 of the European

Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the "CRR", and together with the CRD IV Directive the "CRD IV"). Full implementation began on 1 January 2014, with particular elements being phased in over a period of time (the requirements will be largely fully effective by 2019 and some minor transitional provisions provide for the phase-in until 2024) but it is possible that in practice implementation under national laws may be delayed until after such date. Additionally, it is possible that Member States may introduce certain provisions at an earlier date than that set out in the CRD IV.

In Italy, the Government has approved the legislative decree No. 72 of 12 May 2015, implementing the CRD IV Directive. Such decree entered into force on 27 June 2015. The new regulation impacts, inter alia, on:

- proposed acquirers of credit institutions' holdings, shareholders and members of the management body requirements (Articles 22, 23 and 91 CRD IV Directive);
- competent authorities' powers to intervene in cases of crisis management (Articles 64, 65, 102 and 104 CRD IV Directive);
- reporting of potential or actual breaches of national provisions (so called whistleblowing, (Article 71 CRD IV Directive); and
- administrative penalties and measures (Article 65 CRD IV Directive).

The Bank of Italy published new supervisory regulations on banks in December 2013 (Circular No. 285, dated 17 December 2013, the "Prudential Regulations for Banks"), which came into force on 1 January 2014, implementing CRD IV and setting out additional local prudential rules concerning matters not harmonised at an EU level. As of 1 January 2014, Italian banks are required to comply with a minimum CET1 capital ratio of 4.5 per cent., Tier I Capital ratio of 6 per cent. and Total Capital Ratio of 8 per cent.. These minimum ratios are complemented by the following capital buffers, to be met with CET1 capital:

- Capital conservation buffer: is set at 2.5. per cent. of risk weighted assets and applies from 1 January 2014 (pursuant to Article 129 of the CRD IV Directive and Part I, Title II, Chapter I, Section II of Prudential Regulations for Banks);
- Counter-cyclical capital buffer: is set by the relevant competent authority between 0 per cent. - 2.5 per cent. (but may be set higher than 2.5 per cent. where the competent authority considers that the conditions in the member state justify this), with gradual introduction from 1 January 2016, and applying temporarily in the periods when the relevant national authorities judge the credit growth excessive (pursuant to Article 130 of CRD IV Directive and Part I, Title II, Chapter I, Section III of Prudential Regulations for Banks);
- Capital buffers for globally systemically important banks (G-SIBs): set as an "additional loss absorbency" buffer ranging from 1.0 per cent. to 3.5 per cent. determined according to specific indicators (size, interconnectedness, lack of substitutes for the services provided, global activity and complexity); to be phased in from 1 January 2016 (Article 131 of the CRD IV Directive and Part I, Title II, Chapter I, Section IV of Prudential Regulations for Banks) becoming fully effective on 1 January 2019; and
- Capital buffers for other systemically important banks at a domestic level: up to 2.0 per cent. as set by the relevant competent authority and must be reviewed at least annually from 1 January 2016, to compensate for the higher risk that such banks represent to the financial system (Article 131 of the CRD IV Directive and Part I, Title II, Chapter I, Section IV of Prudential Regulations for Banks). The capital buffer for important banks at domestic level belonging to a group which is a global systemically important financial institution is limited. This buffer shall not exceed the higher of 1 per cent. of the total risk exposure amount and the global systemically important financial institution buffer rate applicable to the group at consolidated level.

In addition to the capital buffers listed above, under Article 133 of the CRD IV Directive the relevant competent authority has the option to introduce a systemic risk buffer which must be at least 1 per cent. of CET1 capital.

Failure to comply with such combined buffer requirements triggers restrictions on distributions and the need for the bank to adopt a capital conservation plan on necessary remedial actions (Articles 141 and 142 of the CRD IV Directive and Part I, Title II, Chapter I, Section V of Prudential Regulations for Banks).

Moreover, Article 104 of the CRD IV Directive, as implemented by Council Regulation (EU) No. 1024/2013, conferred specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions (the "**SSM Regulation**"), and contemplates that, in addition to the minimum "Pillar 1" capital requirements, supervisory authorities may impose further "Pillar 2" capital requirements to cover other risks, including those not considered to be fully captured by the minimum "own funds" "Pillar 1" requirements under CRD IV or to address macro-prudential considerations.

In accordance with the SSM Regulation, the ECB is required to carry out a supervisory review and evaluation process (the "**SREP**") on at least an annual basis. The European Banking Authority (the "**EBA**") published on 19 December 2014 its final guidelines for common procedures and methodologies in respect of the SREP (the "**EBA SREP Guidelines**"). The EBA SREP Guidelines propose 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. Under these guidelines, national supervisors are to set a composition requirement for the "Pillar 2" requirements to cover certain specified risks of at least 56 per cent. CET1 capital and at least 75 per cent. Tier 1 capital. 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.

In this regard it is worth mentioning that on 23 March 2016, in the context of the ECB's presentation of the Annual Report on supervisory activities for 2015, the ECB anticipated that, in 2016, the SREP will be further refined and informal "Pillar 2" capital guidance may be provided by competent authorities if they suspect that an institution may not be able to meet its capital requirements at all times. Such guidance may involve recommendations to have additional capital, a request for a credible capital plan, the imposition of other supervisory measures or a stepping-up of supervisory monitoring and competent authorities may, nevertheless, transform them into "Pillar 2" capital requirements.

Any additional "Pillar 2" own funds requirement that may be imposed on Santander Consumer Bank S.p.A. by the ECB pursuant to the SREP will require Santander Consumer Bank S.p.A. to hold capital levels above the minimum "Pillar 1" capital requirements and the "combined buffer requirement". Last year's official communication on SREP test (2015) required a CET1 of 10.25 per cent. for the Issuer.

Any failure by Santander Consumer Bank S.p.A. to maintain its "Pillar 1" minimum regulatory capital ratios, any "Pillar 2" additional own funds requirements and/or any "combined buffer requirement" could result in administrative actions or sanctions, which, in turn, may have a material adverse effect on Santander Consumer Bank S.p.A.'s results of operations.

As part of the CRD IV transitional arrangements, regulatory capital recognition of outstanding instruments which qualified as CET1, Additional Tier 1 and Tier II capital instruments under the framework which CRD IV has replaced (CRD III) that no longer meet the minimum criteria under CRD IV will be gradually phased out. Fixing the base at the nominal amount of such instruments outstanding on 1 January 2013, their recognition is capped at 70 per cent. in 2015, with this cap decreasing by 10 per cent. in each subsequent year.

The new liquidity requirements introduced under CRD IV will also be phased in: the Liquidity coverage ratio that entered into force on 1 October 2016 at 60% compliance level and also the European Commission's intent to develop the net stable funding ratio to be introduced from 1 January 2018.

CRD IV may also introduce a new leverage ratio with the aim of restricting the level of leverage that an institution can take on to ensure that an institution's assets are in line with its capital. Institutions are required to disclose their leverage ratio from 1 January 2015 amending the calculation of the leverage ratio compared to the current text of the CRR. Full implementation of the leverage ratio as a "Pillar 1" measure and European harmonisation, however, is not expected until 1 January 2018 following the European Commission's review in 2016 of whether or not the ratio should be introduced. There is therefore uncertainty as to regulatory requirements that the Issuer will be required to comply with.

On 4 November 2014, the European Central Bank ("ECB") assumed direct supervision of banks and banking groups of significant size, as provided for in regulations creating the Single Supervisory Mechanism ("SSM"). In particular, the SSM Regulation granted to the ECB specific supervisory tasks on credit institutions, with the cooperation of national competent authorities of EU member states. Pursuant to the SSM, the ECB, in close cooperation with competent authorities of EU member states, was given the direct supervision over banks of significant size and indirect supervision over the other banks, which continue to be supervised by national authorities based on the criteria established by the ECB. Santander Consumer Bank S.p.A. has been qualified as a bank of significant size pursuant to Article 39 of the EU Regulation No. 468/2014 of April 16, 2014, and, accordingly, is subject to the direct supervision of the ECB.

From 2013 to 2014, the ECB, in preparation for the transition to the SSM, in collaboration with competent national authorities, carried out the Comprehensive Assessment which also involved Santander Consumer Bank S.p.A. and consisted of (i) the Asset Quality Review, which was a thorough assessment of the assets' quality; and (ii) a stress test, which provided a forward-looking examination of the resilience of banks' solvency.

In common with other Italian and European banks, Santander Consumer Bank S.p.A. forms part of a sample group of credit institutions that are being subjected to routine stress tests conducted by the EBA over the course of 2016. The results of the stress tests will be announced during the third quarter of 2016.

The ECB may in the future undertake new asset quality reviews of banks as well as additional stress tests. In such a case, there can be no assurance that Santander Consumer Bank S.p.A. would satisfy the minimum required parameters or that it would not be required to implement additional measures to reinforce its capital and overcome any identified regulatory capital deficit. Any such measures could have a material adverse effect on Santander Consumer Bank S.p.A.'s results of operations, business and financial condition.

Furthermore, continued compliance with the many regulations and particularly (considering the changes introduced by Basel III) the need to increase capitalization and compliance with the liquidity parameters demands a commitment of significant resources and the adoption of accordingly complex internal policies and standards that could lead to higher costs and/lower revenue for Santander Consumer Bank S.p.A.

Any failure to comply with such laws or regulations, changes to such laws or regulations or changes in their interpretation or application by the competent supervisory and regulatory authorities could have material adverse effects on Santander Consumer Bank S.p.A.'s results of operations, business and financial condition. This risk may be aggravated by the fact that certain laws and regulations applicable to the sectors in which Santander Consumer Bank S.p.A. operates have been recently introduced and the related implementation is still in the process of being defined.

Similarly, the Guarantor is subject to supervision of the ECB and the Bank of Spain and also has to comply with the banking and financial services laws, among them CRD IV and its implementation in Spain (which has been made by Law 14/2013 of 29 November, by Law 10/2014 of 26 June on the regulation, supervision and solvency of credit entities, by Royal Decree 84/2015, of 13 February, developing Law 10/2014 and by Bank of Spain Circulars 2/2014, of 31 January, and 2/2016, of 2 February, to credit entities, on supervision and solvency, which completes the adaptation of Spanish law to CRR and CRD IV). As a consequence, the Guarantor has similar obligations to comply with capital and liquidity requirements.

Operational risks are inherent in the businesses of the Issuer and the Guarantor Group.

The business of the Issuer and the Guarantor 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 Issuer and the Guarantor Group also face the risk that the design of their controls and procedures prove to be inadequate or are circumvented. The Issuer and the Guarantor Group have suffered losses from operational risk in the past and there can be no assurance that either the Issuer or the Guarantor Group will not suffer material losses from operational risk in the future.

The Issuer and the Guarantor Group rely on recruiting, retaining and developing appropriate senior management and skilled personnel.

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

Damage to the reputation of the Issuer or the Guarantor Group could cause harm to their respective business prospects.

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

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

Each of the Issuer and the Guarantor Group could suffer significant reputational harm if they fail to properly identify and manage potential conflicts of interest. Management of potential conflicts of interests has become increasingly complex as the Issuer and the Guarantor Group expand their business activities through more numerous transactions, obligations and interests with and among their clients. The failure to adequately address, or the perceived failure to adequately address, conflicts of interest could affect the willingness of clients to deal with the Issuer or the Guarantor Group, as the case may be, or give rise to litigation or enforcement actions. Therefore, there can be no assurance that conflicts of interest that could cause material harm to the Issuer and the Guarantor Group (as applicable) will not arise in the future.

Both the Issuer and the Guarantor Group are exposed to risk of loss from legal and regulatory proceedings.

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

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

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

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

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

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

The Issuer is not currently rated.

Risks Relating to the Notes

Risks Relating to the Italian Insolvency Law

Pursuant to the provisions of Legislative Decree no. 385 of 1 September 1993, as amended (the "**Italian Banking Act**"), and of the Royal Decree of 16 March 1942, no. 267, as amended (the "**Insolvency Act**"), Italian banks in a state of insolvency are subject to a special discipline called compulsory winding up (*Liquidazione coatta amministrativa*).

On the commencement of the compulsory winding up procedure, the functions and powers of the shareholders' meeting and administration and control bodies of the bank cease to be effective. From the day of the opening of such procedure, unless provided otherwise by law, no individual enforcement or preventive action can be brought or continued against such bank and any payments are also suspended. The compulsory winding up procedure is managed by the liquidation commissioner(s) together with a supervisory committee, each of which is appointed by the Bank of Italy.

Regardless of the opening of winding up procedures, in case of serious violations of law, serious irregularities in the management of the bank, or if relevant capital losses are expected, Italian banks may be subject to public administration proceedings (*Amministrazione straordinaria*) pursuant to a decree of the Ministry of Finance upon request of the Bank of Italy. Within 15 days of the issuance of the Ministry of Finance's decree, the Bank of Italy appoints one or more extraordinary commissioner(s) together with a supervision committee. If exceptional circumstances occur, the commissioner(s) may suspend payments from the bank for a one-month period, which may be extended for two additional months.

Such serious violations of law, irregularities in the management of the bank, and relevant capital losses expected by the bank may also lead to the compulsory winding up of such bank but only in the case where in the event they are of an exceptional seriousness.

Risks Relating to the Spanish Insolvency Law

Law 22/2003 (*Ley Concursal*) dated 9 July 2003 ("**Law 22/2003**" or 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; and (iv) if (and until) the claim of noteholders against the Guarantor under the Senior Guarantee or the Subordinated Guarantees is payable and enforceable and the noteholders serve a demand of payment or enforce the guarantee claim, such claim may be classified as a contingent claim (*crédito contingente*) and the related rights of the noteholder shall be suspended until the claim ceases to be a contingent claim.

The Law 11/2015, of 18 June, on the Recovery and Resolution of Credit Institutions and Investment Service Companies ("**Law 11/2015**") establishes a change in the ranking of claims under Article 92.2 of the Insolvency Law for Spanish banking insolvency proceedings. According to such change, contractually subordinated debt will be classified into three different categories with the following ranking: firstly, principal amount of subordinated debt not qualifying as Additional Tier 1 instruments or Tier 2 instruments, secondly principal amount of subordinated debt qualifying as Tier 2 instruments and, thirdly, principal amount of subordinated debt qualifying as Additional Tier 1 instruments.

Suitability

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

There is no active trading market for the Notes.

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

The Senior Notes may be redeemed by the Issuer prior to maturity.

Senior Notes may be redeemable prior to maturity at the Issuer's option in certain circumstances, and an optional redemption feature of Senior Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Senior Notes, the market value of those Senior Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Senior Notes when their cost of borrowing is lower than the interest rate on the Senior Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the Senior 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.

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

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

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

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

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

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

Risks related to the structure of a particular issue of Notes

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

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 investors losing all of their investment.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that may convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional

interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

The Issuer's obligations under Subordinated Notes are subordinated.

The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and, subject to cancellation as described in Condition 3.3 (*Status of Subordinated Notes*)), will rank junior in priority of payment to all unsubordinated obligations of the Issuer, and rank *pari passu* without any preference among themselves and at least equally with all other subordinated obligations of the Issuer (whether actual or contingent) having a fixed maturity from time to time outstanding.

In the event of a liquidation, dissolution, administration or other winding-up of the Issuer by way of public administration, Noteholders are entitled to receive (in lieu of any other payment, but subject as provided in Condition 3.3 (*Status of Subordinated Notes*)), in respect of the principal amount of the Notes an amount equal to the principal amount of the Notes and, in the case of interest on the Notes, an amount equal to any interest accrued to but excluding the date of repayment but which is unpaid. The relevant Noteholders' claim under such Subordinated Notes shall be subordinated in right of payment only to claims against the Issuer of all unsubordinated creditors of the Issuer and to claims preferred under Italian law generally.

Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of his investment should the Issuer become insolvent.

Regulatory classification of the Notes

The intention of the Issuer is for Subordinated Notes to qualify on issues as "Tier II capital", for regulatory capital purposes. Current regulatory practice by the Bank of Italy does not require (or customarily provide) a confirmation prior to the issuance of Subordinated Notes that the Notes will be treated as such.

Although it is the Issuer's expectation that the Notes qualify as "Tier II capital", as applicable, there can be no representation that this is or will remain the case during the life of the Notes or that the Notes will be grandfathered under the implementation of future EU capital requirement regulations. If the Notes are not grandfathered, or for any other reason cease to qualify, as "Tier II capital", the Issuer will (if so specified in the applicable Final Terms) have the right to redeem the Notes in accordance with Condition 6.8 (*Regulatory Event Redemption of Subordinated Notes*), subject to the prior approval of the Bank of Italy. There can be no assurance that holders of such Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the relevant Notes, as the case may be.

Implementation of the Bank Recovery and Resolution Directive could materially affect the value of the Notes

The directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU) (the "**Bank Recovery and Resolution Directive**" or "**BRRD**") entered into force on 2 July 2014.

The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD 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: (i) sale of business - which enables resolution authorities to direct the sale of the institution or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the institution to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation - which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow

them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in - which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims including Senior Notes and Subordinated Notes into shares or other instruments of ownership (i.e. shares, other instruments that confer ownership, instruments that are convertible into or give the right to acquire shares or other instruments of ownership, and instruments representing interests in shares or other instruments of ownership) (the "**General Bail-In Tool**"), which equity could also be subject to any future application of the BRRD.

The BRRD also provides for a Member State as a last resort, after having assessed the above resolution tools (including the General Bail-In Tool) to the maximum extent practicable whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the burden sharing requirement of the EU state aid framework and the BRRD.

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 its requirements for continuing 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).

In addition to the General Bail-In Tool, the BRRD provides for resolution authorities to have the further power to permanently write-down or convert into equity capital instruments such as Subordinated Notes at the point of non-viability and before any resolution action is taken ("**Non-Viability Loss Absorption**"). Any shares issued to holders of Subordinated Notes upon any such conversion into equity capital instruments may also be subject to any future application of the BRRD.

For the purposes of the application of any Non-Viability Loss Absorption measure, the point of non-viability under the BRRD is the point at which the relevant authority determines that the institution meets the conditions for resolution (but no resolution action has yet been taken) or that the institution will no longer be viable unless the relevant capital instruments (such as Subordinated Notes) are written-down/converted or extraordinary public support is to be provided, and without such support the appropriate authority determines that the institution would no longer be viable and, where the institution forms part of a group, the group as a whole could be subject to write-down.

In the context of these resolution tools, the resolution authorities have the power to amend or alter the maturity of certain debt instruments and other eligible liabilities, such as the Senior Notes or the Subordinated Notes, issued by an institution under resolution or amend the amount of interest payable under such instruments and other eligible liabilities, or the date on which the interest becomes payable, including by suspending payment for a temporary period, except for those secured liabilities which are subject to Article 44(2) of the BRRD.

The BRRD has been implemented in Italy through the adoption of two Legislative Decrees by the Italian Government, namely, Legislative Decrees No. 180/2015 and 181/2015 (together, the "**BRRD Decrees**"), both of which were published in the Italian Official Gazette (*Gazzetta Ufficiale*) on 16 November 2015. Legislative Decree No. 180/2015 is a stand-alone law which implements the provisions of BRRD relating to resolution actions, while Legislative Decree No. 181/2015 amends the existing Italian Banking Act (Legislative Decree No. 385 of 1 September 1993, as amended) and deals principally with recovery plans, early intervention and changes to the creditor hierarchy. The BRRD Decrees entered into force on the date of publication on the Italian Official Gazette (i.e., 16 November 2015), save that: (i) the General Bail-In Tool applied from 1 January 2016; and (ii) a "depositor preference" granted for deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and small and medium-sized companies will apply from 1 January 2019.

In addition, because (i) Article 44(2) of the BRRD excludes certain liabilities from the application of the General Bail-In Tool and (ii) the BRRD provides, in Article 44(3), that the resolution authority may partially or fully exclude certain further liabilities from the application of the General Bail-In Tool, the BRRD specifically contemplates that *pari passu* ranking liabilities may be treated unequally. Accordingly, holders of Senior Notes and Subordinated Notes of a Series may be subject to write-down/conversion upon an application of the General Bail-In Tool while other Series of Senior Notes or, as appropriate, Subordinated Notes (or, in each case, other *pari passu* ranking liabilities) are partially or

fully excluded from such application of the General Bail-In Tool. Further, although the BRRD provides a safeguard in respect of shareholders and creditors upon application of resolution tools, Article 75 of the BRRD sets out that such protection is limited to the incurrence by shareholders or, as appropriate, creditors, of greater losses as a result of the application of the relevant tool than they would have incurred in a winding up under normal insolvency proceedings. It is therefore possible not only that, in circumstances in which Senior Notes or Subordinated Notes have been partially or fully written-down/converted into equity capital instruments on an application of the General Bail-In Tool, the claims of other holders of junior or *pari passu* liabilities may have been excluded from the application of the General Bail-In Tool and therefore the holders of such claims may receive a treatment which is more favourable than that received by holders of Senior Notes or Subordinated Notes, but also the safeguard referred to above does not apply to ensure equal (or better) treatment compared to the holders of such fully or partially excluded claims because the safeguard is not intended to address such possible unequal treatment but rather to ensure that shareholders or creditors do not incur greater losses in a bail-in (or other application of a resolution tool) than they would have received in a winding up under normal insolvency proceedings.

Also, in respect of Senior Notes, Article 108 of the BRRD requires that Member States modify their national insolvency regimes such that deposits of natural persons and micro, small and medium sized enterprises in excess of the coverage level contemplated by deposit guarantee schemes created pursuant to Directive 2014/49/EU have a ranking in normal insolvency proceedings which is higher than the ranking which applies to claims of ordinary, unsecured, non-preferred creditors, such as holders of Senior Notes. In addition, the BRRD does not prevent Member States, including Italy, from amending national insolvency regimes to provide other types of creditors, with rankings in insolvency higher than ordinary, unsecured, non-preferred creditors. Legislative Decree No. 181/2015 has amended the creditor hierarchy in the case of admission of Italian banks and investment firms to liquidation proceedings (and therefore the hierarchy which will apply in order to assess claims pursuant to the safeguard provided for in Article 75 of the BRRD as described above), by providing that, as from 1 January 2019, all deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and small and medium sized enterprises will benefit from priority over senior unsecured liabilities, though with a ranking which is lower than that provided for deposits of individuals and small and medium sized enterprises exceeding the coverage limit of the deposit guarantee scheme. This means that, as from 1 January 2019, significant amounts of liabilities in the form of large corporate and interbank deposits, which under the national insolvency regime currently in force in Italy rank *pari passu* with Senior Notes, will rank higher than Senior Notes in normal insolvency proceedings and therefore that, on application of the General Bail-In Tool, such creditors will be written-down/converted into equity capital instruments only after Senior Notes. Therefore, the safeguard set out in Article 75 of the BRRD (referred to above) would not provide any protection since, as noted above, Article 75 of the BRRD only seeks to achieve compensation for losses incurred by creditors which are in excess of those which would have been incurred in a winding-up under normal insolvency proceedings.

Legislative Decree No. 181/2015 has also introduced strict limitations on the exercise of the statutory rights of set-off normally available under insolvency laws, in effect prohibiting set-off by any creditor in the absence of an express agreement to the contrary.

The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Holders of Senior Notes and Subordinated Notes may be subject to write-down/conversion into equity capital instruments on any application of the General Bail-In Tool and, in the case of Subordinated Notes, Non-Viability Loss Absorption, which may result in such holders losing some or all of their investment. The BRRD has also been implemented in Spain through Law 11/2015 and Royal Decree 1012/2015, of 6 November, implementing Law 11/2015 and as a result the Guarantor's liabilities (including claims under the Senior Guarantee and any Subordinated Guarantee) may be subject to the bail-in power contemplated therein and therefore be subject to 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 BRRD (as amended from time to time).

