

## BASE PROSPECTUS



### SANTANDER CONSUMER FINANCE, S.A.

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

**EUR 25,000,000,000**

### EURO MEDIUM TERM NOTE PROGRAMME

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Under the Euro Medium Term Note Programme (the “**Programme**”) described in this base prospectus (the “**Base Prospectus**”) Santander Consumer Finance, S.A. (the “**Issuer**” or “**SCF**”) may from time to time issue notes (“**Notes**”) during the period of twelve months after the date hereof. This Base Prospectus has been prepared in accordance with the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 (the “**Delegated Regulation 2019/980**”) supplementing Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”).

This Base Prospectus has been approved by the Central Bank of Ireland (the “**Central Bank of Ireland**”), as competent authority under the Prospectus Regulation. The Central Bank of Ireland only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed under the Prospectus Regulation. The approval of this Base Prospectus by the Central Bank of Ireland should not be considered as an endorsement of the Issuer or the quality of the securities that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the securities. Such approval relates only to Notes that are to be admitted to trading on the regulated market (the “**Regulated Market**”) of the Irish Stock Exchange plc, trading as Euronext Dublin (“**Euronext Dublin**”) or on another regulated market for the purposes of Directive 2014/65/EU, of the European Parliament, and of the Council, of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as amended (“**MiFID II**”) or that are offered to the public in any Member State of the European Economic Area (the “**EEA**”).

Application has been made to Euronext Dublin for Notes issued under this Programme during the period of twelve months from the date of this Base Prospectus to be admitted to the official list (the “**Official List**”) and trading on its Regulated Market. The Regulated Market is a regulated market for the purposes of MiFID II. The Programme also permits Notes to be issued on the basis that they may be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

This Base Prospectus (as supplemented at the relevant time, if applicable) will be valid for 12 months from the date of its approval. The obligation to supplement the Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when the Base Prospectus is no longer valid.

**There are certain risks related to any issue of Notes under the Programme, which investors should ensure they understand and make their own assessment as to the suitability of investing in such Notes (see “Risk Factors” on pages 8 to 48 of this Base Prospectus).** Potential purchasers should note the statements on pages 185 to 195 regarding the tax treatment in Spain of income obtained in respect of the Notes and the disclosure requirements imposed by Law 10/2014, of 26 June on regulation, supervision and solvency of credit entities, as amended by Law 11/2015, of 18 June (“**Law 10/2014**”) on the Issuer relating to the Notes. In particular, payments on the Notes may be subject to Spanish withholding tax if certain information regarding the Notes is not received by the Issuer in a timely manner.

The Notes may only be issued in bearer form (“**Bearer Notes**”). Bearer Notes may be issued in new global note form (“**New Global Note**” or “**NGN**”) or classic global note form (“**Classic Global Note**” or “**CGN**”). Each Tranche of Bearer Notes will initially be represented by a temporary Global Note (each a “**Temporary Global Note**”) or by a permanent Global Note (each a “**Permanent Global Note**” together with a Temporary Global Note, each a “**Global Note**”), in each case as specified in the relevant Final Terms and, which, in each case, will (i) if the Global Notes are stated in the relevant Final Terms to be issued in NGN

form, be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the “**Common Safekeeper**”) for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”); or (ii) if the Global Notes are intended to be issued in CGN, be delivered on or prior to the original issue date of the relevant Tranche to a common depositary (“**Common Depositary**”) for Euroclear and Clearstream, Luxembourg, or as otherwise agreed between the relevant Issuer and the relevant Dealer. Interests in Temporary Global Notes will be exchangeable for interests in a Permanent Global Note or, if so stated in the relevant Final Terms, for definitive Bearer Notes (the “**Definitive Notes**”) after the date falling 40 days after the issue date upon certification as to non-U.S. beneficial ownership. If specified in the relevant Final Terms, interests in Permanent Global Notes will be exchangeable for Definitive Notes.

Tranches of Notes issued under the Programme may be rated or unrated. If a Tranche of Notes is rated the applicable rating(s) will be specified in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Issuer has been assigned the following long term credit ratings: A- (stable outlook) by Fitch Ratings Ireland Limited (“**Fitch**”), A2 (stable outlook) by Moody’s Investors Service España, S.A. (“**Moody’s**”) and A (stable outlook) by S&P Global Ratings Europe Limited (“**S&P**”). Each of Fitch, Moody’s and S&P is established in the EU and is 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**”). As such each of Moody’s, S&P, and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority (“**ESMA**”) on its website (at <https://www.esma.europa.eu/credit-rating-agencies/cra-authorisation>) in accordance with the CRA Regulation. None of Moody’s, S&P Global or Fitch are established in the United Kingdom, however they are each part of a group in respect of which one of its undertakings is (i) established in the United Kingdom, and (ii) is registered in accordance with the CRA Regulation as it forms part of the domestic law of the United Kingdom (“**UK**”) by virtue of the EUWA (the “**UK CRA Regulation**”). The Issuer ratings issued by Moody’s, S&P and Fitch have been endorsed by Moody’s Investors Service Limited, S&P Global Ratings UK Limited and Fitch Ratings Limited, respectively, in accordance with the UK CRA Regulation and have not been withdrawn. As such, the ratings issued by Moody’s, S&P and Fitch may be used for regulatory purposes in the United Kingdom in accordance with the UK CRA Regulation.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States, and include Notes in bearer form that are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”) and as defined in the U.S. Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations promulgated thereunder) except in certain transactions exempt from or not subject to the registration requirements of the Securities Act, the securities laws of the applicable state or other jurisdiction of the United States and applicable U.S. tax law requirements.