The exercise of any power under the BRRD or any suggestion or perceived suggestion of such exercise could, therefore, materially adversely affect the rights of holders of the Notes, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

The BRRD also requires institutions to maintain at all times a sufficient aggregate amount of own funds and "eligible liabilities", expressed as a percentage of the total liabilities and own funds of the institution (known as the "minimum requirement for own funds and eligible liabilities" or "**MREL**"), with a view to facilitating effective resolution of institutions and minimising to the greatest extent possible the need for interventions by taxpayers. "Eligible liabilities" (or bail-inable liabilities) are those liabilities and other instruments that are not excluded by the BRRD from the scope of the bail-in tool. The resolution authority of an institution, after consultation with the relevant competent authority, will set the MREL for the institution based on the criteria to be identified by the EBA in its regulatory technical standards. In particular, the resolution authority may determine that part of the MREL is to be met through "contractual bail-in instruments". The BRRD does not foresee an absolute minimum, but attributes the competence to set a minimum amount for each bank to national resolution authorities (for banks not being part of the Banking Union) or to the Single Resolution Board (the "**SRB**") for banks being part of the Banking Union. The EBA has issued final draft regulatory technical standards which further define the way in which resolution authorities/the SRB shall calculate MREL.

The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Once the BRRD is fully implemented, holders of Senior Notes and Subordinated Notes may be subject to write-down/conversion into equity capital instruments on any application of the General Bail-In Tool and, in the case of Subordinated Notes, Non-Viability Loss Absorption, which may result in such holders losing some or all of their investment. The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

The Guarantor's obligations under Subordinated Notes are subordinated.

The Guarantor's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority of payment to all unsubordinated obligations of the Guarantor. Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of their investment should the Guarantor become insolvent.

INFORMATION INCORPORATED BY REFERENCE

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

- (a) the English language translation of the audited consolidated financial statements of the Issuer for the years ended 31 December 2015 and 31 December 2014, together with the auditor's reports thereon;
- (b) the English language translation of the audited consolidated financial statements of the Guarantor for the years ended 31 December 2015 and 31 December 2014, together with the auditor's reports thereon;
- (c) the terms and conditions set out on pages 37 to 62 of the base prospectus dated 2 July 2015 under the heading "*Terms and Conditions of the Notes*" which are available for inspection at the following link http://www.ise.ie/debt_documents/Base%20Prospectus_a8c94a12-1e7e-4e2c-b60d-9a8824a3df39.PDF.

The tables below set out the relevant page references for the English language consolidated balance sheet, income statement, cash-flow statement, explanatory notes and auditor's report of the Issuer for the years ended 31 December 2015 (the "**Issuer 2015 Financial Statements**") and 31 December 2014 (the "**Issuer 2014 Financial Statements**"):

Issuer 2015 Financial Statements	Page reference
	<i>(pdf document page numbers)</i>
Consolidated Balance Sheets	45
Consolidated Income Statements	46
Statements of Consolidated Comprehensive Income	47
Statement of Changes in Consolidated Shareholder's equity	48
Consolidated Cash-flow Statements	49-51
Notes to Consolidated Financial Statements	51-161
Independent Auditor's report on the Consolidated Financial Statements	41-44

Issuer 2014 Financial Statements	Page reference
	<i>(pdf document page numbers)</i>
Consolidated Balance Sheets	44
Consolidated Income Statements	45
Statements of Consolidated Comprehensive Income	46
Statement of Changes in Consolidated Shareholder's equity	47
Consolidated Cash-flow Statements	48-50
Notes to Consolidated Financial Statements	50-153
Independent Auditor's report on the Consolidated Financial Statements	40-43

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

<http://www.santanderconsumer.it/pdfstat/SCB%20Financial%20Statements%202015.pdf>

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

<http://www.santanderconsumer.it/pdfstat/Financial%20Statement%20at%2031%20December%202014.pdf>

The tables below set out the relevant page references for the English language consolidated balance sheet, income statement, cash-flow statement, explanatory notes and auditor's report of the Guarantor for the years ended 31 December 2015 (the "**Guarantor 2015 Financial Statements**") and 31 December 2014 (the "**Guarantor 2014 Financial Statements**"), as set out in the annual reports for the years ended 31 December 2015 and 31 December 2014:

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

Guarantor 2014 Financial Statements	Page reference
	<i>(pdf document page numbers)</i>
Consolidated Balance Sheets	5
Consolidated Income Statements	6
Consolidated Statements of Recognised Income and Expense	7
Consolidated Statements of Changes in Equity	8-9
Consolidated Statements of Cash Flows	10
Notes to the Consolidated Financial Statements	11-214
Auditor's report on the Consolidated Financial Statements	2-3

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

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

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

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

Copies of the documents specified above as containing information incorporated by reference in this Base Prospectus may be inspected, free of charge, at the specified offices of the Issuer, the Guarantor, the Issue and Paying Agent and the Listing Agent, the initial specified offices of which are set out below.

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

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

FINAL TERMS AND DRAWDOWN PROSPECTUS

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

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

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

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

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

FORMS OF THE NOTES

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

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

The relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") or in each case any successor section of the United States Treasury Regulations, including without limitation Regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010, are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

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

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

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

within 7 days of the bearer requesting such exchange.

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

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

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 7 (*Events of Default*) occurs.

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

Temporary Global Note exchangeable for Definitive Notes

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

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

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

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

Permanent Global Note exchangeable for Definitive Notes

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

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal

holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 7 (*Events of Default*) occurs.

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

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

Terms and Conditions applicable to the Notes

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

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

Legend concerning United States persons

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

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

USE OF PROCEEDS

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

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. To the extent permitted by applicable law and/or regulation, the Final Terms in respect of any Tranche of Notes may complete any information in this Base Prospectus.

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

Introduction

The Notes will be issued in accordance with an issue and paying agency agreement (the "**Issue and Paying Agency Agreement**", which expression shall include any amendments or supplements thereto) dated 18 July 2016 and made between Santander Consumer Bank S.p.A. (the "**Issuer**"), Santander Consumer Finance S.A. (the "**Guarantor**"), Citibank, N.A., London Branch in its capacities as issue and paying agent (the "**Issue and Paying Agent**" which expressions shall include any successor to Citibank, N.A., London Branch, in its capacities as such), and the paying agents named therein (the "**Paying Agents**", which expression shall include the Issue and Paying Agent and any substitute or additional paying agents appointed in accordance with the Issue and Paying Agency Agreement). The Guarantor has, for the benefit of the Holders of the Senior Notes as defined herein from time to time, executed and delivered a deed of guarantee (the "**Senior Guarantee**") dated 18 July 2016 under which it has guaranteed the due and punctual payments of all amounts due by the Issuer under the Senior Notes issued in or after the date thereof as and when the same shall become due and payable. The Guarantor shall, on an issue by issue basis, on or before the issue date of any Subordinated Notes as defined herein, for the benefit of Holders of Subordinated Notes from time to time, execute and deliver a deed of guarantee (the "**Subordinated Guarantee**"), under which it shall guarantee the due and punctual payment of all amounts due by the Issuer under the relevant Subordinated Notes as and when the same shall become due and payable. For the purposes of making determinations or calculations of interest rates, interest amounts, redemption amounts or any other matters requiring determination or calculation in accordance with the Conditions of any Series of Notes (as defined below), the Issuer may appoint a Determination Agent (as defined under Condition 5C.3) for the purposes of such Notes, in accordance with the provisions of the Issue and Paying Agency Agreement, and such Determination Agent shall be specified in the applicable Final Terms. The Issuer has executed and delivered a deed of covenant dated 18 July 2016 (the "**Deed of Covenant**"). Copies of the Issue and Paying Agency Agreement, the Senior Guarantee, the relevant Subordinated Guarantee and the Deed of Covenant are, or will be, available for inspection during normal business hours at the specified office of each of the Paying Agents and A&L Listing Limited in its capacity as listing agent (the "**Listing Agent**"). All persons from time to time entitled to the benefit of obligations under any Notes shall be deemed to have notice of, and shall be bound by, all of the provisions of the Issue and Paying Agency Agreement, the Senior Guarantee, the Subordinated Guarantee (as applicable) and the Deed of Covenant insofar as they relate to the relevant Notes.

The Notes are issued in series (each, a "**Series**"), and each Series may comprise one or more tranches ("**Tranches**" and each, a "**Tranche**") of Notes. Each Tranche will be the subject of Final Terms (each, a "**Final Terms**"), a copy of which will be available for inspection during normal business hours at the specified office of the Issue and Paying Agent and in the case of a Tranche of Notes in relation to which application has been made for admission for listing on the Official List of the Irish Stock Exchange Plc, at the specified office of the Listing Agent and on the website of the Irish Stock Exchange Plc. In the case of a Tranche of Notes in relation to which application has not been made for admission for listing on any listing authority, stock exchange and/or quotation system, copies of the Final Terms will only be available for inspection by a Holder of or, as the case may be, an Accountholder (as defined in the Deed of Covenant) in respect of, such Notes.

References in these Terms and Conditions to "**Notes**" are to Notes of the relevant Series and any references to "**Coupons**" (as defined in Condition 1.5) and "**Receipts**" (as defined in Condition 1.6) are to Coupons and Receipts relating to Notes of the relevant Series.

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

In respect of any Notes, references herein to these "**Terms and Conditions**" are to these terms and conditions as completed by the Final Terms.

1. **Form and Denomination**

- 1.1 Notes are issued in bearer form ("**Bearer Notes**") and are serially numbered.
- 1.2 If so specified in the Final Terms each Tranche of Notes will be represented upon issue by a temporary global note (a "**Temporary Global Note**") in substantially the form (subject to amendment and completion) scheduled to the Issue and Paying Agency Agreement. On or after the date (the "**Exchange Date**") which is forty days after the completion of the distribution of the Notes of the relevant Tranche and provided certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing systems) has been received, interests in the Temporary Global Note may be exchanged for:
- (i) interests in a permanent global note (a "**Permanent Global Note**") representing the Notes of that Tranche and in substantially the form (subject to amendment and completion) scheduled to the Issue and Paying Agency Agreement; or
 - (ii) if so specified in the relevant Final Terms, serially numbered definitive Notes ("**Definitive Notes**").
- 1.3 If any date on which a payment of interest is due on the Notes of a Tranche occurs whilst any of the Notes of that Tranche are represented by a Temporary Global Note, the related interest payment will be made on the Temporary Global Note only to the extent that certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing systems) has been received by Euroclear Bank S.A./N.V. ("**Euroclear**") or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") or any other relevant clearing system. Payments of amounts due in respect of a Permanent Global Note will be made through Euroclear or Clearstream, Luxembourg or any other relevant clearing system without any requirement for certification.
- 1.4 Interests in a Permanent Global Note will be exchanged by the Issuer in whole (but not in part), at the option of the Holder of such Permanent Global Note, for serially numbered Definitive Notes, (a) if any Note of the relevant Series becomes due and repayable following an Event of Default (as defined herein); or (b) if either Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so or announces its intention to withdraw its acceptance of the Notes for clearance and settlement through its system or in fact does so; or (c) if so specified in the Final Terms, at the option of the Holder of such Permanent Global Note upon such Holder's request, in all cases at the cost and expense of the Issuer, unless otherwise specified in the relevant Final Terms. In order to exercise the option contained in part (c) of the preceding sentence, the Holder must, not less than 45 days before the date upon which the delivery of such Definitive Notes is required, deposit the relevant Permanent Global Note with the Issue and Paying Agent at its specified office with the form of exchange notice endorsed thereon duly completed. If default is made by the Issuer in the required delivery of Definitive Notes and such default is continuing at 6.00 p.m. (Luxembourg time) on the thirtieth day after the day on which the relevant notice period expires or, as the case may be, such Permanent Global Note becomes so exchangeable, such Permanent Global Note will become void in accordance with its terms but without prejudice to the rights of the accountholders with Euroclear or Clearstream, Luxembourg or any other relevant clearing system in relation thereto under the Deed of Covenant.
- 1.5 Definitive Notes will, if so specified in the relevant Final Terms, have attached thereto at the time of their initial delivery coupons ("**Coupons**"), presentation of which will be a prerequisite to the payment of interest in certain circumstances specified below. Definitive Notes will also, if so specified in the relevant Final Terms, have attached thereto at the time of their initial delivery, a talon ("**Talon**") for further coupons and the expression "**Coupons**" shall, where the context so requires, include Talons.

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

Denomination Notes

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

Currency of Notes

- 1.8 Notes may be denominated in any currency, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
- 1.9 For the purposes of these Terms and Conditions, references to Notes shall, as the context may require, be deemed to be to Temporary Global Notes, Permanent Global Notes or Definitive Notes.

2. Title

- 2.1 Title to Notes and Coupons passes by delivery. References herein to the "**Holders**" of Notes or of Coupons, or "**Noteholders**", are to the bearers of such Notes or such Coupons (as applicable).
- 2.2 The Holder of any Note or Coupon will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder.

3. Status of the Notes

Status of Senior Notes

- 3.1 The Senior Notes (being those Notes the Final Terms of which specify their status as Senior) and the Receipts and Coupons relating to them, constitute direct, unconditional, unsubordinated and (without prejudice to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain debts required to be preferred by law) equally with all other unsecured obligations (including deposits) (other than subordinated obligations, if any) of the Issuer, present and future, from time to time outstanding. So long as any of the Senior Notes remains outstanding (as defined in the Issue and Paying Agency Agreement), the Issuer undertakes to ensure that the obligations of the Issuer under the Senior Notes rank and will rank *pari passu* with all other unsecured and unsubordinated obligations (including deposits) of the Issuer and with all its unsecured and unsubordinated obligations under guarantees of obligations of third parties, in each case except for any obligations preferred by mandatory provisions of applicable law.

Status of the Senior Guarantee

- 3.2 The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Senior Notes, Receipts and Coupons on an unsubordinated basis.

The obligations of the Guarantor in respect of Senior Notes under the Senior Guarantee constitute direct, unconditional, unsubordinated and (without prejudice to Condition 4 (*Negative Pledge*)) unsecured obligations of the Guarantor and, upon the insolvency of the Guarantor (and unless they qualify as subordinated claims pursuant to Article 92 of Law 22/2003 (*Ley Concursal*) dated 9 July 2013 (the "**Insolvency Law**" or "**Law 22/2003**") or equivalent legal provision which replaces it in the future, and subject to any applicable legal and statutory exceptions), rank *pari passu* and rateably without preference among such obligations of the Guarantor in respect of the

Senior Notes of the same Series and at least *pari passu* with all other unsubordinated and unsecured indebtedness and monetary obligations involving or otherwise related to borrowed money of the Guarantor, present and future. Its obligations in that respect are contained in the Senior Guarantee.

In the event of insolvency (concurso) of the Guarantor, under the Insolvency Law (as defined above), claims in respect of Senior Notes under the Senior Guarantee (which are not subordinated pursuant to article 92 of the Insolvency Law) will be ordinary credits (créditos ordinarios) as defined in the Insolvency Law. Ordinary credits rank below credits against the insolvency state (créditos contra la masa) and credits with a privilege (créditos privilegiados) (including, without limitation, any deposits for the purposes of Additional Provision 14.1° of Law 11/2015) which shall be paid in full before ordinary credits. The claims of all creditors against the Guarantor considered as "ordinary credits" will be satisfied pro rata in insolvency. Ordinary credits rank above subordinated credits and the rights of shareholders.

Status of Subordinated Notes

- 3.3 *Status of Subordinated Notes:* The Subordinated Notes (being those Notes the Final Terms of which specify that their status is Subordinated) and the Receipts and Coupons relating to them constitute unsecured subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and with all other present and future unsecured and subordinated obligations of the Issuer other than (a) those subordinated obligations expressed by their terms to rank lower than the Subordinated Notes and (b) those subordinated obligations preferred by mandatory and/or overriding provisions of law. In the event of a bankruptcy, dissolution, liquidation or winding up of the Issuer or in the event that the Issuer becomes subject to an order for *Liquidazione Coatta Amministrativa* (as defined in Legislative Decree of 1 September 1993, No. 385 of the Republic of Italy as amended (the "**Consolidated Banking Act**")), the payment obligations of the Issuer in respect of principal and interest under the Subordinated Notes will be subordinated to the claims of SCB Senior Creditors (as defined below) in that amounts in respect of such principal and interest shall be due and payable by the Issuer in such winding up only if and to the extent that the Issuer could make payment thereof rateably with the claims of other Subordinated Creditors (as defined below) and still be solvent immediately thereafter. For this purpose, the Issuer shall be considered to be solvent if (1) it is able to pay its debts as they fall due and (2) its Assets (as defined below) exceed its Liabilities (as defined below).

A report in writing as to the solvency of the Issuer by its liquidator shall, unless the contrary is proved, be treated and accepted by the Issuer and the holders of the Subordinated Notes (the "**Subordinated Noteholders**") and the relative Coupons (the "**Subordinated Coupons**", and "**Subordinated Couponholders**") will be construed accordingly) as correct and sufficient evidence thereof.

"**Assets**" means the total amount of the non-consolidated gross assets of the Issuer and "**Liabilities**" means the total amount of the non-consolidated gross liabilities of the Issuer, in each case as shown by the latest published audited balance sheet of the Issuer, but adjusted for contingencies and subsequent events in such manner as the above-mentioned liquidator may determine.

"**Prudential Regulations for Banks**" means the Bank of Italy's *Disposizioni di Vigilanza per le Banche*, as set out in Bank of Italy Circular No. 285 of 17 December 2013, as amended or supplemented from time to time, including any successor regulations.

"**Subordinated Notes**" means Notes intended to qualify as Tier II Capital for regulatory capital purposes, in accordance with Part II, Chapter 1 of the Prudential Regulations for Banks and Article 63 of the CRR.

"**SCB Senior Creditors**" means creditors of the Issuer whose claims are admitted to proof in the winding up of the Issuer and who are unsubordinated creditors of the Issuer, and "**Subordinated Creditors**" means creditors of the Issuer (including, without limitation, the Subordinated Noteholders, and the Subordinated Couponholders) whose claims against the Issuer are, or are expressed to be, subordinated in the event of the winding up of the Issuer in any manner to the claims of any unsecured and unsubordinated creditor of the Issuer, but excluding those

subordinated creditors of the Issuer (if any) whose claims rank, or are expressed to rank, junior to the claims of the Subordinated Noteholders and Subordinated Couponholders and/or to the claims of any other creditors of the Issuer whose claims rank, or are expressed to rank, *pari passu* with the claims of the Subordinated Noteholders and Subordinated Couponholders or with whose claims the claims of the Subordinated Noteholders and Subordinated Couponholders rank, or are expressed to rank, *pari passu*.

Subject to applicable law, no Subordinated Noteholder or Subordinated Couponholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Subordinated Notes or Subordinated Coupons and each Subordinated Noteholder and Subordinated Couponholder shall, by virtue of their subscription, purchase or holding of any Subordinated Note or Subordinated Coupon, be deemed to have waived all such rights of set-off.

- 3.4 *Status of the Subordinated Guarantee:* The Guarantor shall, on or before the date of issue (as specified in the relevant Final Terms) of any Subordinated Notes, execute a guarantee in the form scheduled to the Base Prospectus dated 18 July 2016 (each, a "**Subordinated Guarantee**").

Pursuant to each Subordinated Guarantee, the Guarantor will unconditionally and irrevocably guarantee, on a subordinated basis, the due and punctual payment of all the sums expressed to be payable by the Issuer under the relevant Subordinated Notes.

The obligations of the Guarantor under the Subordinated Guarantee in respect of the relevant Subordinated Notes shall constitute direct, unconditional, subordinated and unsecured obligations of the Guarantor which, upon the insolvency of the Guarantor (and unless they qualify as subordinated claims pursuant to Articles 92.3 and 92.7 of the Insolvency Law or equivalent legal provision which replace them in the future, and subject to any applicable legal and statutory exceptions) shall rank under Article 92.2 of the Insolvency Law (or equivalent legal provisions which replace, substitute or amend it in the future),

- (i) *pari passu* with all other contractually subordinated obligations of the Guarantor (other than (1) those subordinated obligations which qualify as subordinated claims pursuant to Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provisions which replace them in the future, (2) other subordinated obligations which by law or their terms rank junior to the Guarantor's obligations under the Subordinated Guarantees and (3) any other subordinated obligations which by law and/or their terms, and to the extent permitted by Spanish law, rank senior to the Guarantor's obligations under the Subordinated Guarantees and/or to any subordinated obligations of the Guarantor ranking *pari passu* with the Subordinated Guarantees); and
- (ii) junior to any non-subordinated obligations of the Guarantor, any other subordinated obligations which by law and/or their terms, and to the extent permitted by Spanish law, rank senior to the Guarantor's obligations under the Subordinated Guarantees, and any claim on the Guarantor, which becomes subordinated as a consequence of article 92.1° of the Insolvency Law.

4. **Negative Pledge**

- (a) So long as any of the Senior Notes, Receipts or Coupons remain outstanding (as defined in the Issue and Paying Agency Agreement) neither the Issuer nor the Guarantor will create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its present or future assets, undertakings or revenues as security for any Relevant Debt or any guarantee of or indemnity in respect of any Relevant Debt unless, at the same time or prior thereto, the Issuer's obligations under the Senior Notes, Receipts and Coupons or, as the case may be, the Guarantor's obligations under the Senior Guarantee (i) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by a resolution of the relevant Holders of the Senior Notes.

- (b) For the purposes of this Condition, "**Relevant Debt**" means any present or future indebtedness in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which are for the time being, or are capable of being, quoted, listed or ordinarily dealt or traded in any listing authority, stock exchange, quotation system, over-the-counter or other securities market, having an original maturity of more than one year from its date of issue.
- (c) Nothing in this Condition 4 (*Negative Pledge*) shall prevent the Issuer or the Guarantor from creating or having outstanding any mortgage, lien (other than a lien arising by operation of law), pledge, charge or other security interest (for purposes of this Condition, each a "**Security**") upon, or with respect to, any of its present or future assets or revenues or any part thereof which is created pursuant to any securitisation, asset-backed financing or like arrangement in accordance with normal market practice in Spain and Italy (where applicable) and whereby the Relevant Debt (or any guarantee or other obligation in respect of any Relevant Debt) secured by such Security or having the benefit of such secured guarantee or other obligation is limited to the value of such assets or revenues.

5. **Interest**

Notes will be interest-bearing. The Final Terms in relation to each Tranche of Notes shall specify which of Condition 5A (*Interest – Fixed Rate*) or Condition 5B (*Interest – Floating Rate Notes Provisions*) shall be applicable and Condition 5C (*Interest – Supplemental Provision*) will be applicable to each Tranche of Notes as specified therein. In relation to any Tranche of Notes, the relevant Final Terms may specify actual amounts of interest payable rather than, or in addition to, a rate or rates at which interest accrues.

5A ***Interest — Fixed Rate***

Notes in relation to which this Condition 5A (*Interest – Fixed Rate*) is specified in the relevant Final Terms as being applicable shall bear interest from their date of issue (as specified in the relevant Final Terms) or from such other date as may be specified in the relevant Final Terms at the rate or rates specified in the relevant Final Terms. Such interest will be payable in arrear on such dates as are specified in the relevant Final Terms and on the date of final maturity thereof. Interest in respect of a period of less than one year will be calculated on such basis as may be specified in the relevant Final Terms.

5B ***Interest — Floating Rate Notes Provisions***

5B.01 Notes in relation to which this Condition 5B (*Interest – Floating Rate Notes Provisions*) is specified in the relevant Final Terms as being applicable, shall bear interest at the rate or rates determined in accordance with this Condition 5B (*Interest – Floating Rate Notes Provisions*). Condition 5C.01 shall apply to Notes to which this Condition 5B (*Interest – Floating Rate Notes Provisions*) applies.

5B.02 Such Notes shall bear interest from their date of issue (as specified in the relevant Final Terms) or from such other date as may be specified in the relevant Final Terms. Such interest will be payable in arrear on each Interest Payment Date (as defined in Condition 5C.01) and on the maturity date.