**IMPORTANT – EEA RETAIL INVESTORS** –The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**EU PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA will be prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

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

A determination will be made in relation to each issue about whether, for the purpose of the MiFID II Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID II Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise none of the Arranger, the Dealers and any of their respective affiliates will be a manufacturer for the purpose of the MiFID II Product Governance Rules.

**IMPORTANT – UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of the domestic law of the United Kingdom by virtue of the EUWA. Consequently no key information document required by the EU PRIIPs Regulation as it forms part of UK domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK will be prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

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

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

Amounts payable under the Notes may be calculated or otherwise determined by reference to an index or a combination of indices and amounts payable on Reset Notes issued under the Programme may in certain circumstances be determined in part by reference to such indices. Any such index may constitute a benchmark for the purposes of the Benchmark Regulation (Regulation (EU) 2016/1011) (the “**EU Benchmarks Regulation**”). If any such index does constitute such a benchmark the relevant final terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (“**ESMA**”) pursuant to Article 36 of the EU Benchmarks Regulation. Not every index will fall within the scope of the EU Benchmarks Regulation.

*Arranger*

**Barclays**

*Dealers*

**Barclays**

**BNP PARIBAS**

**BofA Securities**

**Citigroup**

**Commerzbank**

**Crédit Agricole CIB**

**Deutsche Bank**

**Goldman Sachs Bank Europe SE**

**HSBC**

**ING**

**J.P. Morgan**

**Lloyds Bank Corporate Markets  
Wertpapierhandelsbank**

**Mizuho**

**Morgan Stanley**

**MUFG**

**Natixis**

**NatWest Markets**

**Nomura**

**Santander Corporate & Investment Banking**

**SEB**

**Société Générale Corporate & Investment  
Banking**

**UBS Investment Bank**

**UniCredit**

The date of this Base Prospectus is 14 June 2023

## IMPORTANT NOTICES

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

### ***Responsibility for this Base Prospectus and Final Terms***

The Issuer accepts responsibility for the information contained in this Base Prospectus, any supplement thereto, and the Final Terms or Drawdown Prospectus (as defined below) for each Tranche of Notes issued under the Programme and declares that, to the best of its knowledge, the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme is in accordance with the facts and makes 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 Prospectuses*” below. This Base Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms. In the case of a Tranche of Notes which is the subject of a 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 otherwise requires.

For the avoidance of doubt, unless specifically incorporated by reference into this Base Prospectus, information contained on any website referred to in this Base Prospectus does not form part of this Base Prospectus.

### ***Other relevant information***

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

### ***Unauthorised information***

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

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

The Final Terms relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply an amount equal to the net proceeds of the issue of those Notes (as at the date of issuance of such Notes) into Green Eligible Assets, Social Eligible Assets or a combination of both Green Eligible Assets and Social Eligible Assets (such Notes being Green Bonds, Social Bonds or Sustainable Bonds, respectively), as described in the Green, Social and Sustainability Funding Global Framework (as defined below) established by Banco Santander, S.A. ("**Banco Santander**") and published on the website of Banco Santander (see "*Use of Proceeds*").

Neither the Dealers nor any of their respective affiliates accepts any responsibility for any third party social, environmental and sustainability assessment of any Notes or makes any representation or warranty or assurance whether the Notes will meet any investor expectations or requirements regarding such "green", "social", "sustainable" or similar labels. The Dealers or any of their respective affiliates are not responsible for the monitoring of the use of proceeds for any Notes. No representation or assurance is given by the Dealers or any of their respective affiliates as to the suitability or reliability of the Green, Social and Sustainability Funding Global Framework (as defined herein) or any opinion or certification of any third party made available in connection with an issue of Notes, and any such opinion or certification is not a recommendation by any Dealer to buy, sell or hold any such Notes. In the event any such Notes are listed or admitted to trading on a dedicated "green", "social", "sustainable" or other equivalently labelled segment of a stock exchange or securities market, no representation or assurance is given by the Dealers that such listing or admission will be obtained or maintained for the lifetime of the Notes.

### ***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.

Prospective investors should consider that the trading market for debt securities issued by banks is influenced by economic and market conditions and, to varying degrees, interest rates, currency exchange rates and inflation rates in other Western and industrialised countries, that such market volatility could adversely affect the price of the Notes and that the different economic and market conditions could have any other adverse effect.

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

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

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

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should consult its advisers to determine whether and to what extent (i) relevant Notes are legal investments for it, (ii) the relevant Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to the purchase of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the

appropriate treatment of Notes under any applicable risk-based capital or similar rules. Neither the Issuer, the Dealers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor of the relevant Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

#### ***Restrictions on distribution***

The distribution of this Base Prospectus and any Final Terms or Drawdown Prospectus, as the case may be, and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms or Drawdown Prospectus, as the case may be, comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any parent company or affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealers or such parent company or affiliate on behalf of the Issuer in such jurisdiction. 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 Securities Act and are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in certain transactions exempt from the registration requirements in the Securities Act.

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

#### ***Programme limit***

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed EUR 25,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement (as defined under “*Subscription and Sale*”).

#### ***Stabilisation***

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of a Stabilisation 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 Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

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

#### ***Dealers' business activities***

Certain of the Dealers and their respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their respective affiliates

may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities, certain of the Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. Certain of the Dealers or their affiliates which have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. Certain of the Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

#### ***Ratings of Notes under the Programme***

Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be issued by a credit rating agency established in the EEA and registered under 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 EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

#### ***Other defined terms and URLs***

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

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

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

#### ***Alternative Performance Measures***

This Base Prospectus (and the documents incorporated by reference in this Base Prospectus) contains certain management measures of performance or alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority on 5 October 2015 on alternative performance measures (the “**APMs**” and the “**ESMA Guidelines**”, respectively) that came into force on 3 July 2016, which are used by management to evaluate Issuer’s overall performance. These APMs are not audited, reviewed or subject to review by Issuer’s auditors and are not measurements required by, or presented in accordance with, International Financial Reporting Standards as adopted by the EU (“**IFRS-EU**”). Accordingly, these APMs should not be considered as alternatives to any performance measures prepared in accordance with IFRS-EU. Many of these APMs are based on Issuer’s internal estimates, assumptions, calculations, and expectations of future results and there can be no guarantee that these results will actually be achieved. Accordingly, investors are cautioned not to place undue reliance on these APMs.

Furthermore, these APMs, as used by the Issuer, may not be comparable to other similarly titled measures used by other companies. Investors should not consider such APMs in isolation, as alternatives to the



information calculated in accordance with IFRS-EU, as indications of operating performance or as measures of Issuer's profitability or liquidity. Such APMs must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS-EU and incorporated by reference in this Base Prospectus.

#### *Notices*

**Notification under Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA")** - Unless otherwise stated in the applicable Final Terms, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**")) and Excluded Investment Products (as defined in the Monetary Authority of Singapore (the "**MAS**") Notice SFA 04-N12: Notice on the Sale of Investment Product and the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

**Guidance under the Hong Kong Monetary Authority circular** - in October 2022, the Hong Kong Monetary Authority (the "**HKMA**") issued guidance on enhanced investor protection measures on the sale and distribution of debt instruments with loss-absorption features and related products (the "**HKMA Circular**"). Under the HKMA Circular, debt instruments with loss absorption features, being subject to the risk of being written-down or converted to ordinary shares, and investment products that invest mainly in, or whose returns are closely linked to the performance of such instruments, are to be targeted in Hong Kong at professional investors (as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any subsidiary legislations or rules made under the SFO, "**Professional Investors**") only and are generally not suitable for retail investors in either the primary or secondary markets. Investors in Hong Kong should not purchase the Notes in the primary or secondary markets unless they are Professional Investors only and understand the risks involved. The Notes are generally not suitable for retail investors.

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## OVERVIEW OF THE PROGRAMME

This Overview constitutes a general description of the Programme for the purposes of Article 25(1)(b) of the Delegated Regulation 2019/980.