5B.03 ***Screen Rate Determination***

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

Condition 5C.01) shall be determined by the Determination Agent (as defined in Condition 5C.03) on the following basis:

- (i) the Determination Agent will determine the offered rate for deposits (or, as the case may require, the arithmetic mean (rounded, if necessary, to the nearest ten thousandth of a percentage point, 0.00005 being rounded upwards) of the rates for deposits) in the relevant currency for a period of the duration of the relevant Interest Period on the Relevant Screen Page as of 11.00 a.m. (London time, in the case of the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (as at the date of the Base Prospectus, Thomson Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks ("**LIBOR**"), or Brussels time, in the case of the interest rate benchmark known as the Euro-zone interbank offered rate which is calculated and published by a designated distributor (as at the date of the Base Prospectus, Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks ("**EURIBOR**")) on the second London Banking Day (as defined in Condition 5B.03) or, in the case of Notes denominated in euro, on the second TARGET Business Day (as defined in Condition 9B.02), before (or, in the case of Notes in another currency if so specified in the relevant Final Terms, on) the first day of the relevant Interest Period (the "**Interest Determination Date**");
- (ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the relevant time on the relevant Interest Determination Date, where:
 - (A) one rate shall be determined as if the relevant period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
 - (B) the other rate shall be determined as if the relevant period were the period of time for which rates are available next longer than the length of the relevant Interest Period;

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate;
- (iii) if, on any Interest Determination Date, no such rate for deposits so appears (or, as the case may be, if fewer than two such rates for deposits so appear) or if the Relevant Screen Page is unavailable, the Determination Agent will request appropriate quotations and will determine the arithmetic mean (rounded as aforesaid) of the rates at which deposits in the relevant currency are offered by four major banks in the London interbank market or, where the basis for calculating the Rate of Interest is EURIBOR, in the Euro-zone interbank market, selected by the Determination Agent, at approximately 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date to prime banks in the London interbank market or, where the basis for calculating the Rate of Interest is EURIBOR, in the Euro-zone interbank market for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time;

- (iv) if, on any Interest Determination Date, only two or three rates are so quoted, the Determination Agent will determine the arithmetic mean (rounded as aforesaid) of the rates so quoted; or
- (v) if fewer than two rates are so quoted, the Determination Agent will determine the arithmetic mean (rounded as aforesaid) of the rates quoted by four major banks in the Relevant Financial Centre (as defined in Condition 9B.02) (or, in the case of Notes denominated in euro, in such financial centre or centres as the Determination Agent may select) selected by the Determination Agent, at approximately 11.00 a.m. (Relevant Financial Centre time (or local time at such other financial centre or centres as aforesaid)) on the first day of the relevant Interest Period for loans in the relevant currency to leading European banks for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time,

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

5B.04 **ISDA Determination**

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

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms;
- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on LIBOR for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms; and
- (iv) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:

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

provided, however, that if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

5B.05 *Determination of Rates*

The Determination Agent will, as soon as practicable after determining the Rate of Interest in relation to each Interest Period, calculate the amount of interest (the "**Interest Amount**") payable in respect of the principal amount of the smallest or minimum denomination of such Notes specified in the relevant Final Terms for the relevant Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to such principal amount, multiplying the product by a fraction (day count fraction) the numerator of which is the actual number of days in the Interest Period concerned and the denominator for which is 360 (or, in the case of Notes denominated in pounds sterling, 365 or, when all or part of an Interest Period falls in a leap year, 366 for that proportion of the Interest Period so falling) or by such other day count fraction as may be specified in the relevant Final Terms and rounding the resulting figure to the nearest sub-unit of the currency in which such Notes are denominated or, as the case may be, in which such interest is payable (one half of any such sub-unit being rounded upwards).

5C *Interest — Supplemental Provision*

Interest Payment Date Conventions and other Calculations

5C.01

(a) *Business Day Convention*

The Final Terms in relation to each Series of Notes in relation to which this Condition 5C.01 is specified as being applicable shall specify which of the following conventions shall be applicable, namely:

- (i) the "**FRN Convention**", in which case interest shall be payable in arrear on each date (each an "**Interest Payment Date**") which numerically corresponds to their date of issue or such other date as may be specified in the relevant Final Terms or, as the case may be, the preceding Interest Payment Date in the calendar month which is the number of months specified in the relevant Final Terms after the calendar month in which such date of issue or such other date as aforesaid or, as the case may be, the preceding Interest Payment Date occurred **provided that**:
 - (a) if there is no such numerically corresponding day in the calendar month in which an Interest Payment Date should occur, then the relevant Interest Payment Date will be the last day which is a Business Day (as defined in Condition 9B.02) in that calendar month;
 - (b) if an Interest Payment Date would otherwise fall on a day which is not a Business Day, then the relevant Interest Payment Date will be the first following day which is a Business Day

unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

- 5C.02 The Determination Agent will cause each Rate of Interest, floating rate, Interest Payment Date, final day of a calculation period, Interest Amount, floating amount or other item, as the case may be, determined or calculated by it to be notified to the Issuer and the Issue and Paying Agent. The Issue and Paying Agent will cause all such determination or calculations to be notified to the other Paying Agents (from whose respective specified offices such information will be available) and to the Holders in accordance with Condition 14 (*Notices*) as soon as practicable after such determination or calculation but in any event not later than the fourth London Banking Day thereafter or, if earlier, in the case of notification to any listing authority, stock exchange and/or quotation system, the time required by the rules of any such listing authority, stock exchange and/or quotation system. The Determination Agent will be entitled to amend any Interest Amount, floating amount, Interest Payment Date or final day of a calculation period (or to make appropriate alternative arrangements by way of adjustment) without prior notice in the event of the extension or abbreviation of any relevant Interest Period or calculation period and such amendment will be notified in accordance with the first two sentences of this Condition 5C.02.
- 5C.03 The determination by the Determination Agent of all items falling to be determined by it pursuant to these Terms and Conditions shall, in the absence of manifest error, be final and binding on all parties.

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

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

Accrual of Interest

- 5C.04 Interest shall accrue on the principal amount of each Note or, in the case of an Instalment Note, on each instalment of principal, on the paid up principal amount of such Note or otherwise as indicated in the Final Terms from the Interest Commencement Date (as specified in the Final Terms). Interest will cease to accrue as from the due date for redemption therefor (or, in the case of an Instalment Note, in respect of each instalment of principal, on the due date for payment thereof) unless upon (except in the case of any payment where presentation and/or surrender of the relevant Note is not required as a precondition of payment) due presentation or surrender thereof, payment in full of the principal amount or the relevant instalment or, as the case may be, redemption amount is improperly withheld or refused or default is otherwise made in the payment thereof in which case interest shall continue to accrue thereon (as well after as before any demand or judgment) at the rate then applicable to the principal amount of the Notes or such other rate as may be specified in the relevant Final Terms (the **"Default Rate"**) until the earlier of (i) the date on which, upon due presentation of the relevant Note (if required), the relevant payment is made or (ii) (except in the case of any payment where presentation and/or surrender of the relevant Note is not required as a precondition of payment) the seventh day after the date on which notice is given to the Holders in accordance with Condition 14 (*Notices*) that the Issue and Paying Agent has received the funds required to make such payment (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

6. Redemption and Purchase

Redemption at Maturity

- 6.1 Unless previously redeemed, or purchased and cancelled as specified below, each Note shall be redeemed by the Issuer at its maturity redemption amount specified in the relevant Final Terms (the **"Maturity Redemption Amount"**) (or, in the case of Instalment Notes, in such number of instalments and in such amounts as may be specified in the relevant Final Terms) on the date or dates (or, in the case of Notes which bear interest at a floating rate of interest, on the date or dates upon which interest is payable) specified in the relevant Final Terms.
- 6.2 Subordinated Notes shall have a minimum maturity period of five years, as provided under the Prudential Regulations for Banks. Notwithstanding the provisions of this Condition 6.2 (Redemption and Purchase), (i) to the extent required by the Applicable Banking Regulations, the redemption of any series of Subordinated Notes at their Maturity Date shall be subject to the prior approval of the Bank of Italy; and/or (ii) the early redemption of any series of Subordinated Notes shall always be subject to the prior approval of the Bank of Italy. Failure to redeem any such Notes where such consent has not been granted shall not constitute a default of the Issuer for any purpose.

Early Redemption for Taxation Reasons

- 6.3 If, in relation to any Series of Notes, provided the Issuer satisfies the Issue and Paying Agent that (i) as a result of any change in the laws or regulations of Italy or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws or regulations which becomes effective on or after the date of issue of such Notes or any other date specified in the relevant Final Terms, the Issuer would be required to pay additional amounts as provided in Condition 8 (*Taxation*), (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it and (iii) in the case of Subordinated Notes only if the circumstances under points (i) and (ii) above have occurred before five years from the issue of the relevant Subordinated Notes, the Issuer has demonstrated to the satisfaction of the Relevant Authority that such change is material and was not reasonably foreseeable at the Issue Date, the Issuer may, at its option (but, in the case of Subordinated Notes

subject to approval thereto having been obtained from the Bank of Italy) and having given no less than 30 nor more than 60 days' notice (ending, in the case of Notes which bear interest at a floating rate, on a day upon which interest is payable) to the Holders of the Notes in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes comprising the relevant Series at their early tax redemption amount (the "**Early Redemption Amount (Tax)**") (which shall be their outstanding principal amount or at such other Early Redemption Amount (Tax) as may be specified in the relevant Final Terms), less, in the case of any Instalment Note, the aggregate amount of all instalments that shall have become due and payable in respect of such Note prior to the date fixed for redemption under any other Condition (which amount, if and to the extent not then paid, remains due and payable), together with accrued interest (if any) thereon (calculated as provided in these Terms and Conditions and the Issue and Paying Agency Agreement) **provided, however, that** (i) no such notice of redemption may be given earlier than 90 days (or, in the case of Notes which bear interest at a floating rate a number of days which is equal to the aggregate of the number of days falling within the then current interest period applicable to the Notes plus 60 days) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6.3 the Issuer shall deliver to the Issue and Paying Agent (A) a certificate signed by two Directors of the Issuer stating that the said circumstances prevail and describing the facts leading thereto, and the Issue and Paying Agent shall be entitled to accept such certificate as sufficient evidence of the condition precedent set out in (ii) above in which case it shall become conclusive and binding on the relevant Noteholders and (B) an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail, and the Issue and Paying Agent shall be entitled to accept such opinion as sufficient evidence of the condition precedent set out in (i) above in which case it shall become conclusive and binding on the relevant Noteholders.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under Condition 6.7 (*Optional Early Redemption (Put)*).

Optional Early Redemption (Call)

- 6.4 If this Condition 6.4 is specified in the relevant Final Terms as being applicable, then the Issuer may, subject in the case of Subordinated Notes to the prior approval of the Bank of Italy, having given the appropriate notice (as defined in 6.5 below) to the Noteholders and having notified the Issue and Paying Agent prior to the provision of such notice and subject to such conditions as may be specified in the Final Terms, redeem all (but not, unless and to the extent that the relevant Final Terms specifies otherwise, some only) of the Notes of the relevant Series at their call early redemption amount (the "**Early Redemption Amount (Call)**") (which shall be their outstanding principal amount or such other Early Redemption Amount (Call) as may be specified in the relevant Final Terms) less, in the case of any Instalment Note, the aggregate amount of all instalments that shall have become due and payable under any other Condition (which amount, if and to the extent not then paid, remains due and payable), together with accrued interest (if any) thereon (calculated as provided in this Condition and the Issue and Paying Agency Agreement) on the date specified in such notice.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under Condition 6.7 (*Optional Early Redemption (Put)*).

- 6.5 The appropriate notice referred to in Condition 6.4 is a notice given by the Issuer to the Issue and Paying Agent and the Holders of the Notes of the relevant Series in accordance with Condition 14 (*Notices*), which notice shall be signed by two duly authorised officers of the Issuer and shall specify:
- the Series of Notes subject to redemption;
 - whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Notes of the relevant Series which are to be redeemed;

- the due date for such redemption which shall be a Business Day, which shall be not less than 30 days (or such lesser period as may be specified in the relevant Final Terms) after the date on which such notice is validly given and which is, in the case of Notes which bear interest at a floating rate, a date upon which interest is payable; and
- the Early Redemption Amount (Call) at which such Notes are to be redeemed.

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

Partial Redemption

- 6.6 If the Notes of a Series are to be redeemed in part only on any date in accordance with Condition 6.4 (*Optional Early Redemption (Call)*), the Notes to be redeemed shall be drawn by lot in such European city as the Issue and Paying Agent may specify, or identified in such other manner or in such other place as the Issue and Paying Agent may approve and deem appropriate and fair subject always to compliance with all applicable laws and the requirements of any listing authority, stock exchange and/or quotation system on which the relevant Notes may be listed and/or quoted.

In connection with an exercise of the option contained in Condition 6.4 (*Optional Early Redemption (Call)*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Optional Early Redemption (Put) – Senior Notes

- 6.7 If this Condition 6.7 is specified in the relevant Final Terms as being applicable to the Senior Notes, then the Issuer shall, upon the exercise of the relevant option by the Holder of any Senior Note of the relevant Series, redeem such Senior Note on the date or the dates specified in the relevant Final Terms at its put early redemption amount (the "**Early Redemption Amount (Put)**") (which shall be its principal amount or such other Early Redemption Amount (Put) as may be specified in the relevant Final Terms) less, in the case of any Instalment Note, the aggregate amount of all instalments that shall have become due and payable in respect of such Instalment Note under any other Condition prior to the date fixed for redemption (which amount, if and to the extent not then paid, remains due and payable), together with accrued interest (if any) thereon. In order to exercise such option, the Holder must, not less than 60 days before the date so specified (or such other period as may be specified in the relevant Final Terms), deposit the relevant Senior Note (together, in the case of a Definitive Note, with any unmatured Coupons appertaining thereto) with any Paying Agent together with a duly completed redemption notice in the form which is available from the specified office of any of the Paying Agents. No Senior Note so deposited and option exercised may be withdrawn (except as provided in the Issue and Paying Agency Agreement).

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

The Holder of a Note may not exercise such option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under either Condition 6.3 (*Early Redemption for Taxation Reasons*) or this Condition 6.7 (*Optional Early Redemption (Put)*).

Regulatory Event Redemption of Subordinated Notes

- 6.8 If a Regulatory Call is specified in the applicable Final Terms and the Issuer determined that a Regulatory Event has occurred, the Issuer may, subject to such redemption being permitted by the Applicable Banking Regulations then in force and subject to the permission of the Relevant Authority, redeem such Subordinated Notes, in whole but not in part, at the Regulatory Event Redemption Amount specified in the applicable Final Terms, together with any accrued but

unpaid interest to the date fixed for redemption, **provided that** the Issuer has given notice to the Noteholders of such Subordinated Notes (such notice being irrevocable) within the time period specified in the relevant Final Terms, which notice shall specify the date fixed for such redemption.

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

"Applicable Banking Regulations" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in Italy including, without limitation to the generality of the foregoing, those regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Bank of Italy (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and including, for the avoidance of doubt, as at the Issue Date the rules contained in, or implementing, CRD IV).

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

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

"CRD IV Directive" means the Directive 2013/36 of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

"CRD IV Implementing Measures" means any regulatory capital rules implementing the CRD IV Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the Bank of Italy, the European Banking Authority or any other relevant authority, which are applicable to the Issuer (on a standalone basis) or the Issuer together with its consolidated Subsidiaries (on a consolidated basis) and which prescribe the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital of the Issuer (on a standalone or consolidated basis).

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

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

"Relevant Authority" means the Bank of Italy or other governmental authority in Italy (or other country in which the Issuer is then domiciled having the responsibility of making such decisions).

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

Purchase of Notes

- 6.9 The Issuer and any of its subsidiaries may (but, in the case of Subordinated Notes, subject to the restrictions set out under the Bank of Italy's Regulations) at any time purchase Notes of a Series insofar as this is permitted by Italian law in the open market or otherwise and at any price

provided that, in the case of Definitive Notes, all unmatured Receipts, and Coupons appertaining thereto are purchased therewith. If purchases are made by tender, tenders must be available to all Holders of such Series alike in a place and following procedures previously approved in writing by the Issue and Paying Agent.

Retention or Cancellation of Redeemed and Purchased Notes

- 6.10 Any Notes purchased by the Issuer or a subsidiary of the Issuer pursuant to Condition 6.9 (*Purchase of Notes*) may, at the option of the Issuer or the relevant subsidiary, be retained by the Issuer or the relevant subsidiary, or be resold or surrendered by the Issuer or that subsidiary to a Paying Agent for cancellation and cannot thereafter be reissued or resold.

Further Provisions applicable to Redemption Amount and Instalment Amounts

- 6.11 The provisions of Condition 5C.02 (*Notification of Rates of Interest, Interest Amounts and Interest Payment Dates*) shall apply to any determination or calculation of the Redemption Amount or any Instalment Amount required by the Final Terms to be made by the Determination Agent.
- 6.12 References herein to "**Redemption Amount**" shall mean, as appropriate, the Maturity Redemption Amount, the final Instalment Amount, Early Redemption Amount (Tax), Early Redemption Amount (Call), Early Redemption Amount (Put) and Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in the Final Terms.

Notices

- 6.13 Notices of early redemption (whether full or partial) of Notes shall be given in accordance with Condition 14 (*Notices*).

Notification of Irish Stock Exchange

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

7. Events of Default

- 7.1 This Condition 7.1 shall apply only to Senior Notes and references to "**Notes**" in this Condition shall be construed accordingly. Unless otherwise specified in the relevant Final Terms, if any of the following events occurs and is continuing (each a "**Senior Notes Event of Default**"), such Event of Default shall be an acceleration event in relation to the Notes of any Series of Senior Notes, namely:
- (i) **Non-payment**: if default is made in the payment of any interest or principal due in respect of the Notes of the relevant Series or any of them and such default continues for a period of seven days (or such other period as may be specified in the relevant Final Terms); or
 - (ii) **Breach of other obligations**: if the Issuer or the Guarantor fails to perform or observe any of its other obligations under or in respect of the Notes, the Senior Guarantee, the Subordinated Guarantee, the Issue and Paying Agency Agreement and (except in any case where such failure is incapable of remedy when no such continuation as is hereinafter mentioned will be required) the failure continues for a period of 30 days following written notice by any Noteholder to the Issuer and the Guarantor or to the specified office of the Issue and Paying Agent requiring the same to be remedied; or
 - (iii) **Cross default**: if any Indebtedness for Borrowed Money (as defined in Condition 7.2) of the Issuer or the Guarantor becomes due and repayable prior to its stated maturity by reason of an event of default (however described) or the Issuer or the Guarantor fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for such payment or within any originally applicable grace period, or any security given by the Issuer or the Guarantor for any Indebtedness for Borrowed Money becomes enforceable and steps are taken to enforce the same, or if default is made by the Issuer or

the Guarantor in making any payment when due (or within any originally applicable grace period in respect thereof) under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person, **provided that** no such event as aforesaid shall constitute an Event of Default unless the Indebtedness for Borrowed Money or other liability relative thereto either alone or when aggregated with other Indebtedness for Borrowed Money and/or other liabilities relative to all (if any) other such events which shall have occurred shall amount to at least U.S.\$50,000,000 (or its equivalent in any other currency on the basis of the middle spot rate for the relevant currency against the U.S. dollars as quoted by any leading bank on the day on which this paragraph operates); or

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

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

- 7.3 This Condition shall apply only to Subordinated Notes and references to "**Notes**" in this Condition shall be construed accordingly. If any of the following events occurs and is continuing (each, a "**Subordinated Notes Event of Default**" and together with the Senior Notes Events of Default, an "**Event of Default**"), such Event of Default shall be an acceleration event in relation to the notes of any Series of Subordinated Notes, namely:
- (i) *Winding-up etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
 - (ii) *Analogous event*: any event occurs which under the laws of Italy has an analogous effect to any of the events referred to in paragraph (i) (*Winding-up etc.*) above.
- 7.4 If any Event of Default shall occur in relation to any Series of Notes, each Noteholder may, by written notice to the Issuer and the Guarantor, at the specified office of the Issue and Paying Agent, declare that their Note or Notes and all interest then accrued on such Note or Notes shall be forthwith due and payable, whereupon the same shall become immediately due and payable at its early termination amount (the "**Early Termination Amount**") (which shall be its principal amount or such other Early Termination Amount as may be specified in the relevant Final Terms) less, in the case of any Instalment Note, the aggregate amount of all instalments that shall have become due and payable in respect of such Notes under any other Condition prior to the date fixed for redemption (which amount, if and to the extent not then paid, remains due and payable), together with all interest (if any) accrued thereon without presentment, demand, protest or other notice of any kind, all of which the Issuer and the Guarantor will expressly waive, anything contained in such Note or Notes to the contrary notwithstanding, unless, prior thereto, all Events of Default in respect of the Notes of the relevant Series shall have been cured.
8. **Taxation**
- 8.1 All amounts payable (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Notes, the Receipts, the Coupons, the Senior Guarantee and the Subordinated Guarantee by the Issuer or the Guarantor will be made free and clear of, and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by, within or on behalf of Italy or Spain or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Holder of any Note, Receipt or Coupon of such amounts as would have been received by them had no such withholding or deduction been required.
- 8.2 Neither the Issuer nor the Guarantor shall be required to pay any additional amounts as referred to in Condition 8.1 in relation to any payment in respect of any Note, Receipt or Coupon:
- (i) to, or to a third party on behalf of, a Holder of a Note, Receipt or Coupon who is liable for such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with Italy other than the mere holding of such Note, Receipt or Coupon; or
 - (ii) presented for payment more than 30 days after the Relevant Date, except to the extent that the relevant Holder would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of 30 days.
- 8.3 For the purposes of these Terms and Conditions, the "**Relevant Date**" means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Issue and Paying Agent on or prior to such due date, it means the first date on which, the full amount of such moneys having been so received and being available for payment to Holders of Notes, Receipts and Coupons, notice to that effect shall have been duly given to the Holders of the Notes of the relevant Series in accordance with Condition 14 (*Notices*).

8.4 Unless the context otherwise requires, any reference in these Terms and Conditions to "**principal**" shall include any premium payable in respect of a Note, any Instalment Amount or Redemption Amount and any other amounts in the nature of principal payable pursuant to these Terms and Conditions and "**interest**" shall include all amounts payable pursuant to Condition 5 (*Interest*) and any other amounts in the nature of interest payable pursuant to these Terms and Conditions.

9. **Payments**

9A ***Payments***

9A.01 Payment of amounts (other than interest) due in respect of Bearer Notes will be made against presentation and (save in the case of a partial redemption which includes, in the case of an Instalment Note, payment of any instalment other than the final instalment) surrender of the relevant Bearer Notes at the specified office of any of the Paying Agents.

9A.02 Payment of amounts in respect of interest on Bearer Notes will be made:

- (i) in the case of a Temporary Global Note or Permanent Global Note, against presentation of the relevant Temporary Global Note or Permanent Global Note at the specified office of any of the Paying Agents outside (unless Condition 9A.03 applies) the United States and, in the case of a Temporary Global Note, upon due certification as required therein;
- (ii) in the case of Definitive Notes without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Definitive Notes at the specified office of any of the Paying Agents outside (unless Condition 9A.03 applies) the United States; and
- (iii) in the case of Definitive Notes delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons or, in the case of interest due otherwise than on a scheduled date for the payment of interest, against presentation of the relevant Definitive Notes, in either case at the specified office of any of the Paying Agents outside (unless Condition 9A.04 applies) the United States.

9A.03 Payments of amounts due in respect of interest on the Bearer Notes and exchanges of Talons for Coupon sheets in accordance with Condition 9A.06 will not be made at the specified office of any Paying Agent in the United States (as defined in the United States Internal Revenue Code and Regulations thereunder) unless (a) payment in full of amounts due in respect of interest on such Notes when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions, and (b) such payment or exchange is permitted by applicable United States law. If parts (a) and (b) of the previous sentence apply, the Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City.

9A.04 If the due date for payment of any amount due in respect of any Bearer Note is not a Relevant Financial Centre Day (as defined in Condition 9B.02) and (in the case of Definitive Notes only) a local banking day (as defined in Condition 9B.02), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day and, thereafter will be entitled to receive payment on a Relevant Financial Centre Day and (in the case of Definitive Notes only) a local banking day and no further payment on account of interest or otherwise shall be due in respect of such delay or adjustment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5C.04 (*Accrual of Interest*).

9A.05 Each Definitive Note initially delivered with Coupons attached thereto should be presented and, save in the case of partial payment which includes, in the case of an

Instalment Note, payment of any instalment other than the final instalment, surrendered for final redemption together with all unmatured Coupons and Talons appertaining thereto, failing which:

- (i) in the case of Definitive Notes which bear interest at a fixed rate or rates, the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the redemption amount paid bears to the total redemption amount due) (excluding, for this purpose, Talons) will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time within ten years of the Relevant Date applicable to payment of such final redemption amount;
- (ii) in the case of Definitive Notes which bear interest at, or at a margin above or below, a floating rate, all unmatured Coupons (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) relating to such Definitive Notes (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them; and
- (iii) in the case of Definitive Notes initially delivered with Talons attached thereto, all unmatured Talons (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them.

The provisions of paragraph (i) of this Condition 9A.05 notwithstanding, if any Definitive Notes which bear interest at a fixed rate or rates should be issued with a maturity date and a fixed rate or fixed rates such that, on the presentation for payment of any such Definitive Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required by paragraph (i) to be deducted would be greater than the amount otherwise due for payment, then, upon the due date for redemption of any such Definitive Note, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon application of the provisions of paragraph (i) in respect of such Coupons as have not so become void, the amount required by paragraph (i) to be deducted would not be greater than the amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Definitive Note to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

- 9A.06 In relation to Definitive Notes initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside (unless Condition 9A.03 applies) the United States in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 10 (*Prescription*) below. Each Talon shall, for the purpose of these Conditions, be deemed to mature on the due date for the payment of interest on which the final Coupon comprised in the relative Coupon sheet matures.
- 9A.07 For the purposes of these Terms and Conditions, the "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

9B ***Payments — General Provisions***

- 9B.01 Payments of amounts due (whether principal, redemption amount, interest or otherwise) in respect of Notes will be made in the currency in which such amount is due by (a)

cheque or (b) at the option of the payee, transfer to an account denominated in the relevant currency specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8 (*Taxation*)) any law implementing an intergovernmental approach thereto.

9B.02 For the purposes of these Terms and Conditions:

- (i) "**Business Day**" means a day:
 - in relation to Notes denominated or payable in euro which is a TARGET Business Day; and
 - in relation to Notes payable in any other currency, on which commercial banks are open for business and foreign exchange markets settle payments in the Relevant Financial Centre in respect of the relevant currency; and, in either case,
 - on which commercial banks are open for business and foreign exchange markets settle payments in any place specified in the relevant Final Terms;
- (ii) "**local banking day**" means a day (other than a Saturday and Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place of presentation of the relevant Note or, as the case may be, Coupon;
- (iii) "**Relevant Financial Centre**" means such financial centre or centres as may be specified in relation to the relevant currency for the purposes of the definition of "**Business Day**" in the ISDA Definitions;
- (iv) "**Relevant Financial Centre Day**" means, in the case of any currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the Relevant Financial Centre (which in the case of Australian dollars shall be Melbourne and which in the case of New Zealand dollars shall be Wellington) and in any other place specified in the relevant Final Terms and in the case of payment in euro, a day which is a TARGET Business Day;
- (v) "**TARGET Business Day**" means any day on which the TARGET2 System, or any successor thereto, is open for the settlement of payments in euro; and
- (vi) "**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) payment system which utilises a single shared platform and which was launched on 19 November 2007.

10. Prescription

- 10.1 Claims against the Issuer for payment of principal and interest in respect of Notes will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date for payment thereof.
- 10.2 In relation to Definitive Notes initially delivered with Talons attached thereto, there shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue pursuant to Condition 9A.05 or the due date for the payment of which would fall after the due date for the redemption of the relevant Note or which would be void pursuant to this

Condition 10 (*Prescription*) or any Talon the maturity date of which would fall after the due date for redemption of the relevant Note.

11. The Paying Agents and the Determination Agent

11.1 The initial Paying Agents and their respective initial specified offices are specified below. The Determination Agent in respect of any Notes shall be specified in the Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Issue and Paying Agent) or the Determination Agent and to appoint additional or other Paying Agents or another Determination Agent **provided that** it will at all times maintain (i) an Issue and Paying Agent, (ii) a Paying Agent (which may be the an Issue and Paying Agent) with a specified office in a continental European city, (iii) so long as the Notes are listed on the Irish Stock Exchange Plc and/or any other listing authority, stock exchange and/or quotation system, a Paying Agent (which may be the Issue and Paying Agent) with a specified office in Dublin and/or in such other place as may be required by the rules of such other listing authority, stock exchange and/or quotation system, (iv) in the circumstances described in Condition 9A.03, a Paying Agent with a specified office in New York City and (v) a Determination Agent where required by the Terms and Conditions applicable to any Notes (in the case of (i), (ii) and (vi) with a specified office located in such place (if any) as may be required by the Terms and Conditions). The Paying Agents and the Determination Agent reserve the right at any time to change their respective offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of the Paying Agents or the Determination Agent will be given promptly by the Issuer to the Holders of the Notes in accordance with Condition 14 (*Notices*).

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

12. Replacement of Notes

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

13. Meetings of Noteholders; Modification and Waiver

13.1 The Issue and Paying Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Terms and Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution (as defined in the Issue and Paying Agency Agreement). Such a meeting may be convened by the Issuer and the Guarantor (acting together) and shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Voters (as defined in the Issue and Paying Agency Agreement) being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** Reserved Matters (as defined in the Issue and Paying Agency Agreement) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes

form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Holders of Notes and/or Coupons, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- 13.2 The Notes, these Terms and Conditions, the Deed of Covenant and the Senior Guarantee and Subordinated Guarantee may be amended without the consent of the Holders of Notes and/or Coupons to correct a manifest error. In addition, the parties to the Issue and Paying Agency Agreement may agree to modify any provision thereof, but the Issuer and the Guarantor shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

14. **Notices**

Notices to Holders of Notes will be deemed to be validly given if published in an English language daily newspaper in London (which is expected to be the *Financial Times*) or on the website of the Irish Stock Exchange Plc if the Notes are listed on the Irish Stock Exchange Plc (so long as such Notes are listed on the Irish Stock Exchange Plc and the rules of that exchange so require), in a leading newspaper having general circulation in Ireland or, in either case if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe or, in the case of a Temporary Global Note or Permanent Global Note, if delivered to Euroclear and Clearstream, Luxembourg and any other relevant clearing system for communication by them to the persons shown in their respective records as having interests therein **provided that**, in the case of Notes admitted to listing on any listing authority, stock exchange and/or quotation system, the requirements of such listing authority, stock exchange and/or quotation system, have been complied with. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the first date on which publication is made) or, as the case may be, on the fourth day after the date of such delivery to Euroclear and Clearstream, Luxembourg and any other relevant clearing system. Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Bearer Notes in accordance with this Condition 14.

15. **Further Issues**

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

16. **Currency Indemnity**

The currency in which the Notes are denominated or, if different, payable, as specified in the relevant Final Terms (the "**Contractual Currency**") is the sole currency of account and payment for all sums payable by the Issuer in respect of the Notes, including damages. Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Holder of a Note or Coupon in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the Contractual Currency which such Holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount is less than the amount in the Contractual Currency expressed to be due to any Holder of a Note or Coupon in respect of such Note or Coupon the Issuer shall indemnify such Holder against any loss sustained by such Holder as a result. In any event, the Issuer shall indemnify each such Holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a

separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder of a Note or Coupon and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Notes or any judgment or order. Any such loss aforesaid shall be deemed to constitute a loss suffered by the relevant Holder of a Note or Coupon and no proof or evidence of any actual loss will be required by the Issuer.

17. **Waiver and Remedies**

No failure to exercise, and no delay in exercising, on the part of the Holder of any Note, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

18. **Law and Jurisdiction**

- 18.1 The subordination provisions in relation to the Notes are governed by Italian law. The status of the Senior Guarantee and any Subordinated Guarantee in respect of the Notes will be governed by Spanish law. Save as aforesaid, the terms and conditions of the Notes, the Issue and Paying Agency Agreement, the Deed of Covenant, the Senior Guarantee and any Subordinated Guarantee, and all non-contractual obligations arising out of or in connection with the terms and conditions of the Notes, the Issue and Paying Agency Agreement, the Deed of Covenant and the Senior Guarantee and any Subordinated Guarantee, are governed by, and shall be construed in accordance with, English law.
- 18.2 The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or in connection with the Notes including a dispute regarding the existence, validity or termination of the Notes or any non-contractual obligation arising out of or in connection with the Notes or the consequences of their nullity.
- 18.3 The Issuer and the Guarantor irrevocably waive any objection which they might now or hereafter have to the courts of England being nominated as the forum to hear and determine any proceedings and to settle any Disputes and agrees not to claim that any such court is not a convenient or appropriate forum.
- 18.4 Without prejudice to any other mode of service allowed under any relevant law, the Issuer and the Guarantor each (a) appoint Banco Santander, S.A. London Branch at 2 Triton Square, Regent's Place London NW1 3AN, United Kingdom as its agent for service of process in relation to any proceedings or, if different, at any other address of the Issuer in Great Britain at which service of process may from time to time be served on it and (b) agree that failure by an agent for service of process to notify the Issuer and the Guarantor of the process will not invalidate the proceedings concerned. If the appointment of the person mentioned in this Condition 18.4 ceases to be effective, the Issuer and the Guarantor shall forthwith appoint a further person in England to accept service of process on its behalf in England and notify the name and address of such person to the Issue and Paying Agent and, failing such appointment within fifteen days, any Holder of Notes shall be entitled to appoint such a person by written notice addressed to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor or to the specified office of the Issue and Paying Agent. Nothing contained herein shall affect the right of any Holder of Notes to serve process in any other manner permitted by law. This Condition 18.4 applies to proceedings in England and to proceedings elsewhere.
- 18.5 The submission to the exclusive jurisdiction of the courts of England is for the benefit of the Holders of the Notes only and therefore shall not (and shall not be construed so as to) limit the right of the Holders of the Notes or any of them to take proceedings in any other court of competent jurisdiction nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

19. **Rights of Third Parties**

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

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of less than EUR 100,000 (or its equivalent in another currency).

Final Terms dated [•]

Santander Consumer Bank, S.p.A.
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Guaranteed by Santander Consumer Finance, S.A.
under the EUR 3,000,000,000

Euro Medium Term Note Programme

[Any person making or intending to make an offer of the Notes may only do so]:

- (i) in those Public Offer Jurisdictions mentioned in Paragraph 8(vii) of Part B below, provided such person is a Dealer or Authorised Offeror (as such term is defined in the Base Prospectus) and that such offer is made during the Offer Period specified for such purpose therein and that any conditions relevant to the use of the Base Prospectus are complied with; or
- (ii) otherwise³ in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor the Guarantor nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

Neither the Issuer nor the Guarantor nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive) and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.]

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 18 July 2016 [and the supplemental Base Prospectus dated [insert date]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. However, a summary of the issue of the Notes is annexed to these Final Terms. The Base Prospectus is available for viewing [at [the website of the Irish Stock Exchange Plc]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 2 July 2015 which are incorporated by reference in the Base Prospectus dated 18 July 2016. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 18 July 2016 [and the supplement(s) to it dated [insert date]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"), save in respect of the Conditions which are extracted from the Prospectus dated 2 July 2015. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Base Prospectus [and the supplement(s) dated [insert date]].

³ Include this legend where a Public Offer of Notes is anticipated.

However, a summary of the issue of the Notes is annexed to these Final Terms. The Base Prospectus is available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].]

[In accordance with the Prospectus Directive, no prospectus is required in connection with the issuance of the Notes described herein.]

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

1.
 - (i) Issuer: Santander Consumer Bank S.p.A.
 - (ii) Guarantor: Santander Consumer Finance, S.A.
2.
 - (i) Series Number: [•]
 - [(ii)] Tranche Number: [•]
 - [(iii)] Date on which the Notes become fungible: [Not applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the *[insert description of the Series]* on *[insert date/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [20] below [which is expected to occur on or about [insert date]]]*.]
3. Specified Currency or Currencies: [•]
4. Aggregate Principal Amount: [•]
 - [(i)] Series: [•]
 - [(ii)] Tranche: [•]
5. Issue Price: [•] per cent. of the Aggregate Principal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. Specified Denominations: [•]
7.
 - (i) Issue Date: [•]
 - (ii) Interest Commencement Date: [Specify/Issue Date/Not applicable]
8. Maturity Date: *[Specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year]*
9. Interest Basis:

[[•] per cent. Fixed Rate]

[•] [•] [EURIBOR]/[LIBOR] +/- [•] per cent. Floating Rate]

(further particulars specified in paragraph [13]/[14] below)
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [*/][100]

- per cent. of their nominal amount.
11. Put/Call Options: [Investor Put]⁴
[Issuer Call]⁵
[(further particulars specified in paragraph [15]/[16] below)]
12. [(i)] Status of the Notes: [Senior/Subordinated]
[(ii)] Status of the Guarantee: [Senior/Subordinated]
[(iii)] [Date [Board] approval for issuance of Notes [and Guarantee] [respectively] obtained: *(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee).*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions: [Applicable/Not applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [•] in each year [adjusted in accordance with [specify Business Day Convention/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [•] per [•] Principal Amount
- (iv) Day Count Fraction: [30/360]/[30E/360]/[30E/360(ISDA)]/[Actual/Actual(ICMA)]/[Actual/Actual]/[Actual/365(Fixed)]/[Actual/360]
- (v) Determination Dates: [•] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon).
(N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))
- (vi) Broken Amount(s): [•] per Specified Denomination, payable on the Interest Payment Date falling [in/on] [•]
14. Floating Rate Note Provisions: [Applicable/Not applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Interest Period(s): [•] [, subject to adjustment in accordance with the Business Day Convention set out in

⁴ Not applicable in the case of Subordinated Notes. When applicable Euroclear must be given a minimum of 5 business days' notice and Clearstream, Luxembourg must be given a minimum of 15 business days' notice of exercise of Investor put option.

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

- (iv) below/, not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable]]
- (ii) Interest Payment Dates: [•]
- (iii) First Interest Payment Date: [•]
- (iv) Business Day Convention: [FRN Convention / Following Business Day Convention / Modified Following Business Day Convention] [Not Applicable]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (vi) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Agent]): [•] *[Party acting as Determination Agent]*
- (vii) Screen Rate Determination
- Reference Rate: [•] [•] [EURIBOR/LIBOR]
 - interest Determination Date(s): [•]
 - Relevant Screen Page: [•]
- (viii) ISDA Determination:
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
- (ix) [Linear Interpolation: Not Applicable / Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)
- The Calculation Agent shall be [the Issue and Paying Agent/[•]]
- (x) Margin(s): [+/-] [•] per cent. per annum
- (xi) Minimum Rate of Interest: [•] per cent. per annum
- (xii) Maximum Rate of Interest: [•] per cent. per annum
- (xiii) Day Count Fraction: [•]
- (xiv) Determination Agent: [Issue and Paying Agent/[•]/Not Applicable] (*specify in cases where Linear Interpolation is not applicable*)

PROVISIONS RELATING TO REDEMPTION

15. [Call Option and/or Regulatory Call]: [Applicable/Not applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(The clearing systems require a minimum of 5 business days notice if such an option is to be exercised)

- (i) Optional Early Redemption Date(s): [•]
- (ii) [Optional Early Redemption Amount (Call)/Regulatory Event Redemption Amount] of each Note: [•] per Specified Denomination
- (iii) If redeemable in part:
- Minimum Redemption Amount: [•] per Specified Denomination
 - Maximum Redemption Amount: [•] per Specified Denomination
- (iv) Notice period:⁶ [•]
16. Put Option: [Applicable/Not applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (Euroclear require a minimum of 5 business days' notice and Clearstream, Luxembourg require a minimum of 15 business days' notice if such an option is to be exercised)*
- (i) Optional Early Redemption Date(s): [•]
- (ii) Optional Early Redemption Amount (Put) of each Note: [•] per Specified Denomination
- (iii) Notice period:⁷ [•]
17. Maturity Redemption Amount of each Note: [•] per Specified Denomination
18. Early Redemption Amount (Tax): [•] per Specified Denomination
19. Early Termination Amount: [•] per Specified Denomination

GENERAL PROVISIONS APPLICABLE TO THE NOTES

20. Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]

⁶ *If setting notice periods which are different to those provided in the terms and conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issue and Paying Agent.*

⁷ *Euroclear and Clearstream, Luxembourg must be given 5 business days' notice of exercise of Issuer call option.*

[Permanent Global Note exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

21. New Global Note: [Yes] [No]
22. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.]
23. Business Day: [*Specify any additional financial centres necessary for the purposes of Condition [9B. 02]*]
24. Relevant Financial Centre: [•]
25. Relevant Financial Centre Day: [*Specify any additional financial centres necessary for the purposes of Condition [9B. 02], or [9A. 04].*]
26. Details relating to Instalment Notes: amount of each Instalment and date on which each payment is made: [Not applicable/give details]

Signed on behalf of **SANTANDER CONSUMER BANK S.P.A.**

By:
Authorised Signatory

Date

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

By:
Authorised Signatory

Date

PART B — OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Not Applicable] [Application has been made for the Notes to be admitted to listing on [the Official List of the Irish Stock Exchange Plc].]
- (ii) Admission to Trading: [Not Applicable] [Application has been made for the Notes to be admitted to trading on [the Regulated Market of the Irish Stock Exchange Plc].]

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

2. RATINGS

Ratings: The Notes to be issued have been rated:

[Standard & Poor's: [•]]

[Moody's: [•]]

[Fitch: [•]]

[[Other]: [•]]

[Option 1: Credit Rating Agency ("CRA") is (i) established in the EU and (ii) registered under the CRA Regulation:

[Insert legal name of particular credit rating agency entity providing rating] is established in the EU and registered under Regulation (EC) No 1060/2009, as amended (the "CRA Regulation").]

[Option 2: Credit Rating Agency ("CRA") is not established in the EU nor registered under the CRA Regulation:

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

[Option 3: Credit Rating Agency ("CRA") is not established in the EU but the relevant rating is endorsed by a CRA which is established and registered under the CRA Regulations:

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EU but the rating it has given to the Notes is endorsed by [insert legal name of credit rating agency], which is established in the EU and registered under Regulation (EC) No 1060/2009 (the "CRA Regulation").]

[Option 4: Credit Rating Agency ("CRA") is not established in the EU and the relevant rating is not endorsed under the CRA Regulation, but the CRA is certified in accordance with the CRA Regulation: [Insert legal name of particular credit rating agency entity providing rating] is not established in the EU but is certified under Regulation (EC) No 1060/2009 (the "CRA Regulation").]

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

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

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

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

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business. *(Amend as appropriate if there are other interests)*]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i) Reasons for the offer: [•]

(ii) Estimated net proceeds: [•]

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)]

(iii) Estimated total expenses: [•]

[Include breakdown of expenses]

5. **[[Fixed Rate Notes only - YIELD**

Indication of yield: [•]

[The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. **[Floating Rate Notes only — HISTORIC INTEREST RATES**

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

7. **OPERATIONAL INFORMATION**

ISIN: [•]

Common Code: [•]

Delivery: Delivery [against/free of] payment

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

Names and addresses of additional Paying [•]

Agent(s) (if any):

Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being specified that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

8. DISTRIBUTION

- | | | |
|-------|--|--|
| (i) | Method of distribution: | [Syndicated/Non-syndicated] |
| (ii) | If syndicated: | [Not Applicable/ <i>give names, addresses and underwriting commitments</i>] |
| | <ul style="list-style-type: none">• Names and addresses of Dealers and underwriting commitments: | [•]
<i>(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Dealers.)</i> |
| | <ul style="list-style-type: none">• Date of subscription agreement: | [•] |
| | <ul style="list-style-type: none">• Stabilising Manager(s) (if any): | [Not Applicable/[•]] |
| (iii) | If non-syndicated, name and address of Dealer: | [Not Applicable/ <i>give name and address</i>] |
| (iv) | Indication of the overall amount of the underwriting commission and of the | [•] per cent. of the Aggregate Nominal |

	placing commission:	Amount
(v)	US Selling Restrictions:	[Reg. S Compliance Category 2; TEFRA C/TEFRA D / TEFRA not applicable]
(vi)	Public Offer:	[Applicable][Not Applicable] <i>(If not applicable, delete the remaining placeholders of this sub-paragraph (vi) and also paragraph [9] below)</i>
(vii)	Public Offer Jurisdictions:	<i>[Specify relevant Member State(s) where the Issuer intends to make the Public Offer (where the Base Prospectus lists the Public Offer Jurisdictions, select from that list) which must therefore be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)]</i>
(viii)	Offer period:	<i>[Specify date] until [specify date]</i>
(ix)	Financial intermediaries granted specific consent to use the Base Prospectus in accordance with the conditions in it:	<i>[Insert names and addresses of financial intermediaries receiving consent (specific consent)]</i>
(x)	General Consent:	[Not Applicable] [Applicable]
(xi)	Other Authorised Offeror Terms:	[Not Applicable] <i>[Add here any other Authorised Offeror Terms].</i> <i>(Authorised Offeror Terms should only be included here where General Consent is Applicable)</i>

9. TERMS AND CONDITIONS OF THE OFFER

Offer Price:	[Issue Price] [•]
Conditions to which the offer is subject:	[Not applicable] [•]
Description of the application process:	[Not applicable] [•]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not applicable] [•]
Details of the minimum and/or maximum amount of application:	[Not applicable] [•]
Details of the method and time limits for paying up and delivering the Notes:	[Not applicable] [•]
Manner in and date on which results of the offer are to be made public:	[Not applicable] [•]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not applicable] [•]
Whether tranche(s) have been reserved for certain countries:	[Not Applicable] [•]

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not applicable] [•]

Amount of any expenses and taxes specifically charged to the subscriber or purchaser [Not applicable] [•]

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

SUMMARY OF THE ISSUE

*This summary relates to [insert description of Notes] described in the final terms (the "**Final Terms**") to which this summary is annexed. This summary contains that information from the summary set out in the Base Prospectus which is relevant to the Notes together with the relevant information from the Final Terms. Words and expressions defined in the Final Terms and the Base Prospectus have the same meanings in this summary.*

[Insert issue-specific summary by completing the summary of the Base Prospectus as appropriate to the terms of the specific issue].

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least EUR 100,000 (or its equivalent in another currency).

Final Terms dated [•]

Santander Consumer Bank, S.p.A.
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Guaranteed by Santander Consumer Finance, S.A.
under the EUR 3,000,000,000

Euro Medium Term Note Programme

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 18 July 2016 [and the supplement(s) to it dated [insert date]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Directive 2003/71/EC, as amended (the Prospectus Directive). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing [at [the website of the Irish Stock Exchange Plc]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 2 July 2015 which are incorporated by reference in the Base Prospectus dated 18 July 2016. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated 18 July 2016 [and the supplement(s) to it dated [insert date], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"), save in respect of the Conditions which are extracted from the Base Prospectus dated 2 July 2015. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Base Prospectus [and the supplement(s) dated [insert date]. The Base Prospectus is available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].]

The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

[In accordance with the Prospectus Directive, no prospectus is required in connection with the issuance of the Notes described herein.]