The following overview must be read as an introduction to and is qualified in its entirety by the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the relevant Final Terms or Drawdown Prospectus, and any decision to invest in the Notes should be based on consideration of this Base Prospectus as a whole, including the documents incorporated by reference and the relevant Final Terms or Drawdown Prospectus.

|                                |  |
|--------------------------------|--|
| <b>Issuer:</b>                 | Santander Consumer Finance, S.A.   |
| <b>LEI Code:</b>               | 5493000LM0MZ4JPMGM90   |
| <b>Risk Factors:</b>           | Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under “ <i>Risk Factors</i> ” above.  |
| <b>Description:</b>            | Euro Medium Term Note Programme.   |
| <b>Size:</b>                   | Up to EUR 25,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.   |
| <b>Arranger:</b>               | Barclays Bank Ireland PLC  |
| <b>Dealers:</b>                | <p>Banco Santander, S.A., BofA Securities Europe SA, Barclays Bank Ireland PLC, BNP Paribas, Citigroup Global Markets Europe AG, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, Deutsche Bank Aktiengesellschaft, Goldman Sachs Bank Europe SE, HSBC Continental Europe, ING Bank N.V., J.P. Morgan SE, Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH, Mizuho Securities Europe GmbH, Morgan Stanley Europe SE, MUFG Securities (Europe) N.V., Natixis, NatWest Markets N.V., Nomura Financial Products Europe GmbH, Skandinaviska Enskilda Banken AB (publ), Société Générale, UBS Europe SE and UniCredit Bank AG.</p> <p>The Issuer may from time to time terminate the appointment of any Dealer under the Programme or appoint additional Dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to “<b>Dealers</b>” are to the persons listed above as Dealers and to such additional persons that are appointed as Dealers in respect of the whole Programme (and whose appointment has not been terminated) and all persons appointed as a Dealer in respect of one or more Tranches.</p> |
| <b>Issue and Paying Agent:</b> | The Bank of New York Mellon, London Branch   |
| <b>Method of Issue:</b>        | The Notes will be issued on a syndicated or non-syndicated basis. The Notes are issued in series (each, a “ <b>Series</b> ”), and each Series may comprise one or  |

more tranches (“**Tranches**” and each, a “**Tranche**”) of Notes issued on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other tranches of the same Series) will be completed in the applicable final terms document (the “**Final Terms**”).

**Issue Price:**

Notes may be issued at par or at a discount to par or a premium over par and on a fully paid basis, as specified in the relevant Final Terms. The issue price and the principal amount of the relevant Tranche of Notes will be determined before filing of the relevant Final Terms of each Tranche on the basis of then prevailing market conditions.

**Form of Notes:**

Notes may only be issued in bearer form. Each Tranche of Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note which is intended to be issued in a Classic Global Note, as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in a New Global Note, as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

The provisions governing the exchange of interests in Global Notes for other Global Notes and Definitive Notes are described in “*Summary of Provisions Relating to the Notes while in Global Form*”.

**Clearing Systems:**

Euroclear, Clearstream, Luxembourg or any other clearing system as may be specified in the relevant Final Terms.

**Currencies:**

The Notes may be denominated in any currency subject to compliance with all applicable legal and/or

regulatory requirements and/or central bank requirements.

**Maturities:**

Notes may be issued with any maturity subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Senior Non Preferred Notes will have an original maturity of at least one year from their date of effective disbursement or such minimum or maximum maturity as may be permitted or required from time to time by Applicable Banking Regulations. Tier 2 Subordinated Notes will have a maturity of not less than five years in accordance with Applicable Banking Regulations.

**Specified Denomination:**

Notes will be in such denominations as may be specified in the relevant Final Terms save that (i) no Notes may be issued under the Programme which have a minimum denomination of less than EUR 100,000 (or equivalent in another currency); and (ii) unless otherwise permitted by the then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the UK or whose issue otherwise constitutes a contravention of section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in other currencies).

**Fixed Rate Notes:**

Fixed Rate Notes will bear interest at the fixed rate(s) of interest specified in the relevant Final Terms. The rate of interest will remain constant or may be altered on certain reset dates as specified in the relevant Final Terms.

**Floating Rate Notes:**

Floating Rate Notes will bear interest at a variable rate either determined on the basis of (a) a floating rate set out in the relevant ISDA Definitions, or (b) a reference rate appearing on the agreed screen page of a commercial quotation service, together with the (positive or negative) margin (if any).

**Zero Coupon Notes:**

Zero Coupon Notes will be offered or sold at a discount to, or at 100% or above of, their principal amount and will not bear interest.

**CMS-Linked Notes:**

CMS-Linked Notes will bear interest (if any) at a rate determined by reference to a constant maturity swap rate as specified in the relevant Final Terms.

**Interest Periods and Interest Rates:**

The length of interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. All such information will be set out in the relevant Final Terms.

**Redemption:**

Notes may be redeemable at the redemption amount specified in the relevant Final Terms subject to compliance with all applicable legal and/or regulatory requirements. Early redemption will be permitted for

taxation reasons or, in the case of Ordinary Senior Notes if so specified in the relevant Final Terms, following an Event of Default or, in the case of certain Notes, if so specified in the relevant Final Terms, upon the occurrence of a TLAC/MREL Disqualification Event, or, in the case of Tier 2 Subordinated Notes, upon the occurrence of a Capital Disqualification Event. Otherwise, early redemption will be permitted only to the extent specified in the relevant Final Terms (including without limitation, pursuant to Condition 5.05 (*Early redemption at the option of the Issuer (Clean-Up Redemption)*)). Redemption of Tier 2 Subordinated Notes where the TLAC/MREL Disqualification Event has been specified as applicable in the relevant Final Terms may be made pursuant to a TLAC/MREL Disqualification Event only after five years from their date of issuance or such other minimum period permitted under Applicable Banking Regulations.

Any early redemption of Subordinated Notes, Senior Non Preferred Notes or Ordinary Senior Notes constituting TLAC/MREL-Eligible Notes will be subject to the prior consent of the competent authorities and/or relevant resolution authorities, to the extent required, in accordance with Applicable Banking Regulations.

**Status of Notes:**

Notes may be either Senior Notes (in which case they will be Ordinary Senior Notes or Senior Non Preferred Notes) or Subordinated Notes (in which case they will be Senior Subordinated Notes or Tier 2 Subordinated Notes) as more fully described in Condition 3 (*Status of the Notes*).

**Substitution and Variation:**

If specified in the relevant Final Terms as being applicable to the Notes and a TLAC/MREL Disqualification Event, a Capital Disqualification Event or a circumstance giving rise to the right of the Issuer to redeem the Notes for taxation reasons, as applicable, occurs and is continuing, the Issuer may substitute all (but not some only) of the Notes (as the case may be) or modify the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Holders, so that they are substituted for, or varied to, become, or remain Qualifying Notes. See Condition 22 (*Substitution and Variation*).

**Ratings:**

Series of Notes may be rated or unrated and, if rated, such ratings will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Series of Notes will be issued by a credit rating agency established in the EU and registered under the CRA Regulation will be disclosed in the relevant Final Terms.

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.

**Taxation:**

All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the Kingdom of Spain unless the withholding is required by law. In such event, the Issuer shall (subject to customary exceptions and, in respect of Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes constituting TLAC/MREL-Eligible Notes only in respect of the payment of interest) pay such additional amounts as shall result in receipt by the Holder of the relevant Note of such amounts as would have been received by it had no such withholding been required, all as described in “*Terms and Conditions of the Notes – Taxation*”.

The Issuer considers that, according to Royal Decree 1065/2007, of 27 July, as amended by Royal Decree 1145/2011, of 29 July, it is not obliged to withhold taxes in Spain in relation to interest paid on the Notes to any investor (whether tax resident in Spain or not) provided that the information procedures described in section “*Taxation*” below are fulfilled.

According to the information procedures described in such section, it would no longer be necessary to provide the Issuer with information regarding the identity and tax residence of the Holders of the Notes or the amount of interest payable to them, provided certain conditions are met.

For further information on this matter, please refer to “*Risk Factors — Taxation in Spain*”.

**Governing Law:**

English law or Spanish law, as specified in the relevant Final Terms. In the case of English law Notes, Condition 3 (*Status of the Notes*) and Condition 12 (*Syndicate of Holders of the Notes and Modification*) will be governed, and construed in accordance with, Spanish law.

**Listing and Admission to Trading:**

This Base Prospectus has been approved by the Central Bank of Ireland as competent authority under the Prospectus Regulation. The Central Bank of Ireland only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed under Irish and EU law pursuant to the Prospectus Regulation. Such approval by the Central Bank of Ireland should not be considered as an endorsement of the Issuer or the quality of the securities that are the subject of this Base Prospectus.

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and trading on its Regulated Market, as specified in the relevant Final Terms.

Each Series may be listed on the Official List of Euronext Dublin and traded on the regulated market of Euronext Dublin and/or any other listing authority, stock exchange and/or quotation system (as may be

agreed between the Issuer and the relevant Dealer and specified in the relevant Final Terms).

**Selling Restrictions:**

The United States, the EEA, the UK, France, Spain, Japan, Switzerland, Belgium, Singapore, Hong Kong, People's Republic of China, Taiwan, Republic of Korea, Italy and/or such other restrictions as may be required in connection with the offering and sale of the Notes. See "*Subscription and Sale*".



## RISK FACTORS

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

*In addition, factors which are material for the purpose of assessing the market risk associated with Notes issued under the Programme are detailed below. The factors discussed below regarding the risks of acquiring or holding any Notes are not exhaustive, and additional risks and uncertainties that are not presently known to the Issuer or that the Issuer currently believes to be immaterial could also have a material impact on the Notes. In particular, there are certain other risks, which are considered to be less important or because they are more general risks they have not been included in this Base Prospectus in accordance with the Prospectus Regulation.*

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

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

*The growth, asset quality and profitability of the Consumer Group, among others, may be adversely affected by a slowdown in one or more of the economies in which the Consumer Group operates, as well as volatile macroeconomic and political conditions.*

A slowdown or recession of one or more of the economies in which the Consumer Group operates, such as the severe recession faced by most world economies as a result of Covid-19 pandemic during 2020, could lead major financial institutions, including some of the world's largest global commercial banks, investment banks, mortgage lenders, mortgage guarantors and insurance companies to experience significant difficulties, including runs on deposits, the need for government aid or assistance or the need to reduce or cease providing funding to borrowers (including to other financial institutions).