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

- | | | | |
|----|---------|--------------------------------|--|
| 1. | (i) | Issuer: | Santander Consumer Bank S.p.A. |
| | (ii) | Guarantor: | Santander Consumer Finance, S.A. |
| 2. | (i) | Series Number: | [•] |
| | [(ii)] | Tranche Number: | |
| | [(iii)] | Date on which the Notes become | [Not Applicable/The Notes shall be consolidated, form a single series and be |

	fungible:	interchangeable for trading purposes with the [insert description of the Series] on [insert date]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [20] below [which is expected to occur on or about [insert date]].]
3.	Specified Currency or Currencies	[•]
4.	Aggregate Principal Amount:	
	[(i)] Series:	
	[(ii)] Tranche:	
5.	Issue Price:	[•] per cent. of the Aggregate Principal Amount [plus accrued interest from <i>[insert date]</i> (if applicable)]
6.	Specified Denominations:	[•]
7.	(i) Issue Date:	[•]
	(ii) Interest Commencement Date:	[Specify/Issue Date/Not Applicable]
8.	Maturity Date:	<i>[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]</i>
9.	Interest Basis:	[[•] per cent. Fixed Rate] [•][•] [EURIBOR/LIBOR]+/- [•] per cent. Floating Rate] (further particulars specified in paragraph [13]/[14] below)
10.	Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [*]/[100] per cent. of their nominal amount.
11.	Put/Call Options:	[Investor Put] ⁸ [Issuer Call] ⁹ (further particulars specified in paragraph [15]/[16] below)
12.	[(i)] Status of the Notes:	[Senior/Subordinated]
	[(ii)] Status of the Guarantee:	[Senior/Subordinated]
	[(iii)] [Date [Board] approval for issuance of Notes [and Guarantee] [respectively]] obtained:	<i>(N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)</i>

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [•] per cent. per annum [payable [payable [annually/semi-annually/quarterly/monthly] in arrear]
 - (ii) Interest Payment Date(s): [•] in each year [adjusted in accordance with [specify Business Day Convention/not adjusted]]
 - (iii) Fixed Coupon Amount[(s)]: [•] per Specified Denomination
 - (iv) Day Count Fraction: [30/360]/[30E/360]/[30E/360(ISDA)]/[Actual /Actual(ICMA)]/[Actual/Actual]/[Actual/365 (Fixed)]/[Actual/360]
 - (v) Determination Dates: [•] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon).
- (N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*
- (vi) Broken Amount(s): [•] per Specified Denomination, payable on the Interest Payment Date falling [in/on] [•]
14. Floating Rate Note Provisions [Applicable/Not Applicable]
- (If not applicable delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): [•] [, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable]]
 - (ii) Interest Payment Dates: [•]
 - (iii) First Interest Payment Date: [•]
 - (iv) Business Day Convention: [FRN Convention/Following Business Day Convention / Modified Following Business Day Convention] [Not Applicable]
 - (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
 - (vi) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Agent]): [•] [Party acting as Determination Agent]

- (vii) Screen Rate Determination:
- Reference Rate: [•][•] [EURIBOR / LIBOR]
 - Interest Determination Date(s): [•]
 - Relevant Screen Page: [•]
- (viii) ISDA Determination:
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
- (ix) [Linear Interpolation: Not Applicable / Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)
- The Calculation Agent shall be [the Issue and Paying Agent/[•]]
- (x) Margin(s): [+/-] [•] per cent. per annum
- (xi) Minimum Rate of Interest: [•] per cent. per annum
- (xii) Maximum Rate of Interest: [•] per cent. per annum
- (xiii) Day Count Fraction: [•]
- (xiv) Determination Agent: [Issue and Paying Agent/[•]/Not Applicable] (*specify in cases where Linear Interpolation is not applicable*)

PROVISIONS RELATING TO REDEMPTION

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

	(iv) Notice period: ⁸	[•]
16.	Put Option	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> <i>(Euroclear require a minimum of 5 business days' notice and Clearstream, Luxembourg require a minimum of 15 business days' notice if such an option is to be exercised)</i>
	(i) Optional Early Redemption Date(s):	[•]
	(ii) Optional Early Redemption Amount (Put) of each Note:	[•] per Specified Denomination
	(iii) Notice period: ⁹	
17.	Maturity Redemption Amount of each Note:	[•] per Specified Denomination
18.	Early Redemption Amount (Tax):	[•] per Specified Denomination
19.	Early Termination Amount:	[•] per Specified Denomination
GENERAL PROVISIONS APPLICABLE TO THE NOTES		
20.	Form of Notes:	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [•] days' notice] [Permanent Global Note exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
21.	New Global Note:	[Yes] [No]
22.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.]
23.	Business Day:	<i>[Specify any additional financial centres necessary for the purposes of Condition [9B.02].]</i>
24.	Relevant Financial Centre:	[]

⁸ *If setting notice periods which are different to those provided in the terms and conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issue and Paying Agent.*

⁹ *Euroclear and Clearstream, Luxembourg must be given 5 business days' notice of exercise of Issuer call option.*

25. Relevant Financial Centre Day: *[Specify any additional financial centres necessary for the purposes of Condition [9B.02], or [9A.04].]*
26. Details relating to Instalment Notes: amount of each Instalment and date on which each payment is made: *[Not applicable/give details]*

Signed on behalf of **SANTANDER CONSUMER BANK S.P.A.**

By:
Authorised Signatory

Date

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

By:
Authorised Signatory

Date

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Not Applicable] [Application has been made for the Notes to be admitted to listing on [the Official List of the Irish Stock Exchange Plc].]
- (ii) Admission to Trading: [Not Applicable] [Application has been made for the Notes to be admitted to trading on [the Regulated Market of the Irish Stock Exchange Plc].]
- (When documenting a fungible issue need to indicate that original Notes are already admitted to trading.)
- (iii) Estimate of total expenses related to admission to trading: []

2. RATINGS

The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

- Ratings: [Standard & Poor's: [•]]
- [Moody's: [•]]
- [Fitch: [•]]
- [[Other]: [•]]

Option 1 - Credit Rating Agency ("CRA") is (i) established in the EU and (ii) registered under the CRA Regulation

[Insert legal name of particular credit rating agency entity providing rating] is established in the EU and registered under Regulation (EC) No 1060/2009, as amended (the "CRA Regulation").

Option 2 - Credit Rating Agency ("CRA") is not established in the EU nor registered under the CRA Regulation

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

Option 3 - Credit Rating Agency ("CRA") is not established in the EU but the relevant rating is endorsed by a CRA which is established and registered under the CRA Regulation

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EU but the rating it has given to the Notes is endorsed by [insert legal name of credit rating agency] which is established in the EU and registered under Regulation (EC) No 1060/2009, as amended (the "CRA Regulation").

Option 4 - Credit Rating Agency ("CRA") is not established in the EU and the relevant rating is not endorsed under the CRA Regulation, but the CRA is certified in accordance with the CRA Regulation

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

Regulation").

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

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

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

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business. *(Amend as appropriate if there are other interests)*]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

4. **[Fixed Rate Notes only – YIELD**

Indication of yield: [•]

[The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

5. **[Floating Rate Notes only – HISTORIC INTEREST RATES**

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

6. **OPERATIONAL INFORMATION**

ISIN: [•]

Common Code: [•]

Delivery: Delivery [against/free of] payment

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

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

[Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that

Eurosystem eligibility criteria have been met.]/

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

7. **DISTRIBUTION**

- | | | |
|-------|--|---|
| (i) | Method of Distribution: | [Syndicated/Non-syndicated] |
| (ii) | If syndicated: | |
| | <ul style="list-style-type: none">• Names of Dealers• Stabilisation Manager(s), if any: | <div>[Not Applicable/<i>give names</i>]</div> <div>[Not Applicable/<i>give names</i>]</div> |
| (iii) | If non-syndicated, name of Dealer: | [Not Applicable/ <i>give names</i>] |
| (iv) | U.S. Selling Restrictions: | [Reg S Compliance Category 2; TEFRA C/TEFRA D] |

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to "**Noteholder**" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system, as the case may be, for such Accountholder's share of each payment made by the Issuer or the Guarantor to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer or the Guarantor in respect of payments due under the Notes and such obligations of the Issuer and the Guarantor will be discharged by payment to the bearer of the Global Note.

Exchange of Temporary Global Notes

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure:

- (a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated and, in the case of an NGN, effectuated, to the bearer of the Temporary Global Note; or
- (b) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and received by the Paying Agents against presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Paying Agents within seven days of the bearer requesting such exchange.

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

If:

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

all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such thirtieth day (in the case of (b) above) or at 5.00 p.m. (London time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under a deed of covenant dated 18 July 2016 (the "**Deed of Covenant**") executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Exchange of Permanent Global Notes

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

If:

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

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

Conditions applicable to Global Notes

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

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

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

Exercise of put option: In order to exercise the option contained in Condition 6.7 (*Optional Early Redemption (Put)*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Issue and Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 6.4 (*Optional Early Redemption (Call)*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 14 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 14 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, except that, for so long as such Notes are listed on the Official List of the Irish Stock Exchange Plc and it is a requirement of applicable law or regulations, such notices shall be published in a leading newspaper having general circulation in Ireland or published on the website of the Irish Stock Exchange Plc.

DESCRIPTION OF THE ISSUER

History and Development

Santander Consumer Bank S.p.A. (the "**Issuer**") is a bank organised as a joint stock company incorporated under the Italian law, registered in the Turin Companies' Register under Registration no. 05634190010 and with the register of banks (*Albo delle banche*) held by the Bank of Italy pursuant to article 13 of Italian legislative decree No. 385 of 1 September 1993 (the "**Banking Act**") under Registration number 5496.

The Issuer is the parent company of the Italian banking group named "Gruppo Bancario Santander Consumer Bank" registered with the register of banking groups (*Albo dei gruppi bancari*) held by the Bank of Italy pursuant to article 64 of the Banking Act under number 3191.4 (the "**Issuer Group**").

The Issuer was established on 16 November 1988 as a financial intermediary (*intermediario finanziario*) and was registered in the special register held by the Bank of Italy pursuant to article 107 of the Banking Act. The Issuer's shareholders have varied significantly over the last decade. In particular, in 1993, Istituto Bancario S. Paolo di Torino (now known as Intesa San Paolo S.p.A. ("**Intesa**")) purchased a 20 per cent. stake in the Issuer. By late 1993, the shareholders of the Issuer were:

Shareholders	Percentage of shareholdings
Banca di Credito del Piemonte S.p.A.	20%
Fincab S.p.A. (CAB Group)	20%
Insel (Banca Sella Group) S.r.l.	20%
Istituto Bancario S. Paolo di Torino S.p.A.	20%
Reale Mutua Assicurazioni S.p.A.	20%

In 1997, Istituto Bancario S. Paolo di Torino increased its shareholding to 50 per cent. while the other shareholders sold their shares to CC-Holding GmbH ("**CC-Holding**"), a German holding company indirectly owned by Santander Central Hispano ("**SCH**"). CC-Holding also controlled CC-Bank AG, a German bank managing SCH consumer finance business in Germany and in several other European countries. In March 2003, the Issuer's two remaining shareholders (Sanpaolo IMI and SCH) announced that an agreement had been reached for the sale of the 50 per cent. stake in the bank owned by Intesa to the Santander Central Hispano Group (the "**SCH Group**"). The agreement involved the initial purchase of a 20 per cent. stake.

As at the date of this Base Prospectus, the Issuer is wholly owned by Santander Consumer Finance, S.A. (the "**Guarantor**") and the Guarantor is in turn wholly owned by Banco Santander, S.A. In May 2006, the Issuer changed its name from "Finconsumo Banca S.p.A." to "Santander Consumer Bank S.p.A.", completing the process of integration within the Santander Group.

The authorised and paid-up share capital of the Issuer as at 31 December 2015 is EUR 573 million divided into 573,000 ordinary shares having a face value of EUR 1,000 each. All issued share capital is fully paid up.

The registered office of the Issuer is located in via Nizza, 262, 10126 Turin, Italy. The telephone number of the Issuer's registered office is +39 0116 319111.

The Issuer holds a banking licence from the Bank of Italy authorising it to carry on all permitted types of banking activities in Italy with particular focus on consumer credit services.

Business Overview of Santander Consumer Bank, S.p.A.

The Issuer's business is based exclusively in Italy. Its primary activities are related to the provision of the following six main product types:

- consumer credits;
- personal loans;
- car leasing;

- credit cards loans;
- savings deposits; and
- salary assignment (salary backed loans or "*cessione del quinto di stipendio*" (*CQS*)).

Consumer credit

As at 31 December 2015, the Issuer's market share within the Italian domestic consumer credit market stood at 5.71 per cent., making the Issuer the eighth biggest provider in the consumer credit market (Source: The Italian Association for Consumer Credit and Real Estate 15 April 2016 (*Associazione Italiana del Credito al Consumo e Immobiliare* or *Assofin*)).

Personal Loans

Personal loans are granted both for specified and general purposes.

As at 31 December 2015, personal loans represented approximately 11.3 per cent. of the Issuer's new business volume (compared to 13.8 per cent., for the same period in 2014). At 31 December 2015, the Issuer's market share in the domestic market for personal loans stands at 1.03 per cent. (Source: *Assofin*).

Car Leases

As at 31 December 2015, car leases represented approximately 1.53 per cent. of the Issuer's new business volume and the Issuer's market share in the domestic market stands at 0.9 per cent. (Source: The Italian Association for Leasing or *Assilea*).

Credit cards

The Issuer has provided credit cards to its customers particularly "revolving credit cards" and, in a very small part, "charge credit cards". This business is marginal and, at 31 December 2015, credit cards represented a small quota of the Issuer's new business (around 0.5 per cent.).

Insurance

The Issuer established an insurance department in September 2010 in order to focus on and promote its activities as an insurance intermediary.

As at 31 December 2015, the Issuer's insurance intermediary activities accounted for EUR 17,771 thousand in terms of net insurance commissions achieving the budget in term of key performance indicators. Mainly offered products in 2015 were Creditor Protector Insurance (auto loans and personal loans), Motor Insurance (linked to auto loans) and Assurances (linked to personal loans.)

Salary Assignment

Since May 2006, the Issuer offers salary assignment products through the Italian company Santander Consumer Unifin S.p.A. ("**Santander Consumer Unifin**"), which was incorporated by the Issuer on 30 November 2015. For these kind of loans, the monthly instalment is paid directly by the employers.

Retail Banking

As at 31 December 2015, there were 5,937 active "Savings Accounts" with total deposits of EUR 296,068 thousand.

The Issuer's "Time Deposit" products, which offers various rates of return to customers who make deposits for a predetermined and fixed period of time (12, 24 or 36 months) stood at 501 active accounts as at 31 December 2015 with total deposits of EUR 51,708 thousand.

Regarding the product named "D+" (exclusively offered to employees of the Issuer Group), at 31 December 2015 there were 468 active accounts with total deposits of EUR 21,646 thousand.

Current accounts for the settlement of directed workflows and short term management of cash, as well as settlement accounts for stock financing, product operations (financing of stocks of goods—new vehicles and motorbikes) represent part of the Issuer's core business.

The following table shows a summary of various aspects of the Issuer's business, including Santander Consumer Finance Media S.r.l. (an Italian company that is part of the Issuer Group) portfolio:

Total Gross Outstanding

Outstanding	2014	2015	Change	
	<i>(millions of euro)</i>		<i>Absolute</i>	<i>%</i>
Car loans	1,806	1,900	94	5.2
Special-purpose Loans	57	33	-24	42.1
Personal Loans	1,627	1,220	-407	25.0
Cards	36	21	-15	41.7
Leasing	48	40	-8	16.7
Salary Assignment	1,566	1,689	123	7.9
Stock financing	143	190	47	32.9
Other receivables from customers	90	3	-87	96.7
Other amortised cost components	41	60	19	46.3
Receivables from customer, gross	5,414	5,156	-258	-4.8
Allowance for bad and doubtful accounts	-450	-330	120	26.7
Receivables from customers, net	4,964	4,826	-138	-2.8

Organisational Structure

The Issuer is the parent company of the Issuer Group that includes Santander Consumer Finance Media S.r.l., a limited liability company incorporated under Italian law, registered in the special register held by the Bank of Italy pursuant to article 107 of the Banking Act, that provides consumer finance services. Santander Consumer Finance Media S.r.l. started the winding-up procedure in December 2014.

On 30 October 2014, the Issuer and Banque PSA Finance set up PSA Italy and each subscribed 50 per cent. of its capital.

On 11 September 2015, the ECB granted to PSA Italia S.p.A. the authorization to take up the business as credit institution; as a consequence the company changed its registered name to Banca PSA Italia S.p.A.. Banca PSA Italia S.p.A. has been included in the scope of consolidation of Santander Group.

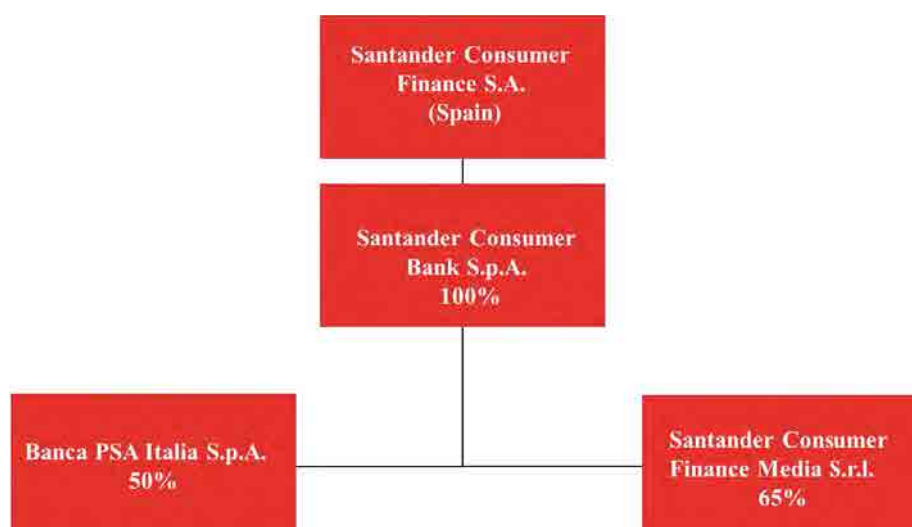
The Issuer exercises control over Banca PSA Italia S.p.A. and Banque PSA Finance exercises a significant influence thereover.

The authorised and paid-up share capital of the Issuer (EUR 573 million) is fully owned by the Guarantor, a limited liability company (*sociedad anónima*) incorporated under Spanish law, registered in the Mercantile Registry of Madrid with tax identification number (*CIF*) A- 28122570 and in the Register of Banks maintained by Banco de España under the number 0224. Its registered office is located at Ciudad Grupo Santander, Avenida de Cantabria s/n, Boadilla del Monte (Madrid), Spain.

The Guarantor is the holding company of a finance group (the "**Guarantor Group**") and is part of the Santander Group, the parent entity of which (Banco Santander, S.A.) has a 100 per cent. direct and indirect ownership interest in its share capital. The Guarantor Group's primary activity is related to automobile financing, personal loan and credit card businesses.

As at the date of this Base Prospectus the Issuer is not aware of any agreements aimed at bringing about future changes regarding its ownership structure.

The following diagram illustrates the structure of the Issuer Group:



Recent Developments

On 30 November 2015, Santander Consumer Unifin, a joint stock company registered under Italian law and fully owned by Santander Consumer Bank S.p.A., has been merged by incorporation in Santander Consumer Bank S.p.A. according to article 2505 of the Italian Civil Code.

Trend Information

There has been no material, adverse change in the prospects of the Issuer since 31 December 2015, being the date of its latest audited consolidated financial statements.

Management of Santander Consumer Bank, S.p.A.

The Issuer's Board of Directors, in accordance with its corporate by laws (*Statuto Sociale*), is comprised of no less than five and no more than thirteen members appointed by the General Shareholders' Meeting for a three year term and re-elected as applicable for a further three-year term.

As at the date of this Base Prospectus, the Board of Directors of the Issuer was comprised of six members as set out in the table below:

Board Members		Appointment Date
Chairman	Mr. Ettore Gotti Tedeschi	28 April 2015
Deputy Chairman	Mr. Vito Volpe	28 April 2015
Director (General Manager)	Mr. Alberto Merchiori	23 October 2015
Member	Ms. Adelheid Maria Sailer-Schuster	28 April 2015
Member	Mr. Pedro de Elejabeita Rodríguez	27 April 2016
Member	Mr. David Turiel López	28 April 2015

The professional address of the Issuer's Board of Directors is Via Nizza, 262, 10126 Turin, Italy.

The Board of Directors is empowered for the Issuer's ordinary and extraordinary management, and may perform all required actions for the implementation and achievement of corporate objects, excluding those actions reserved by law to the Issuer's shareholders' meeting. The Board of Directors therefore carries out all the Issuer Group's strategic policies, as well as the control and monitoring of the Issuer's results. Furthermore, it is in charge of compliance and implementation of the corporate governance rules of the Issuer.

The Board of Directors' meetings are usually called on a monthly basis.

The principal outside activities carried out by members of the Board of Directors at the date of this Base Prospectus include:

Directors	Company Name	Functions
Mr. Alberto Merchiori	Banca PSA Italia S.p.A. (Italy)	Member of the Board of Directors
Mr. Vito Volpe	Banca PSA Italia S.p.A. (Italy) Santander Consumer Bank Gmbh (Austria)	Chairman Chairman
Ms. Adelheid Maria Sailer-Schuster	Santander Consumer Bank AG (Germany)	Member of the Supervisory Board
Mr. David Turiel López	Santander Consumer Finance, S.A. Santander Consumer France S.A. Santander Consumer Bank, S.A. (Poland) Banco Santander Consumer Portugal, S.A. Financial Professional Services S.a.s PSA Insurance Europe Ltd (Malta) PSA Life Insurance Europe Ltd (Malta)	Member of the Board of Directors Member of the Supervisory Board Member of the Supervisory Board Chairman Chairman Member of the Board of Directors Member of the Board of Directors

There exist no conflicts of interest between the administrative, management and supervisory bodies of the Issuer nor are there potential conflicts of interest between any duties to the issuing entity of any members of such administrative, management or supervisory bodies and their private interests and/or other duties.

The Board of Directors of the Issuer has appointed an Audit Committee. The Audit Committee was created in order to review and evaluate effectiveness of internal controls, analyse (i) critical situations with impact on risk, (ii) the results of local audit activities, (iii) the documents to be presented to the Board of Directors and/or to the authorities, and monitor the degree of implementation regarding critical audit recommendations and/or low rate audits. The members of the Audit Committee are Mr. Alberto Merchiori, Mr. Savino Casamassima, Mr. Andrea Mastellaro, Mr. Pedro Agüero, Mrs. Emanuela Demarchi, Mr. Luca Tomati and Mr. Davide Chiarlo.

The Issuer has adopted all corporate governance policies which comply with the Bank of Italy's regulation in force from time to time (for example, Circular No. 263 – New regulations for the prudential supervision of banks; Circular No. 285 – Prudential Regulation for Banks) in all aspects.

Litigation

None of the Issuer or its consolidated subsidiaries is or has been involved, during the last 12 months, in any governmental, legal, arbitration or administrative proceedings which may be considered material with respect to pending legal proceedings. A provision has been made in the balance sheet as at 31 December 2015 in an amount of EUR 10,017 thousand.

Credit Rating

The Issuer is not currently rated.

DESCRIPTION OF THE GUARANTOR

History and Development

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

The Guarantor 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 Guarantor was established as a limited liability company (*sociedad anónima*) under the legal name "Banco de Fomento, S.A." by way of a deed (*escritura*) granted by the Notary of Madrid Mr. Urbicio López Gallego, acting as the substitute of his colleague Mr. Alejandro Bérnago Llabrés but with Mr. Bérnago Llabrés' notarial number 2.842, on 31 August 1963. In 1995, the Guarantor changed its name to "Hispaner Banco Financiero, S.A." and then changed it again in 1999 to "HBF Banco Financiero, S.A.". The Guarantor's current name, Santander Consumer Finance, was changed on 19 December 2002 and published in the Official Bulletin of the Mercantile Registry (*Boletín Oficial del Registro Mercantil*) on 13 January 2003. It is governed by the Restated Companies Act (*Texto Refundido de la Ley Legislativo 1/2010, de 2 de Julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*). The Guarantor is also subject to special legislation for credit institutions in general and the supervision, control and regulation of the ECB.

The Guarantor began operations on the same day that it was established for an indefinite term. The Guarantor'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 Guarantor is subject to the CNMV's code of good governance which, amongst other things, safeguards against abuse of control. In addition, the Guarantor'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 Guarantor as at 31 December 2015 was €5,638,638,516 divided into 1,879,546,172 ordinary shares having a face value of €3 each. All issued share capital is fully paid up.

The registered office of the Guarantor is located at Ciudad Grupo Santander, Avenida de Cantabria, s/n, Boadilla del Monte (Madrid), Spain. The telephone number of the Guarantor's registered office is +34 91 289 0000.

Business Overview

Principal Activities of the Guarantor

The Guarantor'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 Guarantor is the holding company of a finance group and handles the investments of its subsidiaries.

The Guarantor 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 Guarantor as at 31 December 2015. Banco Santander, S.A. has its registered office at Paseo de Pereda 9-12, Santander.

The Guarantor Group's primary activity is related to automobile financing, personal loan and credit card businesses. However, it also works at attracting customer funds. The Guarantor Group has 398 branches located throughout Europe (65 of which are in Spain) and engages in finance leasing, financing of third party purchases of consumer goods of any kind, full-service leasing ("renting") and other activities.

Additionally, since December 2002, the Guarantor has been the head of a European corporate group, consisting mainly of financial institutions, which engages in commercial banking, consumer finance, operating and finance leasing, full-service leasing and other activities in Germany, Italy, Hungary, Austria, France, the Netherlands, Norway, Finland, Denmark, Sweden, Switzerland, Spain, Belgium and Portugal.