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

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

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

The recoverability of the loan portfolios of the Consumer Group and its ability to increase the amount of loans outstanding and its results of operations and financial condition in general, are dependent on a significant extent on the level of economic activity in continental Europe. See risk factor *'The credit quality of the loan portfolio of the Consumer Group may deteriorate and the Consumer Group's loan loss reserves could be insufficient to cover its loan losses, which could have a material adverse effect on the Consumer Group'*.

In addition, the Consumer Group is exposed to sovereign debt from certain regions (for more information on its exposure to sovereign debt, see notes 7 to the 2022 Audited Consolidated Financial Statements). The balance at 31 December 2022 of the "Foreign Government Debt" corresponds mainly to Italian Treasury Bonds acquired by Santander Consumer Finance, S.A for €1,157,907 thousand and Finnish, Belgian and Norwegian Treasury Bonds acquired by the subsidiary Santander Consumer Bank AS (Norway) for €43,672 thousand, €72,477 thousand and €70,896 thousand, respectively, German, Italian, Luxembourgish, Belgian and French Treasury Bonds purchased by the Germany subsidiaries Santander Consumer Bank AG for €1,583,068 thousand, €718,290 thousand, €222,574 thousand, €316,592 thousand and €268,148 thousand respectively, and Italian Treasury Bonds purchased by the Italian subsidiaries Santander Consumer Bank S.p.A. and Banca PSA Italia S.p.A. for €448,845 thousand.

Recessionary conditions in the economies of Europe in which the Consumer Group operates, would likely have a significant adverse impact on its loan portfolio and sovereign debt holdings and, as a result, on its financial condition, cash flows and results of operations.

The revenues of the Consumer Group is also subject to risk of deterioration from unfavourable political and diplomatic developments, social instability, international conflicts, and changes in governmental policies, including expropriation, nationalization, international ownership legislation, sanctions, interest-rate caps, fiscal and monetary policies globally.

For the year ending 31 December 2022, attributable profit amounted to €1,242.9 million (a 5.8% increase with respect to 2021). By lines, the gross income remained in line with the previous year, with an increase in net interest income (+0.4%) and other operating income. Operating expenses grew by 4.9% due to inflation, strategic investments to increase future income and reduce operating expenses and new businesses. The efficiency ratio (cost to income) stands at 41.87% at the end of the year (+11 bp over 2021). Provisions for bad debts have been 9% lower than the previous year, supported by portfolio sales. Credit quality maintains a solid evolution, with a cost of credit of 0.42% (-8 bp year-on-year) and a non-performing loan ratio of 2.06% (-0 bp).

In particular, the main regions where the Consumer Group operates are subject to the following macroeconomic and political conditions, which could have a material adverse effect on its business, results of operations, financial condition and prospects:

- Governmental and regulatory authorities throughout the world, particularly in Europe and the United States, have implemented fiscal and monetary policies and initiatives in response to the adverse effects of the Covid-19 pandemic on the economy, individual businesses and households. These fiscal and monetary policy measures accelerated the economic recovery in 2021 but in turn significantly increased public debt and introduced risks of economic overheating in certain countries. In 2022, inflationary pressures intensified due to a number of factors, including the revitalisation of demand for consumer goods, labour shortages, supply chain issues and the rise of the prices of energy, oil, gas and other commodities exacerbated by the war in Ukraine. In an effort to contain inflation, central banks have increased interest rates contributing to a slowdown of the global economy. Among the risks that could negatively affect the economies and financial markets of the regions where the Consumer Group operates and lead to a further slowdown of the global economy, recession and/or stagflation are (i) the continuance or escalation of the war in Ukraine; (ii) further increases in the prices of energy and other commodities that can lead to further inflationary pressures; (iii) the continued breakdown of global supply chains; and (iv) the tightening of monetary and fiscal policies, including rising interest costs.
- In October 2022, the expansionary fiscal policy measures announced by the Prime Minister of the UK in a scenario of high inflation and restrictive monetary policy triggered a crisis of confidence which resulted in sharp falls in government bond prices and rising yields leading to massive purchases of debt by the Bank of England. If the market volatility that was experienced were to be repeated and spread to other regions, it could generate a financial crisis that could have a material adverse impact on the financial sector, affecting the Consumer Group's operating results, financial position and prospects.