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

Enjoying its strong leadership position in the European consumer finance market, and specialising in auto finance, loans for the purchase of durable goods, personal loans and credit cards, the Guarantor Group has displayed consistent profitability, reporting a record profit of €1,059.8 million in 2015.

The major milestones achieved in 2015 were as follows:

- SCF is well-balanced in terms of geographical diversification, encompassing both northern and southern European countries.
- SCF operates through approximately 89,000 associated points of sale (car dealers and retail outlets) and has a significant number of financing agreements with car and motorcycle manufacturers, as well as with major retail distribution groups.
- Amidst an environment of incipient recovery in consumer spending and vehicle registrations in the countries in which it is present, SCF continued to gain market share on the back of a business model founded on: geographical and product diversification, with leading positions and critical mass in key markets, a higher degree of efficiency than its competitors and high analytical and risk/recovery management capabilities, making it possible to maintain high credit quality.
- The trend in profit (+66.0 per cent.) mirrors a growth in income (18.2 per cent.) outstripping that of costs (17.5 per cent.) and a 5.4 per cent. reduction in period provisions.
- The non-performing loans ratio (3.14 per cent.) and the NPL coverage ratio (107 per cent.) represent a marked improvement vis-à-vis the standards for the consumer finance business.
- The best-performing units, at management level, were Germany, with a profit of €393 million, the Nordic countries, with €234 million, and Spain, with €167.9 million.

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

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

Loans and advances to customers amounted to €70,556 million at 2015 year-end, representing a 22.8 per cent. year-on-year rise. This increase was due mainly to the inclusion of the PSA business in France, Spain and Switzerland and the improved performance of the new and second-hand car loan portfolio in Germany and the Nordic countries.

Accumulated new lending went up by 28.4 per cent. with respect to 2014, and stood at €29,510.6 million at 2015 year-end. This rise was due to the inclusion of the new PSA business in France, Spain, Portugal and Switzerland, the increased new lending for durable goods in Spain on the back of new commercial

agreements, the growth in the card business at Financiera de El Corte Inglés and at Nordics (arising in part from the acquisition of the GE business in Sweden in 2014) and the organic growth experienced in most units as a result of the improvement in the registrations market in Europe. Growth was reported across all product lines, most notably in cards (24.1 per cent.) and new vehicles (+48.8 per cent.), a rate which surpasses the growth in registrations (+9.2 per cent. in EU+EFTA). Also noteworthy was the increase in mortgages in the business in Germany (+49.6 per cent.).

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

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

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

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

New Business of the Guarantor in 2015

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

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

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

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

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

Other	1,308.0	4.42 per cent.	853.0	53.34 per cent.
Total financing activity	29,595.0	100.00 per cent.	22,989.0	28.74 per cent.

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

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

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

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

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

At the end of 2015, the consolidated customer funds under management (customer deposits and marketable debt securities) reached €56,030.3 million (not including valuation adjustments or subordinated debt), representing an increase of 18.1 per cent. compared to the €47,423.4 million recorded in the previous financial year. The Guarantor Group holds banking licenses in the majority of the countries in which it operates. One of its main sources of funding is customer deposits through Germany and the Nordics. Consolidated customer deposits increased by 6.2 per cent. (from €29,074.2 million in 2014 to €30,876.1 million in 2015) mainly due to deposits acquired in Santander Consumer Germany AG and the German retail banking activities of SEB AG.

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

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

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

Main Markets in which the Guarantor Competes

At year-end 2015, the Guarantor carried out its consumer financing business mainly in the Euro zone. The Guarantor Group separates geographic reporting into five operating areas, each of which covers all business carried out by the Guarantor Group in such geographical area: Germany, Spain, Portugal, Italy, Austria, France, the Nordics and the rest of Europe.

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

Loans and advances to customers

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

Customer Deposits

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

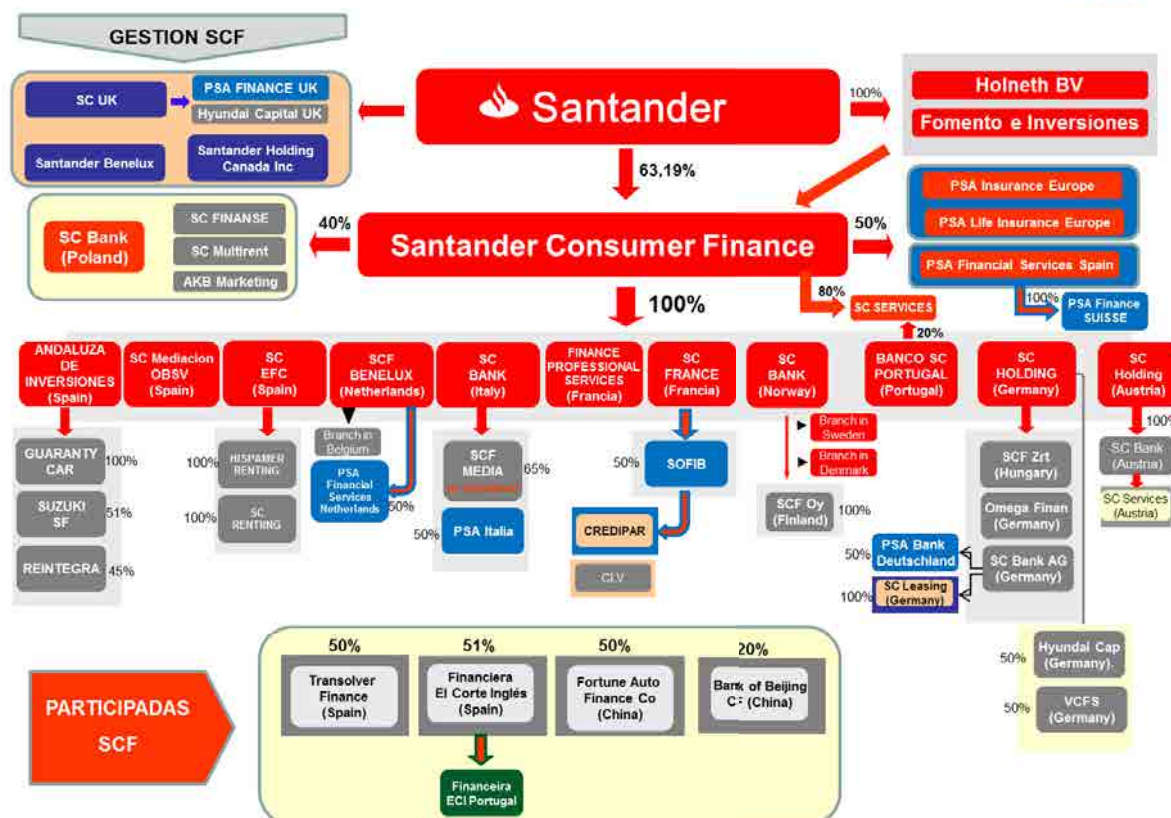
Organisational Structure and Major Shareholders

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

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

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

The diagram below summarises the organisational structure of the Guarantor Group within the Santander Group as at April 2016:



Recent Developments

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

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

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

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

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

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

On 7 October 2013, SCF announced that it had entered into an agreement with El Corte Inglés, S.A. in the area of consumer finance, which provided for the acquisition by SCF of 51 per cent. of the share capital and voting rights at the Annual General Meeting of Financiera El Corte Inglés E.F.C., S.A., with El Corte Inglés, S.A. retaining the remaining 49 per cent. Completion of this transaction was subject, among other conditions, to obtainment of the relevant authorisations from the regulatory and competition authorities, which were obtained in the first quarter of 2014. On 27 February 2014, SCF paid €140,301 thousand to acquire the aforementioned ownership interest in this company.

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

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

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

(*) The estimate of fair value included impairment losses of €146 million which were considered in estimating the fair value of the acquired loans.

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

On the date of the business combination, the Guarantor Group recognised an increase in non-controlling interests of €104 million under "Non-Controlling Interests - Other" in the consolidated balance sheet. These non-controlling interests relate to the percentage still owned by El Corte Inglés, S.A. of the carrying amount of the net assets included in the balance sheet following this business combination.

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

Santander Benelux, S.A.

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

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

On 20 June 2014, SCF announced that it had reached an agreement with the Swedish entity GE Money Nordic Holding AB to acquire all the share capital of the Swedish entity Santander Consumer Bank AB (formerly GE Money Bank AB), which carried on GE Capital's consumer finance business in Sweden, Norway and Denmark.

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

The detail of the estimated fair value of the assets acquired and liabilities assumed at the date of the business combination, based on the nature of the related items, considering the adjustments made in 2015 during the measurement period established in IFRS 3, which entailed the recognition of an additional amount of €17 million of intangible assets in 2015 and the reduction, by the same amount, of the goodwill initially estimated in 2014, is as follows:

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

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

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

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

The amounts contributed by the acquired business to gross income and profit before tax in the consolidated income statement for 2014 were €44 million and €11 million, respectively.

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

Agreements with Banque PSA Finance

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

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

On 30 January 2015, the subsidiary Santander Consumer France, S.A. (formerly Santander Consumer France, S.A.S.) carried out a capital increase which was subscribed and paid in full by SCF through a monetary contribution of €476.7 million. In addition, on 3 November 2015, a €12.7 million capital increase was subscribed and paid in full by SCF.

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

Following the aforementioned acquisition of 50 per cent. of the share capital of SOFIB and pursuant to the aforementioned agreements entered into, SOFIB, together with its subsidiaries, became Guarantor Group subsidiaries as from that date. At the date control was obtained by the Guarantor Group, the total assets and liabilities acquired in this transaction, measured in

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

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

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

Also, Banco Santander Consumer Portugal, S.A. acquired the lending business of the Portuguese branch of Banque PSA Finance, S.A. for approximately €24,941 thousand, contributing a lending portfolio totalling approximately €265 million to the consolidated Guarantor Group.

- On 2 October 2015, SCF subscribed to a capital increase carried out by PSA Financial Services Spain, E.F.C., S.A. (a company incorporated in 2015 by Banque PSA Finance to which the latter had spun off its vehicle financing business in Spain prior to SCF's entry in the share capital). SCF paid a total of €181,485 thousand in this connection, of which €132,566 thousand related to the creation and issue of 13,256,600 new shares of €10 par value each acquired by SCF and €48,919 thousand to the share premium on the shares acquired. This capital increase was subscribed and paid in full by SCF. Following this capital increase, SCF holds a 50 per cent. ownership interest in the share capital of this entity, over which, in view of the terms of the shareholder agreements entered into, it exercises control. Also, prior to its joining the Guarantor Group, this company performed a securitisation transaction involving receivables that were transferred to the securitisation special-purpose vehicle Auto ABS 2012-3, Fondo de Titulización de Activos.

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

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

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

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

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

Santander Consumer Holding GmbH (Germany)

On 4 November 2015, the subsidiary Santander Consumer Holding GmbH (Germany), following its merger by absorption with the subsidiary Santander Consumer Beteiligungsverwaltungsgesellschaft mbH (Germany), reached an agreement with SCF to sell to the latter all the shares of Santander Consumer Finance Benelux, B.V. (Netherlands) and Santander Consumer Holding Austria GmbH (Austria) held by it at that date, for €190 million and €518 million, respectively. Since this transaction was carried out between Guarantor Group companies, the effects thereof were eliminated on consolidation and had no impact whatsoever on the consolidated financial statements for 2015.

Santander Consumer Bank S.p.A. and Santander Consumer Unifin S.p.A.

On 30 November 2015, the merger by absorption of the Guarantor Group companies Santander Consumer Bank S.p.A. (absorbing company) and Santander Consumer Unifin (absorbed company) was executed. This transaction did not have any impact on the Guarantor Group's accounting figures presented in the consolidated financial statement for 2015.

Andaluza de Inversiones, S.A.

On 18 December 2015, following the obtainment of the appropriate authorisations from the regulatory and competition authorities, the subsidiary Andaluza de Inversiones, S.A. sold its entire holdings in the associates Grupo Konectanet, S.L. and Konecta Activos Inmobiliarios, S.L. (44.77 per cent. and 45.62 per cent. of the shares, respectively) to Brendenbury, S.L., in which Banco Santander, S.A. indirectly holds 40 per cent. of the share capital, for €103,300 thousand and €4,562 thousand, respectively. As a result, the Guarantor Group obtained a gain of €69,526 thousand which was recognised under "Gains (Losses) on Disposal of Assets Not Classified as Non-Current Assets Held for Sale" in the accompanying consolidated income statement for 2015.

Capital increases

In 2015 and 2014, in addition to the transactions described above, certain investees carried out capital increases that were fully subscribed and paid. The most significant of these were as follows:

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

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

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

(***) Relates to the subscription of 50 per cent. of the capital increases at PSA Insurance Europe Ltd (€34.4 million) and PSA Life Insurance Europe Ltd (€4.8 million), both of which are jointly controlled entities 50 per cent. owned by SCF, following which SCF retained its 50 per cent. ownership interest in the share capital of these entities.

Notifications of acquisitions of investments

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

Events after the reporting period

On 11 January 2016, Santander Consumer Bank S.p.A. acquired 50 per cent. of the share capital of Banca PSA Italia S.p.A. for approximately EUR 74.4 million.

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

On 29 April 2016, the Guarantor acquired from Banco Santander, S.A. the 99.99 per cent. of the shares of Santander Benelux S.A./N.V., for a total amount of €1,169,953,250.

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

Administrative, Management and Supervisory Bodies

Board of Directors

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

As at the date of this Base Prospectus, the Board of Directors of the Guarantor 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
Mr. Antonio Escámez Torres	Chairman	10/06/1999	26/11/2015
Ms. Magdalena Salarich Fernández de Valderrama	Deputy Chairman	26/02/2008	26/11/2015
Mr. Bruno Montalvo Wilmot	Director (General Manager)	24/05/2012	26/11/2015
Ms. Inés Serrano González	Director (General Manager)	27/03/2008	26/11/2015
Mr. José Luis De Mora Gallardo	Member	26/11/2015	
Ms. Francisco Javier Gamarra Antón	Member	18/12/2014	12/01/2016
Mr. Jean-Pierre Landau	Member	23/12/2015	
Mr. Juan Rodríguez Inciarete	Member	30/06/2003	26/11/2015
Mr. Luis Alberto Salazar-Simpson Bos	Member	29/05/2013	26/11/2015
Mr. David Turiel López	Member	04/06/2008	26/11/2015
Mr. Fernando García Solé	Non-Director Secretary	22/07/1999	

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

Directors	Company Name	Functions
Mr. Antonio Escámez Torres	Open Bank, S.A.	Chairman
	Attijariwafa Bank, S.A. (Marruecos)	Deputy Chairman
	Tarazona Once, S.L.	Sole Administrator
	Arena Media Communications España S.A.	Chairman
Mr. Juan Rodríguez Inciarete	Vista Capital de Expansion, S.A	Member of the Board of Directors
	Santander UK Group Holding Ltd	Member of the Board of Directors
	SAM Investment 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
Ms. Magdalena Salarich Fernández de Valderrama	Banco Santander, S.A.	Director
	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
Mr. David Turiel López	Banco Santander Consumer Portugal, S.A.	Chairman
	Santander Consumer Bank, S.A. (Polonia)	Member of the Supervisory Board
	Santander Consumer Bank, S.p.A.	Member of the Board of Directors
	Finance Professional Services SAS	Chairman
	Santander Consumer France, S.A.	Member of the Supervisory Board
	PSA Insurance Europe LTD	Member of the Board of Directors
	PSA Life Insurance Europe LTD	Member of the Board of Directors
Mr. Luis Alberto Salazar-Simpson Bos	Santander Investment, S.A.	Member of the Board of Directors
	France Telecom España, S.A.	Chairman
	Constructora Inmobiliaria Urbanizadora Vasco-Aragonesa, S.A.	Chairman
Mr. Bruno Montalvo Wilmot	Santander Consumer Bank, S.A. (Polonia)	Deputy Chairman of the Supervisory Board
	Santander Consumer Bank A.S. (Noruega)	Deputy Chairman
	Santander Consumer UK Plc.	Chairman
	PSA Finance UK Limited	Member of the Board of Directors
Ms. Inés Serrano González	Santander Consumer Holding GmbH	Member of the Supervisory Board
	Societe Financier de Banque, S.A.-SOFIB	Chairman
	Compagnie Generalé De Credit Aux Particuliers-CREDIPAR	Member of the Supervisory Board
	Santander Consumer France, S.A.	Member of the Supervisory Board
	PSA Bank Deutschland GmbH	Member of the Supervisory Board
	Financiera El Corte Inglés, E.F.C, S.A.	Member of the Board of Directors
	Santander Consumer Bank AG	Member of the Supervisory Board
	Grupo Multitel, S.A.	Member of the Board of Directors
Mr. Javier Francisco Gamarra Antón	Santander Consumer Bank Spółka Ackyjna	Member of the Supervisory Board
	Santander Consumer Finance ZRT.	Member of the Supervisory Board
Mr. Jose Luis De Mora Gallardo	Banco Santander, S.A.	Director
	Bank Zachodni WBK S.A.	Member of the Board of Directors

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

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

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

Executive Committee

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

Executive Committee Members	Functions
Mr. Antonio Escámez Torres	Chairman
Ms. Magdalena Salarich Fernández de Valderrama	Member
Mr. Bruno Montalvo Wilmot	Director (General Manager)
Ms. Inés Serrano González	Director (General Manager)
Mr. Francisco Javier Gamarra Antón	Member
Mr. David Turiel López	Member
Mr. Fernando García Solé	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 the Guarantor's internal monitoring, the internal audit and the risk management systems, as well as discussing any significant weaknesses of the internal monitoring system detected in the course of the audit with the auditor, without compromising the auditor's independence. To that end, if applicable, recommendations or proposals may be made to the management body, setting the appropriate term for following-up on them.
- 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.
- Establish appropriate relations with the external auditor in order to obtain information on those matters that may represent a threat to its independence, to be examined by the committee, and any others related to the process of auditing the accounts and, where appropriate, the authorisation of services other than those that are prohibited in the terms set out in Articles 5, section 4, and 6.2.b) of Regulation (EU) no. 537/2014, of 16 April, and the provisions of section 3.^a of chapter IV of title I of the Spanish Audit Act (*Ley 22/2015, de 20 de julio, de Auditoría de Cuentas*), regarding the system of independence, and any other communications envisaged in the legislation on auditing and the audit regulations. In any event, it will receive an annual

declaration of independence from the external auditors in relation to any directly or indirectly related entity or entities, as well as detailed, individualised information on the additional services of any kind provided and the corresponding fees received from these entities by the external auditor or by the persons or entities related to the latter, in accordance with the provisions of the regulations governing the activity of auditing.

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

The Audit Committee will not perform the duties envisaged in this point when attributed in the by-laws to another committee and 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:

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

Conflict of Interest

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

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

As stipulated in Article 18 of the Rules and Regulations of the Board, the Directors must notify the Board of any direct or indirect conflict of interest that they might have with SCF. If the conflict arises from a transaction, the Director shall not be allowed to conduct it unless the Board, following a report from the Appointments Committee, approves such transaction.

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

In 2015 SCF's Directors did not report to the Board of Directors or to the General Meeting any direct or indirect conflict of interest that they or persons related to them might have.

TAXATION

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

Law Decree No. 66 of 24 April 2014, converted into law with amendments by Law No. 89 of 23 June 2014, published in the Official Gazette No. 143 of 23 June 2014, ("Decree No. 66"), has introduced new tax provisions amending certain aspects of the tax regime of the Notes as summarised below. In particular Decree No. 66 has increased from 20 per cent. to 26 per cent. the rate of withholding and substitute taxes applicable on interest accrued, and capital gains realised, as of 1 July 2014 on financial instruments (including the Notes) other than government bonds.

Taxation in Italy

1. **Relevant Receipts on the Notes issued by Issuer**

Pursuant to Legislative Decree No. 239 of 1 April 1996 ("**Decree No. 239**"), as amended and restated, interest and other proceeds (including the difference between the redemption amount and the issue price) ("**Relevant Receipts**") in respect of notes which, for Italian tax purposes, qualify as (i) bonds (*obbligazioni*), pursuant to Art. 2410 *et seq.* of the Italian Civil Code, or (ii) "debentures similar to bonds" (*titoli similari alle obbligazioni*), pursuant to Art. 44(2)(c) of Decree No. 917 of 22 December 1986 ("**Decree No. 917**"), and are issued by Italian banks, Italian companies listed on a EU or EEA regulated market or multilateral trading facility or Italian non listed companies **provided that** the notes are traded on a EU or EEA regulated market or multilateral trading facility, may be subject to an Italian substitute tax (*imposta sostitutiva*) depending on the legal status of the beneficial owner of such Relevant Receipts and other proceeds.

For these purposes, securities similar to bonds (*titoli similari alle obbligazioni*) are securities that incorporate an unconditional obligation of the issuer to pay at maturity an amount not lower than their nominal value, with or without the payment of periodic interest, and do not give any right to directly or indirectly participate in the management of the issuer or to the business in connection to which the securities were issued, nor to control the same.

The tax regime set forth by Decree No. 239 also applies to interest, premium and other income from regulatory capital financial instruments complying with EU and Italian regulatory principles, issued by, *inter alia*, Italian banks, other than shares and assimilated instruments.

Italian Resident Noteholder

Pursuant to Decree No. 239, where the Italian resident Noteholder, who is the beneficial owner of the Notes, is:

- (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has entrusted the management of his financial assets, including the Notes, to an authorised intermediary and has opted for the asset management regime ("*regime del risparmio gestito*") pursuant to Article 7 of Italian Legislative Decree No. 461 of 21 November 1997, as amended ("**Decree No. 461**"), or
- (b) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership) or a *de facto* partnership not carrying out commercial activities or professional associations, or
- (c) a private or public institution (other than companies), trusts not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or
- (d) an investor exempt from Italian corporate income taxation,

Relevant Receipts relating to the Notes are subject to a substitute tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent., either when the Relevant Receipts are paid or when payment thereof is obtained by the holder on a sale of the Notes. All the above categories are qualified as "net recipients".

Where the resident holders of the Notes described in (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, *imposta sostitutiva* applies as a provisional income tax. Relevant Receipts will be included in the relevant beneficial owner's Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

Pursuant to Decree No. 239, the 26 per cent. *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (so called "**SIMs**"), fiduciary companies, *società di gestione del risparmio*, stockbrokers and other qualified entities resident in Italy ("**Intermediaries**" and each an "**Intermediary**") or by permanent establishments in Italy of a non Italian resident Intermediary, that intervene, in any way, in the collection of Relevant Receipts or, also as transferees, in transfers or disposals of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant notes or in a change of the Intermediary with which the notes are deposited.

Where the Notes are not deposited with an authorised Italian Intermediary (or with a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld by any Italian Intermediary paying the Relevant Receipts to the holders of the Notes or, absent that by the Issuer.

Payments of Relevant Receipts in respect of Notes that fall within the definitions set out above are not subject to the 26 per cent. *imposta sostitutiva* if made to beneficial owners who are:

- (a) Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected;
- (b) Italian resident partnerships carrying out commercial activities ('*società in nome collettivo*' or '*società in accomandita semplice*');;
- (c) Italian resident open-ended or closed-ended collective investment funds (together the "**Funds**" and each a "**Fund**"), SICAVs, Italian resident pension funds referred to in Legislative Decree No. 252 of 5th December, 2005 ("**Decree No. 252**"), Italian resident real estate investment funds, SICAFs; and
- (d) Italian resident individuals holding Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised financial Intermediary and have opted for the asset management regime ("*regime del risparmio gestito*").

Such categories are qualified as "gross recipients".

To ensure payment of Relevant Receipts in respect of the Notes without the application of 26 per cent. *imposta sostitutiva*, gross recipients indicated above under (i) to (iv) must:

- (a) be the beneficial owners of payments of the Relevant Receipts on the Notes, and
- (b) deposit the Notes in due time, together with the coupons relating to such Notes, directly or indirectly with an Italian authorised Intermediary (or a permanent establishment in Italy of a foreign Intermediary).

Gross recipients that are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

Relevant Receipts accrued on the Notes would be included in the corporate taxable income (and in certain circumstances, depending on the "status" of the Noteholder, also in the net value of

production for purposes of regional tax on productive activities – IRAP) of beneficial owners who are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules.