- The risk of returning to a fragile and volatile environment and to heightened political tensions in Europe exists if, among others, the policies implemented to provide emergency assistance and support to Ukraine and in the EU countries to alleviate the consequences of the war, to provide relief to the economies most affected by the Covid-19 pandemic and to contain inflation do not succeed, the reforms aimed at improving productivity and competition fail, the banking union and other measures of European integration do not take hold or anti-European groups become more widespread. Furthermore, increasing public debt levels together with rising interest costs may not be sustainable, which could lead certain countries into sovereign debt crises. A deterioration of the economic and financial environment in Europe could have a material adverse impact on the financial sector, affecting the Consumer Group's operating results, financial position and prospects.
- Growing protectionism and trade tensions, such as the tensions between the United States and China in recent years, could have a negative impact on the economies of the countries where the Consumer Group operates, which would also impact its operating results, financial condition and prospects.
- China's deceleration based on structural low economic growth coupled with real estate distress and slow population growth could negatively affect the world economy which would also impact the Consumer Group's operating results, financial condition and prospects.
- The economies of some of the countries where the Consumer Group operates, particularly in Latin America, have experienced significant volatility in recent decades. This volatility resulted in fluctuations in the levels of deposits and in the relative economic strength of various segments of the economies to which the Consumer Group lends. In addition, some of the countries where the Consumer Group operates are particularly affected by commodities price fluctuations, which in turn may affect financial market conditions through exchange rate fluctuations, interest rate volatility and deposits volatility. In addition, the Consumer Group is exposed to variations in its net interest income or in the fair value of its assets and liabilities resulting from exchange rate fluctuations. In particular, the fiscal instability and political tensions in Brazil and Mexico, and the financial volatility in Argentina could have a negative impact on the economy of these countries and may have a material adverse effect on the Consumer Group.

The effects of the semiconductor shortage have extended beyond the auto sector, with other industrial players struggling to secure chips. That highlights the fragility of those supply chains, which largely rely on Asia as a hub of semiconductor manufacturing. Some trade routes are also currently closed. Moreover, shortages now also affect wire harnesses, for which Ukraine was a major manufacturer, and Russian Palladium. Many automakers are now operating in crisis mode and new car sales are suffering from this scarcity. Used car sales are partially compensating this gap, and prices have sharply increased.

On the other hand, cars demand may suffer from high inflation and interest rates, closing the supply-demand gap at lower levels. These trends would subside as bottlenecks disappear and inflation returns to more usual levels.

*The UK's withdrawal from the European Union has led to disruptions in the Consumer Group's UK-based operations that could have a material adverse effect on the operations, financial condition and prospects of the Consumer Group.*

On 31 January 2020, the UK ceased to be a member of the EU ("**Brexit**"), on withdrawal terms that established a transition period until 31 December 2020. During the transition period, the UK continued to be treated as an EU member state and applicable EU legislation continued to be in force. A trade deal was agreed between the UK and the EU prior to the end of the transition period and the new regulations came into force on 1 January 2021.

The trade deal, however, did not include agreements on certain areas, such as financial services and data adequacy. The wider impact of the UK's withdrawal from the EU on financial markets through market fragmentation, reduced access to finance and funding, and lack of access to certain financial market infrastructure, may affect the operations, financial condition and prospects of the Consumer Group and those of its customers.

Uncertainty also remains around the effect of the UK's withdrawal from the EU on the UK's economic recovery from the Covid-19 pandemic, as Brexit exacerbated global pandemic-related supply and labour market constraints and reduced economic output and exports as businesses attempt to adapt the new cross-

border procedures and rules applicable in the UK and in the EU to their activities, products, customers and suppliers.

While the longer-term effects of the UK's withdrawal from the EU are difficult to assess, there is ongoing political and economic uncertainty, such as (i) increased friction with the EU and EU countries; (ii) the possibility of second referendum on Scottish independence from the UK; and (iii) instability in Northern Ireland derived from the UK proposal to replace the current Northern Ireland protocol agreed with the EU, which could negatively affect UK's Consumer Group customers and counterparties and have a material adverse effect on the operations, financial conditions and prospects of the Consumer Group.

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

### ***Legal, regulatory and compliance risks to the business model of the Consumer Group***

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

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

The Consumer Group is from time to time subject to regulatory investigations and civil and tax claims, and party to certain legal proceedings incidental to the normal course of its business, including in connection with conflicts of interest, lending securities and derivatives activities, relationships with its employees and other commercial or tax matters. In view of the inherent difficulty of predicting the outcome of legal matters, particularly where the claimants seek very large or indeterminate damages, or where the cases present novel legal theories, involve a large number of parties or are in the early stages of investigation or discovery, the Consumer Group cannot state with certainty what the eventual outcome of these pending matters will be or what the eventual loss, fines or penalties related to each pending matter may be.