Italian resident individuals holding Notes not in connection with entrepreneurial activity who have opted for the asset management regime ("*regime del risparmio gestito*") are subject to a 26 per cent. annual substitute tax (the "**Asset Management Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Relevant Receipts accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised Intermediary.

If the investor is resident in Italy and is a Fund, a SICAV or a SICAF and the relevant Notes are held by an authorised intermediary, Relevant Receipts accrued during the holding period on such Notes will not be subject to *imposta sostitutiva*, but must be included in the financial results of the Fund, the SICAV or the SICAF. The Fund, the SICAV or the SICAF will not be subject to taxation on such result, but a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the "**Collective Investment Fund Substitute Tax**"). A withholding tax of 20 per cent. is levied on proceeds accrued up to 30 June 2014 and received by certain categories of unitholders or shareholders upon redemption or disposal of the unites or shares.

Where a Noteholder is an Italian resident real estate investment fund or a SICAF, to which the provisions of Law Decree No. 351 of 25th September, 2001, as subsequently amended, apply, Relevant Receipts accrued on the Notes will be subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund. The income of the real estate fund is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided by Decree No. 252) and the Notes are deposited with an Italian resident intermediary, Relevant Receipts relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. annual substitute tax (the "**Pension Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Relevant Receipts accrued on the Notes).

As of 1 January 2015, Italian pension funds benefit from a tax credit equal to 9 per cent. of the result of the relevant portfolio accrued at the end of the tax period, provided that the pension fund invests in certain medium long term financial assets as identified with the Ministerial Decree of 19 June 2015 published in the Official Gazette – general series No. 175, on 30 July 2015.

Non-Italian resident Noteholders

Pursuant to Decree No. 239, payments of Relevant Receipts in respect of Notes issued by the Issuer will not be subject to *imposta sostitutiva* at the rate of 26 per cent. if made to beneficial owners who are non Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected **provided that**:

- (a) such beneficial owners are resident for tax purposes in a country which allows for a satisfactory exchange of information with Italy and listed in a Ministerial Decree to be issued under Article 11, par. 4, let. c) of Decree no. 239 (the "White List"). The White List will be updated every six months period. In absence of the issuance of the White List, reference has to be made to the Italian Ministerial Decree dated 4th September, 1996, as amended from time to time; and
- (b) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are met or complied with in due time.

Decree No. 239 also provides for additional exemptions from the *imposta sostitutiva* for payments of Relevant Receipts in respect of the Notes made to (i) international entities and organisations established in accordance with international agreements ratified in Italy; (ii) certain foreign institutional investors established in countries which allow for an adequate exchange of information with Italy; and (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State.

To ensure payment of Relevant Receipts in respect of the Notes without the application of 26 per cent. *imposta sostitutiva*, non Italian resident investors indicated above must:

- (a) be the beneficial owners of payments of Relevant Receipts on the Notes;
- (b) deposit the Notes in due time together with the coupons relating to such Notes directly or indirectly with a resident bank or SIM, or a permanent establishment in Italy of a non Italian resident bank or SIM, or with a non Italian resident operator participating in a centralised securities management system which is in contact via computer with the Ministry of Economy and Finance; and
- (c) file with the relevant depository a self statement stating, *inter alia*, that he or she is resident, for tax purposes, in one of the above mentioned states. Such self statement, which must comply with the requirements set forth by a Decree of the Ministry for the Economy and Finance of 12 December 2001 (as amended and supplemented), is valid until withdrawn or revoked and need not be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository. The self statement is not required for non Italian resident investors that are international entities and organisations established in accordance with international agreements ratified in Italy and Central Banks or entities which manage, *inter alia*, the official reserves of a foreign state.

Failure of a non resident Noteholder to comply in due time with the procedures set forth in Decree No. 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Relevant Receipts payments to a non resident Noteholder.

Non-resident holders of the Notes who are subject to substitute tax might, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant holder of the Notes.

2. ***Atypical securities***

Relevant Receipts payments relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds" (*titoli similari alle obbligazioni*) may be subject to a withholding tax, levied at the rate of 26 per cent. For this purpose, debentures similar to bonds (*titoli similari alle obbligazioni*) are securities that incorporate an unconditional obligation to pay at maturity an amount not lower than their nominal value.

In the case of Notes issued by an Italian resident issuer, where the Noteholder is (i) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected, (ii) an Italian company or a similar Italian commercial entity, (iii) an Italian permanent establishment of a foreign entity to which the Notes are connected, (iv) an Italian commercial partnership or (v) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases, the withholding tax is a final withholding tax. For non Italian resident Noteholders, the 26 per cent. withholding tax rate may be reduced by any applicable tax treaty.

3. ***Capital gains***

Italian resident Noteholders

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the status of the Noteholder, also as part of the net value of production for IRAP purposes) of an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the

Notes are connected), or of Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Pursuant to Decree No. 461, a 26 per cent. substitute tax on capital gain referred to as *imposta sostitutiva* is applicable on capital gains realised on the disposal of Notes by Noteholders included among the following categories of Italian residents:

- (a) individuals holding the Notes not in connection with an entrepreneurial activity (unless he has entrusted the management of his financial assets, including the Notes, to an authorised intermediary and has opted for the application of the asset management regime ("*regime del risparmio gestito*");
- (b) non commercial partnerships; and
- (c) private or public institution not carrying out mainly or exclusively commercial activities, the Italian state and public entities.

In respect of the application of such substitute tax, taxpayers may opt for one of the three regimes described below.

- (a) Tax declaration regime (*regime della dichiarazione*): under this regime, which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, Italian *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual holding the Notes not in connection with an entrepreneurial activity, pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss in the annual tax return and pay Italian *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward and set against capital gains realised in any of the four succeeding tax years. Pursuant to Decree No. 66, capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 per cent. of the relevant capital losses realised before 1 January 2012; (ii) 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014.
- (b) Administered savings regime (*regime del risparmio amministrato*): as an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay Italian *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes. Such separate taxation of capital gains is allowed subject to: (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express election for the administered savings regime being timely made in writing by the relevant Noteholder. The depository is responsible for calculating Italian *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder, or using funds provided by the Noteholder for this purpose. Under the administered savings regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following four tax years. Pursuant to Decree No. 66, capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 per cent. of the relevant capital losses realised before 1 January 2012; (ii) 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014. Under the administered savings regime, the Noteholder is not required to declare the capital gains in the annual tax return.

- (c) Asset management regime (*regime del risparmio gestito*): any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity, who have opted for the Asset Management Option, will not be subject to 26 per cent. *imposta sostitutiva* on capital gains but will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, and such capital gains will be subject to the Asset Management Tax, to be paid by the managing authorised intermediary. Under the asset management regime, any depreciation of the managed assets accrued at year end may be carried forward against appreciation in each of the following years up to the fourth. Pursuant to Decree No. 66, depreciations of the managed assets may be carried forward to be offset against any subsequent increase in value accrued as of 1 July 2014 for an overall amount of: (i) 48.08 per cent. of the relevant depreciations in value registered before 1 January 2012; (ii) 76.92 per cent. of the depreciations in value registered from 1 January 2012 to 30 June 2014. Also under the asset management regime the realised capital gain is not required to be included in the annual income tax return of the Noteholder.

In the case of Notes held by Funds, SICAVs or SICAFs capital gains on Notes contribute to determinate the increase in value of the managed assets of the Funds, SICAVs or SICAFs accrued at the end of each tax year. The Funds, SICAVs or SICAFs will not be subject to taxation on such increase, but the Collective Investment Fund Substitute Tax will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders. A withholding tax of 20 per cent. is levied on proceeds accrued up to 30 June 2014 and received by certain categories of unitholders or shareholders upon redemption or disposal of the units or shares.

Capital gains on the Notes held by real estate investment funds or SICAFs to which the provisions of Law Decree No. 351 of 25 September 2001, as subsequently amended, apply, are not subject to Italian *imposta sostitutiva* on capital gains, nor to any other income tax in the hands of the fund. The income of the real estate fund or the SICAF is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Any capital gains realised by a Noteholder that is an Italian pension fund (subject to the regime provided for by article 17 of the Decree No. 252) will not be subject to *imposta sostitutiva* on capital gains, but will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the Pension Fund Tax on the increase in value of the managed assets accrued at the end of each tax year (which increase would include capital gains accrued on the Notes).

As of 1 January 2015, Italian pension funds benefit from a tax credit equal to 9 per cent. of the result of the relevant portfolio accrued at the end of the tax period, provided that the pension fund invests in certain medium long term financial assets as identified with the Ministerial Decree of 19 June 2015 published in the Official Gazette – general series No. 175, on 30 July 2015.

Non-Italian resident Noteholders

The 26 per cent. *imposta sostitutiva* on capital gains may in certain circumstances be payable on any capital gains realised upon sale, transfer or redemption of the Notes by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Article 23 of Decree No. 917, any capital gains realised by non Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad, and in certain cases subject to timely filing of required documentation (in the form of a self declaration of non residence in Italy) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

Where the Notes are not listed on a regulated market in Italy or abroad:

- (a) pursuant to the provisions of Decree No. 461 non Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from the *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Notes if they are resident, for tax purposes in a country listed in the White List. Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected are subject to the administrative savings regime ("*regime del risparmio amministrato*") or elect for the asset management regime ("*regime del risparmio gestito*"), exemption from Italian capital gains tax will apply **provided that** they timely file with the authorised financial intermediary an appropriate self declaration stating that they meet the requirement indicated above. The same exemption applies in case the beneficial owners of the Notes are (i) international entities or organisations established in accordance with international agreements ratified by Italy; (ii) certain foreign institutional investors established in countries which allow for an adequate exchange of information with Italy; or (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State; and
- (b) in any event, non Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of Notes.

Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected are subject to the administrative savings regime ("*regime del risparmio amministrato*") or elect for the asset management regime ("*regime del risparmio gestito*"), exemption from Italian capital gains tax will apply **provided that** they timely file with the Italian authorised financial intermediary a self declaration attesting that all the requirements for the application of the relevant double taxation treaty are met.

4. ***Transfer Tax***

Contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of EUR 200; (ii) private deeds are subject to registration tax only in the case of use or of voluntary registration.

5. ***Stamp duty***

According to 13 par. 2/ter of the tariff Part I attached to Presidential Decree No. 642 of 26 October 1972, as amended by Article 1 par. 581 of Law No. 147 of 27 December 2013, a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to their clients in respect of any Notes which may be deposited with such financial intermediary in Italy. The stamp duty applies at a rate of 0.2 per cent. and it cannot exceed EUR 14,000 for taxpayers which are not individuals. This stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes.

The statement is considered to be sent at least once a year, even for instruments for which is not mandatory, nor the deposit, nor the release, or the drafting of the statement. In case of reporting periods of less than 12 months, the stamp duty is payable on a pro-rata basis.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

6. ***Wealth tax on financial assets deposited abroad***

According to Article 19 of Decree No. 201 of 6 December 2011 ("**Decree No. 201/2011**") as amended by Article 1 par. 582 of Law No. 147 of 27 December 2013, Italian resident individuals holding financial assets – including the Notes – outside of the Italian territory are required to pay a wealth tax at the rate of 0.2 per cent. This tax is calculated on the market value at the end of the relevant year or – if no market value figure is available – on the nominal value or redemption value, or in the case the nominal or redemption values cannot be determined, on the purchase value of any financial asset (including the Notes) held outside of the Italian territory.

7. ***Inheritance and Gift Tax***

Pursuant to Decree No. 262 of 3 October 2006, as enacted into law with amendments by Law No. 286 of 24 November 2006, inheritance and gift taxes have been re-introduced in Italy, with effect as of 3 October 2006.

Inheritance and gift taxes apply according to the following rates and exclusions:

- (a) if assets (including money) pass to a spouse and direct descendants or ancestors, tax is levied at a rate of 4 per cent. The tax applies to the value of the assets (net of liabilities) left to each heir/beneficiary which exceeded EUR 1,000,000;
- (b) assets (including money) pass to a relative within the fourth degree or to a linear relative-in-law, as well as to a collateral relative within the third degree, tax is levied at a rate of 6 per cent. The tax applies to the value of the assets (net of liabilities) exceeding EUR 100,000, if assets are left to a brother or sister;
- (c) 8 per cent. in all other cases.

If the transfer is made in favour of persons with severe disabilities, the tax applies on the value exceeding EUR 1,500,000.

Moreover, an anti-avoidance rule is provided for by Law No. 383 of 18 October 2001 for any gift of assets (such as the Notes) which, if sold for consideration, would give rise to capital gains to the *imposta sostitutiva* provided for by Decree No. 461. In particular, if the donee sells the Notes for consideration within 5 years from the receipt thereof as a gift, the donee is required to pay the relevant *imposta sostitutiva* on capital gains as if the gift was not made.

8. ***Tax monitoring obligations***

Pursuant to Law Decree No. 167 of 28 June 1990, converted by Law No. 227 of 4 August 1990, as amended by Law No. 97 of 6 August 2013 and subsequently amended by Law No. 50 of 28 March 2014, individuals, non-profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Decree No. 917) resident in Italy who hold investments abroad or have financial activities abroad must, in certain circumstances, disclose the aforesaid to the Italian tax authorities in their yearly income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return). The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument.

Furthermore, the above reporting requirement is not required to comply with respect to Notes deposited for management with qualified Italian financial intermediaries, with respect to contracts entered into through their intervention, upon condition that the items of income derived from the Notes have been subject to tax by the same intermediaries and with respect to foreign investments which are only composed by deposits and/or bank accounts when their aggregate value never exceeds a EUR 15,000 threshold throughout the year.

Taxation in Spain

1. Introduction

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

- (a) 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 ("**IIT Law**"), 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;
- (b) for legal entities resident for tax purposes in Spain which are subject to the Corporate Income Tax ("**CIT**"), Law 27/2014 of 27 November, on the CIT ("**CIT Law**") and Royal Decree 1777/2004, of 30 July promulgating the CIT regulations; and
- (c) for individuals and entities who are not resident for tax purposes in Spain which are subject to the Non-Resident Income Tax ("**NRIT**"), Royal Legislative Decree 5/2004, of 5 March promulgating the Consolidated Text of the NRIT Law ("**NRIT Law**"), 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; and
- (d) for individuals resident and not resident for tax purposes in Spain which are subject to the Net Wealth Tax ("**NWT**"), Law 19/1991 of 6 June, on NWT ("**NWT Law**").

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

2. Individuals with Tax Residency in Spain

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

Both interest payments periodically received and income derived from the transfer, redemption or exchange of the Notes constitute a return on investment obtained from the transfer of a person's own capital to third parties in accordance with the provisions of Section 25 of the 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 at a flat rate of 19 per cent. (20 per cent in 2015) on the first EUR 6,000, 21 per cent. (22 per cent. in 2015) for taxable income between EUR 6,001 and EUR 50,000, and 23 per cent. (24 per cent. in 2015) for taxable income exceeding EUR 50,000.

The Issuer will pay interest without Spanish withholding tax to individual Noteholders who are resident for tax purposes in Spain. In addition, income obtained upon transfer, redemption or exchange of the Notes may also be paid without Spanish withholding tax.

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 Spanish withholding tax at the current rate of 19 per cent. (20 per cent. in 2015) which will be made by the depositary or custodian.

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

Individuals with tax residency in Spain are subject to NWT in tax year 2015 to the extent that their net worth exceeds EUR 700,000. Therefore, they should take into account the value of the Notes which they hold as at 31 December 2015, the applicable rates ranging between 0.2 per cent. and 2.5 per cent. However, this varies depending on the autonomous region of residency of the individual.

As from 1 January 2016, NWT will be effectively eliminated. The NWT Law provides for an 100 per cent. reduction on the NWT liability due by any NWT taxpayer (while also derogating NWT filing obligations).

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

Individuals resident in Spain for tax purposes who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to the Spanish Inheritance and Gift Tax in accordance with the applicable Spanish regional and State rules. The applicable tax rates currently range between 7.65 per cent. and 81.6 per cent. depending on relevant factors (such as the specific regulations imposed by each Spanish autonomous region, the amount of the pre-existing net wealth of the individual and the degree of kinship with the deceased or donor).

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

3.1 *Corporate Income Tax (Impuesto sobre Sociedades)*

Both interest received periodically and income derived from the transfer, redemption or repayment of the Notes are subject to CIT at the current general tax rate of 25 per cent. (28 per cent. in 2015) in accordance with the rules for this tax.

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).

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

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

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

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

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

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

(a) *With permanent establishment in Spain*

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

(b) *With no permanent establishment in Spain*

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

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

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to NWT 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 EUR 700,000 would be subject to NWT in tax year 2015, the applicable rates ranging between 0.2 per cent. and 2.5 per cent.

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

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

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

5. *Tax Rules for payments made by the Guarantor*

On the basis that payments of principal and interest made by the Guarantor in respect of the Notes are characterised as an indemnity under Spanish law, such payments may be made free and clear of, and without withholding or deduction on account of, any Spanish Tax. However, although there is no clear precedent, statement of law, or regulation on this matter, if the Spanish Tax Authorities take the position that the relevant Guarantor has validly, legally and effectively assumed all the obligations of the Issuer under the Notes (whether contractually or by any other means), the Spanish Tax Authorities may determine that payments made by the Guarantor relating to the Notes will be subject to the same tax rules set out above for payments made by the Issuer.

Irish Tax Considerations

The following is a summary of the Irish withholding tax treatment of the Notes. It is based on the laws and practice of the Revenue Commissioners of Ireland currently in force in Ireland as at the date of this Base Prospectus and may be subject to change. The summary does not purport to be a comprehensive description of all of the Irish tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes. The summary does not constitute tax or legal advice and the comments below are of a general nature only and it does not discuss all aspects of Irish taxation that may be relevant to any particular holder of Notes. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of payments thereon under any laws applicable to them.

1. *Withholding Tax*

In general, tax at the standard rate of income tax (currently 20 per cent.), is required to be withheld from payments of Irish source income. The Issuer will not be obliged to withhold Irish income tax from payments of interest on the Notes so long as such payments do not constitute Irish source income. Interest paid on the Notes should not be treated as having an Irish source unless:

- (a) the Issuer is resident in Ireland for tax purposes; or
- (b) the Issuer has a branch or permanent establishment in Ireland, the assets or income of which is used to fund the payments on the Notes; or
- (c) the Issuer is not resident in Ireland for tax purposes but the register for the Notes is maintained in Ireland or (if the Notes are in bearer form) the Notes are physically held in Ireland.

It is anticipated that, (i) the Issuer is not and will not be resident in Ireland for tax purposes; (ii) the Issuer will not have a branch or permanent establishment in Ireland; (iii) that bearer Notes will not be physically located in Ireland; and (iv) the Issuer will not maintain a register of any registered Notes in Ireland.

In any event, an exemption from withholding on interest payments exists under Section 64 of the Taxes Consolidation Act 1997 of Ireland for certain interest bearing securities ("quoted Eurobonds") issued by a body corporate (such as the Issuer) which are quoted on a recognised stock exchange (which would include the Irish Stock Exchange Plc).

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

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

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

2. ***Taxation of Noteholders***

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish income or corporation tax (and, in the case of individuals, the universal social charge) on such interest if (i) such interest has an Irish source (as discussed in 'Withholding Tax' above), (ii) the Noteholder is resident or (in the case of a person other than a body corporate) ordinarily resident in Ireland for tax purposes (in which case there would also be a social insurance (PRSI) liability for an individual in receipt of interest on the Notes) or (iii) the Notes are attributed to a branch or agency in Ireland.

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

Ireland operates a self-assessment system in respect of income and corporation tax and each person must assess its own liability to Irish tax.

3. ***Irish Encashment Tax***

Payments on any Notes paid by a paying agent in Ireland or collected or realised by an agent in Ireland acting on behalf of the beneficial owner of Notes will be subject to Irish encashment tax at the standard rate of Irish tax (currently 20 per cent.), unless it is proved, on a claim made in the required manner to the Revenue Commissioners of Ireland, that the beneficial owner of the Notes entitled to the interest or distribution is not resident in Ireland for the purposes of Irish tax and such interest or distribution is not deemed, under the provisions of Irish tax legislation, to be income of another person that is resident in Ireland.

4. ***Capital Gains Tax***

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

5. ***Capital Acquisitions Tax***

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

6. ***Stamp Duty***

Any document transferring title to the Notes is potentially subject to 1 per cent if (i) the Notes are regarded as property situated in Ireland; or (ii) a document of transfer of the Notes is executed in Ireland; or (iii) the transfer relates to Irish property or to any matter or thing done or to be done in Ireland. However, if the terms of the loan capital exemption are satisfied no stamp duty is payable. There are four conditions that must be satisfied to avail of this exemption:

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

The proposed financial transactions tax ("FTT")

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

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

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

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

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

Foreign Account Tax Compliance Act ("FATCA")

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (**“foreign passthru payments”**) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the Issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**“IGAs”**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of ABN AMRO Bank N.V., Banca Akros S.p.A. – Gruppo Bipiemme Banca Popolare di Milano, Banca IMI S.p.A., Banco Santander, S.A., Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, J.P. Morgan Securities plc, Lloyds Bank Plc, Mediobanca – Banca di Credito Finanziario S.p.A., Merrill Lynch International, Morgan Stanley & Co. International plc, Nomura International plc, Société Générale, The Royal Bank of Scotland plc, UBS Limited and UniCredit Bank AG (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in a dealer agreement dated 18 July 2015 the "**Dealer Agreement**") and made between the Issuer and the Guarantor and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination or appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

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

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

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

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

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

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) **Approved prospectus:** if the Final Terms or Drawdown Prospectus in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, **provided that** any such prospectus which is not a Drawdown Prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) **Qualified investors:** at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) **Limited number of offerees:** at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) **Other exempt offers:** at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended by Directive 2010/73/EU) and includes any relevant implementing measure in each Relevant Member State.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

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

- (a) **No deposit-taking:** in relation to any Notes having a maturity of less than one year:
 - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and;
 - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,
 where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") by the Issuer;
- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

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

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, each Dealer has undertaken, and each further Dealer will be required to undertake that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result 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.

Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed, and each further Dealer will be required to represent and agree that, save as set out below, it will not offer or sell, any Notes in the Republic of Italy in an offer to the public and that sales of the Notes in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Accordingly, each of the Dealers has represented and agreed, and each further Dealer will be required to represent and agree that it will not offer, sell or deliver any Notes or distribute copies of the Base Prospectus and any other document relating to the Notes in the Republic of Italy except:

- (a) to "qualified investors", as referred to in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Decree No. 58**") and defined in Article 34-ter, paragraph 1, let. b) of CONSOB (the Italian Companies and Stock Exchange Commission (*Commissione nazionale per le Società e la Borsa*)) Regulation No. 11971 of 14 May 1999, as amended ("**Regulation No. 11971**"); or
- (b) that it may offer, sell or deliver Notes or distribute copies of any prospectus relating to such Notes in an offer to the public in the period commencing on the date of publication of such prospectus, **provided that** such prospectus has been approved in another Relevant Member State and notified to the CONSOB, all in accordance with the Prospectus Directive, as implemented in Italy under Decree 58 and Regulation No. 11971, and ending on the date which is 12 months after the date of publication of such prospectus; or
- (c) in any other circumstances where an express exemption from compliance with the offer restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

Any such offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended, Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007, as amended and any other applicable laws and regulations; and
- (b) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Provisions relating to the secondary market in the Republic of Italy:

Investors should also note that, in any subsequent distribution of the Notes in the Republic of Italy, Article 100-bis of Decree No. 58 may require compliance with the law relating to public offers of securities. Furthermore, where the Notes are placed solely with "qualified investors" and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of Notes who are acting outside of the course of their business or profession may in certain

circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises the Notes were purchased, unless an exemption provided for under Decree No. 58 applies.

Kingdom of Spain

The Notes may not be offered, sold or distributed, nor may any subsequent resale of Notes be carried out in Spain, except in circumstances which do not constitute a public offer of securities in Spain within the meaning of the consolidated text of the Securities Market Law approved by legislative Royal Decree 4/2015 of 23 October (*Real Decreto Legislativo 4/2015 de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*), or without complying with all legal and regulatory requirements under Spanish securities laws. No publicity or marketing of any kind shall be made in Spain in relation to the Notes.

Neither the Notes nor the Base Prospectus have been registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) and therefore the Base Prospectus is not intended for any public offer of the Notes in Spain.

France

Each of the Dealers has represented and agreed, and each further Dealer will be required to represent and agree that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France, this Base Prospectus, the relevant Final Terms or any other offering material relating to Notes, and that such offers, sales and distributions have been and shall only be made in the Republic of France to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) to qualified investors (*investisseurs qualifiés*) as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French Code *monétaire et financier*.

General

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

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

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the subscription agreement applicable to a particular Tranche of Notes and/or in a supplement to this Base Prospectus.

FORM OF THE SUBORDINATED GUARANTEE

THIS DEED OF SUBORDINATED GUARANTEE is made on [on or before relevant Issue Date] BY

(1) **SANTANDER CONSUMER FINANCE, S.A.** (the "**Guarantor**");

IN FAVOUR OF

(2) **THE HOLDERS** for the time being and from time to time of the Subordinated Notes referred to below (each a "**Holder**" of a Subordinated Note); and

(3) **THE ACCOUNTHOLDERS** (as defined in the Deed of Covenant described below) (together with the Holders, the "**Beneficiaries**").

WHEREAS:

(A) Santander Consumer Bank S.p.A. (the "**Issuer**") and the Guarantor have established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of notes (the "**Notes**"), in connection with which they have entered into a dealer agreement dated 18 July 2016 (the "**Dealer Agreement**") and an issue and paying agency agreement dated 18 July 2016 (the "**Issue and Paying Agency Agreement**") and the Issuer has executed a deed of covenant dated 18 July 2016 (the "**Deed of Covenant**").

(B) The Guarantor has agreed to guarantee irrevocably the payment of principal and interest together with all other sums payable by (i) the Issuer under the [[*currency*]][*amount*]] Subordinated Notes due [*date*] issued by the Issuer (the "**Subordinated Notes**") and, on an issue by issue basis any other subordinated Notes issued by the Issuer under the Programme, and the Deed of Covenant, and (ii) the Issuer under the English law governed Notes issued by the Issuer on or after the date of the Deed of Senior Guarantee executed by the Guarantor on 18 July 2016 (the "**Senior Notes**") and the Deed of Covenant.

NOW THIS DEED OF SUBORDINATED GUARANTEE WITNESSES as follows:

1. INTERPRETATION

1.1 *Definitions*

In this Deed of Subordinated Guarantee the following expressions have the following meanings: "**Conditions**" means the terms and conditions of the Subordinated Notes, and any reference to a numbered "**Condition**" is to the correspondingly numbered provision thereof;

"**person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

1.2 *Other defined terms*

Unless otherwise defined herein or unless the context requires otherwise, expressions defined in the Conditions or the Deed of Covenant have the same meanings in this Deed of Subordinated Guarantee.

1.3 *Clauses*

Any reference in this Deed of Subordinated Guarantee to a Clause is, unless otherwise stated, to a clause hereof.

1.4 *Headings*

Headings and sub-headings are for ease of reference only and shall not affect the construction of this Deed of Subordinated Guarantee.

2. **SUBORDINATED GUARANTEE AND INDEMNITY**

2.1 ***Subordinated Guarantee***

The Guarantor hereby unconditionally and irrevocably guarantees:

- 2.1.1 to the Holder of each Subordinated Note the due and punctual payment of all sums from time to time payable by the Issuer in respect of such Subordinated Note as and when the same become due and payable and accordingly undertakes to pay to such Holder, in the manner and currency prescribed by the Conditions for payments by the Issuer in respect of the Subordinated Notes, any and every sum or sums which the Issuer is at any time liable to pay in respect of such Subordinated Note and which the Issuer has failed to pay, subject to the provisions of Clause 4.7; and
- 2.1.2 to each Accountholder the due and punctual payment of all sums from time to time payable by the Issuer to such Accountholder in respect of the Direct Rights as and when the same become due and payable and accordingly undertakes to pay to such Accountholder, in the manner and currency prescribed by the Conditions for payments by the Issuer in respect of the Subordinated Notes, any and every sum or sums which the Issuer is at any time liable to pay to such Accountholder in respect of the Subordinated Notes and which the Issuer has failed to pay, subject to the provisions of Clause 4.7.

2.2 ***Indemnity***

The Guarantor irrevocably and unconditionally agrees as a primary obligation to indemnify each Beneficiary from time to time from and against any loss incurred by such Beneficiary as a result of any of the obligations of the Issuer under or pursuant to any Subordinated Note, the Deed of Covenant or any provision thereof being or becoming void, voidable, unenforceable or ineffective for any reason whatsoever, whether or not known to such Beneficiary or any other person, the amount of such loss being the amount which such Beneficiary would otherwise have been entitled to recover from the Issuer. Any amount payable pursuant to this indemnity shall be payable in the manner and currency prescribed by the Conditions for payments by the Issuer in respect of the Subordinated Notes, but subject always to the provisions of Clause 4.7. This indemnity constitutes a separate and independent obligation from the other obligations under this Deed of Subordinated Guarantee and shall give rise to a separate and independent cause of action.

3. **COMPLIANCE WITH CONDITIONS**

The Guarantor covenants in favour of each Beneficiary that it will duly perform and comply with the obligations expressed to be undertaken by it in the Conditions.

4. **PRESERVATION OF RIGHTS**

4.1 ***Principal obligor***

The obligations of the Guarantor hereunder shall be deemed to be undertaken as principal obligor and not merely as surety.

4.2 ***Continuing obligations***

The obligations of the Guarantor herein contained shall constitute and be continuing obligations notwithstanding any settlement of account or other matter or thing whatsoever and shall not be considered satisfied by any intermediate payment or satisfaction of all or any of the Issuer's obligations under or in respect of any Subordinated Note or the Deed of Covenant and shall continue in full force and effect until all sums due from the Issuer in respect of the Subordinated Notes and under the Deed of Covenant have been paid, and all other actual or contingent obligations of the Issuer thereunder or in respect thereof have been satisfied, in full.

4.3 ***Obligations not discharged***

Neither the obligations of the Guarantor herein contained nor the rights, powers and remedies conferred upon the Beneficiaries by this Deed of Subordinated Guarantee or by law shall be discharged, impaired or otherwise affected by:

- 4.3.1 the winding up, dissolution, administration or re-organisation of the Issuer or any change in its status, function, control or ownership;
- 4.3.2 any of the obligations of the Issuer under or in respect of the Subordinated Notes or the Deed of Covenant being or becoming illegal, invalid, unenforceable or ineffective in any respect;
- 4.3.3 time or other indulgence being granted or agreed to be granted to the Issuer in respect of any of its obligations under or in respect of the Subordinated Notes or the Deed of Covenant;
- 4.3.4 any amendment to, or any variation, waiver or release of, any obligation of the Issuer under or in respect of the Subordinated Notes or the Deed of Covenant or any security or other guarantee or indemnity in respect thereof; or
- 4.3.5 any other act, event or omission which, but for this sub-clause, might operate to discharge, impair or otherwise affect the obligations expressed to be assumed by the Guarantor herein or any of the rights, powers or remedies conferred upon the Beneficiaries or any of them by this Deed of Subordinated Guarantee or by law.

4.4 ***Settlement conditional***

Any settlement or discharge between the Guarantor and the Beneficiaries or any of them shall be conditional upon no payment to the Beneficiaries or any of them by the Issuer or any other person on the Issuer's behalf being avoided or reduced by virtue of any laws relating to bankruptcy, insolvency, liquidation or similar laws of general application for the time being in force and, in the event of any such payment being so avoided or reduced, the Beneficiaries shall be entitled to recover the amount by which such payment is so avoided or reduced from the Guarantor subsequently as if such settlement or discharge had not occurred.

4.5 ***Exercise of Rights***

No Beneficiary shall be obliged before exercising any of the rights, powers or remedies conferred upon it by this Deed of Subordinated Guarantee or by law:

- 4.5.1 to make any demand of the Issuer, save for the presentation of the relevant Subordinated Note;
- 4.5.2 to take any action or obtain judgment in any court against the Issuer; or
- 4.5.3 to make or file any claim or proof in a winding up or dissolution of the Issuer, and (save as aforesaid) the Guarantor hereby expressly waives presentment, demand, protest and notice of dishonour in respect of each Subordinated Note.

4.6 ***Deferral of Guarantor's Rights***

The Guarantor agrees that, so long as any sums are or may be owed by the Issuer in respect of the Subordinated Notes or under the Deed of Covenant or the Issuer is under any other actual or contingent obligation thereunder or in respect thereof, the Guarantor will not exercise any rights which the Guarantor may at any time have by reason of the performance by the Guarantor of its obligations hereunder:

- 4.6.1 to be indemnified by the Issuer;
- 4.6.2 to claim any contribution from any other guarantor of the Issuer's obligations under or in respect of the Subordinated Notes or the Deed of Covenant; or

- 4.6.3 to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of any Beneficiary against the Issuer in respect of amounts paid by the Guarantor under this Deed of Subordinated Guarantee or any security enjoyed in connection with the Subordinated Notes or the Deed of Covenant by any Beneficiary.

4.7 ***Status and Covenants***

- 4.7.1 This Deed of Subordinated Guarantee constitutes direct, unconditional, subordinated and unsecured obligations of the Guarantor.
- 4.7.2 The Guarantor undertakes that its obligations hereunder will at all times rank (in relation to the Subordinated Notes) as described in Condition 3.4.

5. **DEPOSIT OF DEED OF SUBORDINATED GUARANTEE**

This Deed of Subordinated Guarantee shall be deposited with and held by the Issue and Paying Agent until after all the obligations of the Issuer under or in respect of the Subordinated Notes and the Deed of Covenant have been discharged in full. The Guarantor hereby acknowledges the right of every Beneficiary to the production of this Deed of Subordinated Guarantee.

6. **CONTRACTUAL CURRENCY**

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

7. **STAMP DUTIES**

The Guarantor shall pay all stamp, registration and other taxes and duties (including any interest and penalties thereon or in connection therewith) which are payable upon or in connection with the execution and delivery of this Deed of Subordinated Guarantee, and shall indemnify each Beneficiary against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, legal fees and any applicable value added tax) which it incurs as a result or arising out of or in relation to any failure to pay or delay in paying any of the same.

8. **BENEFIT OF DEED OF SUBORDINATED GUARANTEE**

8.1 ***Deed poll***

This Deed of Subordinated Guarantee shall take effect as a deed poll for the benefit of the Beneficiaries from time to time.

8.2 ***Benefit***

This Deed of Subordinated Guarantee shall enure to the benefit of each Beneficiary and its (and any subsequent) successors and assigns, each of which shall be entitled severally to enforce this Deed of Subordinated Guarantee against the Guarantor upon the basis described in the Deed of Covenant.

8.3 ***Assignment***

The Guarantor shall not be entitled to assign or transfer all or any of its rights, benefits and obligations hereunder. Each Beneficiary shall be entitled to assign all or any of its rights and benefits hereunder, however the Subordinated Guarantee is not separately transferable from the Subordinated Notes.

9. **PARTIAL INVALIDITY**

If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby.

10. **NOTICES**

10.1 ***Address for notices***

All notices and other communications to the Guarantor hereunder shall be made in writing (by letter, telex or fax) and shall be sent to the Guarantor at:

Santander Consumer Finance, S.A.
Ciudad Grupo Santander
Edificio Pinar, Segunda Planta
Avda.de Cantabria s/n
28660 Boadilla del Monte
Madrid
Spain

Fax: +34 91 257 12 85
Attention: Tesorería Santander Consumer

or to such other address or fax number or for the attention of such other person or department as the Guarantor has notified to the Holders in the manner prescribed for the giving of notices in connection with the Subordinated Notes.

10.2 ***Effectiveness***

Every notice or other communication sent in accordance with Clause 10.1 shall be effective upon receipt by the Guarantor **provided that** any such notice or other communication which would otherwise take effect after 4.00 p.m. on any particular day shall not take effect until 10.00 a.m. on the immediately succeeding business day in the place of the Guarantor.

11. **LAW AND JURISDICTION**

11.1 ***Governing law***

Save for Clause 4.7 (*Status and Covenants*) which shall be governed by Spanish law, this Deed of Subordinated Guarantee and all non-contractual obligations arising out of or in connection with it are governed by English law.

11.2 ***English courts***

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or in connection with this Deed of Subordinated Guarantee (including a dispute relating to the existence, validity or termination of this Deed of Subordinated Guarantee or any non-contractual

obligation arising out of or in connection with this Deed of Subordinated Guarantee) or the consequences of its nullity.

11.3 ***Appropriate forum***

The Guarantor 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.

11.4 ***Rights of the Beneficiaries to take proceedings outside England***

Clause 11.2 is for the benefit of the Beneficiaries only. As a result, nothing in this Clause 11 prevents any Beneficiary from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Beneficiaries may take concurrent Proceedings in any number of jurisdictions.

11.5 ***Service of process***

Without prejudice to any other mode of service allowed under any relevant law, the Guarantor (a) appoints Banco Santander S.A., London Branch at 2 Triton Square, Regent's Place, London NW1 3AN, United Kingdom as its agent for service of process in relation to any Proceedings or, if different, at any other address of the Guarantor in Great Britain at which service of process may from time to time be served on it and (b) agrees that failure by an agent for service of process to notify the Issuer and the Guarantor of the process will not invalidate the Proceedings concerned. If the appointment of the person mentioned in this Clause 11.5 ceases to be effective, the Guarantor shall forthwith appoint a further person in England to accept service of process on its behalf in England and notify the name and address of such person to the Issue and Paying Agent and, failing such appointment within fifteen days, any Holder of a Note shall be entitled to appoint such a person by written notice addressed to the Guarantor and delivered to the Guarantor or to the specified office of the Issue and Paying Agent. Nothing contained herein shall affect the right of any Noteholder to serve process in any other manner permitted by law. This condition applies to proceedings in England and to proceedings elsewhere.

12. **MODIFICATION**

Any modification of any provision of this Deed of Subordinated Guarantee may be made by supplemental deed poll if sanctioned by an Extraordinary Resolution (as defined in the Issue and Paying Agency Agreement).

IN WITNESS WHEREOF this Deed of Subordinated Guarantee has been executed by the Guarantor and is intended to be and is hereby delivered on the date first before written.

EXECUTED as a **DEED** by
SANTANDER CONSUMER FINANCE, S.A.
acting by

.....

GENERAL CONSENT - THE AUTHORISED OFFEROR TERMS

These terms (the "**Authorised Offeror Terms**") will be relevant in the case of any Tranche of Notes, if (and only if) Part B of the applicable Final Terms specifies "General Consent" as "Applicable". They are the Authorised Offeror Terms which will be referred to in the "**Acceptance Statement**" to be published on the website of any financial intermediary which (a) is authorised to make such offers under MiFID and (b) accepts such offer by publishing an Acceptance Statement on its website.

1. General

The relevant financial intermediary:

- (a) **Applicable Rules:** acts in accordance with all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "**Rules**") including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Notes by any person and disclosure to any potential Investor;
- (b) **Subscription and sale:** complies with the restrictions set out under "*Subscription and Sale*" in this Base Prospectus which would apply as if it were a relevant Dealer and with any further relevant requirements as may be specified in the applicable Final Terms;
- (c) **Fees, commissions and benefits:** ensures that any fee, commission, benefits of any kind, rebate received or paid by that financial intermediary in relation to the offer or sale of the Notes does not violate the Rules and is fully and clearly disclosed to Investors or potential Investors;
- (d) **Licences, consents, approvals and permissions:** holds all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Notes under the Rules;
- (e) **Violation of Rules:** it will immediately inform the Issuer, the Guarantor and any relevant Dealer if at any relevant time it becomes aware or suspects that it is or may be in violation of any Rules;
- (f) **Anti-money laundering, bribery and corruption:** complies with, and takes appropriate steps in relation to, applicable anti-money laundering, anti-bribery, prevention of corruption and "know your client" Rules, and does not permit any application for Notes in circumstances where the financial intermediary has any suspicions as to the source of the purchase monies;
- (g) **Record-keeping:** retains investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested and to the extent permitted by the Rules, make such records available to the Issuer, the Guarantor and the relevant Dealer or directly to the appropriate authorities with jurisdiction over the Issuer, the Guarantor and/or the relevant Dealer in order to enable the Issuer, the Guarantor and/or the relevant Dealer to comply with anti-money laundering, anti-bribery and "know your client" Rules applying to the Issuer, the Guarantor and/or the relevant Dealer;
- (h) **Breach of Rules:** does not, directly or indirectly, cause the Issuer, the Guarantor or the relevant Dealer to breach any Rule or subject the Issuer, the Guarantor or the relevant Dealer to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;
- (i) **Publicity names:** does not use the legal or publicity names of the Issuer, the Guarantor or the relevant Dealer(s) or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest or in any statements (oral or written), marketing material or documentation in relation to the Notes;
- (j) **Information:** does not give any information other than that contained in this Prospectus (as may be amended or supplemented by the Issuer from time to time) or make any

representation in connection with the offering or sale of, or the solicitation of interest in, the Notes;

- (k) **Communications:** agrees that any communication in which it attaches or otherwise includes any announcement published by the Issuer at the end of the Offer Period will be consistent with the Base Prospectus, and (in any case) must be fair, clear and not misleading and in compliance with the Rules and must state that such Authorised Offeror has provided it independently from the Issuer and must expressly confirm that the Issuer has not accepted any responsibility for the content of any such communication;
- (l) **Legal or publicity names:** does not use the legal or publicity names of the relevant Dealer, the Issuer or any other name, brand or logo registered by any entity within their respective groups or any material over which any such entity retains a proprietary interest or in any statements (oral or written), marketing material or documentation in relation to the Notes; and
- (m) **Any other conditions:** agrees to any other conditions set out in paragraph 8(xi) of Part B of the relevant Final Terms.

2. Indemnity

The relevant financial intermediary agrees that if either of the Issuer or the Guarantor incurs any liability, damages, cost, loss or expense (including, without limitation, legal fees, costs and expenses and any value added tax thereon) (a "**Loss**") arising out of, in connection with or based on any inaccuracy of any of the foregoing representations and warranties or any breach of any of the foregoing undertakings then the relevant financial intermediary shall pay to the Issuer or the Guarantor, as the case may be, on demand an amount equal to such Loss.

3. Governing Law and Jurisdiction

The relevant financial intermediary agrees that:

- (a) the contract between the Issuer, the Guarantor and the financial intermediary formed upon acceptance by the financial intermediary of the offer of the Issuer and the Guarantor to use this Base Prospectus with their consent in connection with the relevant Public Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;
- (b) the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Authorised Offeror Contract (including a dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) and accordingly the relevant financial intermediary submits to the exclusive jurisdiction of the English courts;
- (c) each relevant Dealer will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for their benefit but, subject to this, a person who is not a party to the Authorised Offeror Contract has no right to enforce any term of the Authorised Offeror Contract; and
- (d) the parties to the Authorised Offeror Contract do not require the consent of any person not a party to the Authorised Offeror Contract to rescind or vary the Authorised Offeror Contract at any time.

GENERAL INFORMATION

Authorisation

1. The update of the Programme was authorised by the Board of Directors of the Issuer on 27 April 2016 and by the Executive Committee of the Board of Directors of the Guarantor on 23 June 2016. Each of the Issuer and the Guarantor 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 and the giving of the Senior Guarantee or Subordinated Guarantee relating to them, as the case may be.

Legal and Arbitration Proceedings

2. There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer or the Guarantor is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer and/or the Issuer Group; or the Guarantor and/or the Guarantor Group respectively.

Significant/Material Change

3. Since 31 December 2015 there has been no material adverse change in the prospects of the Issuer nor any significant change in the financial or trading position of the Issuer. Since 31 December 2015 there has been no material adverse change in the prospects of the Guarantor nor any significant change in the financial or trading position of the Guarantor.

Auditors

4. The consolidated and unconsolidated financial statements of the Issuer have been audited without qualification for the years ended 31 December 2015 and 31 December 2014 by the external audit firm Deloitte & Touche S.p.A. of Via Tortona 25, Milan, Italy, registered under number 132587 in the Register of Legal Auditors (*Registro dei Revisori Legali*), and member of ASSIREVI – *Associazione Nazionale Revisori Contabili*.

The consolidated and unconsolidated financial statements of the Guarantor have been audited without qualification for the years ended 31 December 2015 and 31 December 2014 by the external audit firm Deloitte, S.L. (formerly Deloitte & Touche España, S.L.) of Plaza Pablo Ruiz Picasso, 1, Madrid, registered under number S-0692 in the Official Register of Auditors (*Registro Oficial de Auditores de Cuentas*), and member of the *Instituto de Censores Jurados de Cuentas de España*.

No other information relating to the Issuer or the Guarantor in this Base Prospectus has been audited by Deloitte & Touche S.p.A. and/or Deloitte, S.L.

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

The external audit firm PricewaterhouseCoopers Auditores, S.L. of Torre PwC, Paseo de la Castellana, 259-B, Madrid, registered under number S0242 in the Official Register of Auditors (*Registro Oficial de Auditores de Cuentas*) with tax identification number (CIF) B-79 031290, and member of the *Instituto de Censores Jurados de Cuentas de España* has been appointed as auditor of the Guarantor from 1 January 2016. The auditors are registered in the Commercial Registry of Madrid in 3rd section, book 8,054, volume 9,267, sheet 75, page No. 87,250-1.

PricewaterhouseCoopers S.p.A., a company with its registered offices in via Monte Rosa 91, Milan, Italy, registered under No. 119644 in the Register of Accounting Auditors (*Registro dei Revisori Contabili*) and member of ASSIREVI – *Associazione Nazionale Revisori Contabili* has been appointed as auditor of Santander Consumer Bank S.p.A. from 1 January 2016.

No information relating to the Issuer or the Guarantor in this Base Prospectus has been audited by PricewaterhouseCoopers S.p.A. and/or PricewaterhouseCoopers Auditores, S.L.

Documents on Display

5. Electronic or physical copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the office of the Issue and Paying Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and at the registered office of the Issuer for the life of this Base Prospectus:
- (a) the constitutive documents of the Issuer;
 - (b) the constitutive documents of the Guarantor;
 - (c) the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2015 and 31 December 2014;
 - (d) the audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2015 and 31 December 2014;
 - (e) the terms and conditions set out on pages 37 to 62 of the base prospectus dated 2 July 2015 under the heading "*Terms and Conditions of the Notes*";
 - (f) the Issue and Paying Agency Agreement;
 - (g) the Senior Guarantee and, in respect of each issue of Subordinated Notes, the relevant Subordinated Guarantee;
 - (h) the Deed of Covenant;
 - (i) the Programme Manual; and
 - (j) 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).

Material Contracts

6. Save as set out under "*Description of the Issuer – Recent Developments*" and under "*Description of the Guarantor – Recent Developments*" in this Base Prospectus, during the two years prior to the date of this Base Prospectus, neither Issuer nor the Guarantor has been a party to any contracts that were not entered into in the ordinary course of business of the Issuer or the Guarantor respectively and which was material to the ability of the Issuer or the Guarantor to meet its obligations in respect of the Notes.

Conditions for determining price

7. Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer, the Guarantor and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

Yield

8. The yield of each Tranche of Notes will be calculated on an annual or semi-annual basis using the relevant Issue Price at the relevant Issue Date.

Maturities

9. Notes issued may have any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank consents. Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment

maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by the Issuer.

Clearing of the Notes

10. The Notes have been accepted for clearance through Euroclear (1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium) and Clearstream, Luxembourg (42 Avenue J.F. Kennedy, L-1855 Luxembourg). The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

Passporting

11. The Issuer may, on or after the date of this Base Prospectus, make applications for one or more certificates of approval under Article 18 of the Prospectus Directive as implemented in Ireland to be issued by the Central Bank of Ireland to the competent authority in any Member State.

Dealers' Interests

12. 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, the Guarantor and their respective affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities

In addition, in the ordinary course of their business activities, 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, the Guarantor or their respective affiliates. Certain of the Dealers or their affiliates that have lending relationships with the Issuer or the Guarantor routinely hedge their credit exposure to the Issuer and/or the Guarantor consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the avoidance of doubt, the term "affiliates" in this paragraph also includes parent companies.

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