As at 31 December 2022, the main legal proceedings affecting the Consumer Group are as follows:

- Mortgage portfolio in Swiss francs (“CHF”) in Poland: on October 3, 2019, the Court of Justice of the European Union (“CJEU”) resolved a preliminary ruling in relation to legal proceedings instituted against a bank unrelated to the Issuer and the Consumer Group, declaring abusive certain clauses in the loan contracts indexed to CHF. The CJEU has left in the hands of the Polish courts the decision regarding whether the contract can subsist without the abusive clause, for which they must in turn decide if the effects of the cancellation of the contract are detrimental to the consumer. In case of subsistence of the contract, the court may only integrate it with supplementary provisions of national law and decide, according to them, the applicable rate.

As of December 31, 2022, the Issuer presents a portfolio of mortgages denominated in or indexed to CHF for an approximate amount of PLN 1,891 million (€404 million). On the same date, there is a provision in the amount of PLN 745 million (€159 million) to cover the CHF mortgage portfolio.

In December 2020, the Chairman of the Financial Supervisory Authority (hereinafter “KNF”) announced a high-level proposal for voluntary agreements between banks and borrowers under which Swiss franc-denominated loans would be subject to settlement as loans in PLN with interest referenced to the WIBOR rate plus the corresponding margin. The Issuer has been testing the KNF proposal in relation to different client groups in parallel with its own settlement solutions. The results of the current tests have been incorporated into the provision calculation model.

On February 16, 2023, the CJEU General Advocate (“AG”) issued his opinion in case no. C-520/21 pending before the CJEU, concerning the right of the parties to exercise claims that go beyond the reimbursement of the monetary benefit of a loan contract in Swiss francs that has been declared null. In the opinion of the AG, Directive 93/13/EEC (the “**Unfair Contracts Term Directive**”) does not prevent consumers from exercising additional claims against the bank as a result of the declaration of invalidity, but the legitimacy of such claims should be decided by national courts from Poland. With respect to the claims of the banks, the AG's opinion is that the Unfair Contracts Term Directive prevents the Issuer from exercising additional claims against the consumer as a consequence of such a declaration of nullity. The opinion is not binding and does not definitively resolve these issues, a CJEU ruling in this case is expected in 2023. As of the date

of the consolidated annual accounts, it is not possible to predict a reliable estimate of the potential impact for the Consumer Group if the CJEU were to assume AG's opinion.

The Consumer Group integrates its participation in Santander Consumer Bank, S.A. (Poland) by the equity method, being its percentage of participation in it as of December 31, 2022 and 2021 40%

- Provisions for other operating risks include mainly provisions for risks derived from the business operations of Consumer Group companies, the most significant amounts as of December 31, 2022 corresponding to those registered in Santander Consumer S.A. for an amount of €27,107 thousand (€18,394 thousand at December 31, 2021), Santander Consumer Bank, A.G. (Germany) for the amount of €12,367 thousand (€17,855 thousand at December 31, 2021) and Santander Consumer Bank A.S. (Norway) in the amount of €14,400 thousand (€149 thousand at December 31, 2021).
- Provisions for restructuring include only the expenses derived from restructuring processes carried out by the different entities of the Consumer Group. During 2020 and 2021, the Consumer Group carried out different restructuring processes in some companies to adapt the business to the current market conditions in said geographies. In these cases, the Consumer Group companies offer their employees the possibility of leaving by means of early retirement offers and incentivized redundancies. As of December 31, 2022, the outstanding balance for this concept corresponds mainly to the companies Santander Consumer Bank, A.G. (Germany), for the amount of €15,678 thousand (€25,917 thousand at December 31, 2021), and Compagnie Generale de Credit Aux Particuliers - Credipar S.A. (France), which amounts to €1,898 thousand (€2,312 thousand at December 31, 2020).

The Consumer Group's general policy consists of recording provisions for processes of a tax and legal nature in which the risk of loss is assessed as probable and no provisions are recorded when the risk of loss is possible or remote. The amounts to be provisioned are calculated in accordance with the best estimate of the amount necessary to settle the corresponding claim, based, among other things, on an individualized analysis of the facts and legal opinions of internal and external advisors or taking into consideration the historical average figure. of losses derived from claims of this nature. The final date for the outflow of resources that incorporate economic benefits for the Consumer Group depends on each of the obligations. In some cases, the obligations do not have a fixed settlement term and, in other cases, they depend on ongoing legal processes.

|  | EUR Thousands  |                |
|--|----------------|----------------|
|  | 2022           | 2021           |
| Provision for taxes                                | 7,862          | 7,655          |
| Provisions for other proceedings of a legal nature | 2,227          | 1,921          |
| Provisions for operational risks                   | 65,107         | 49,935         |
| Provisions for restructuring                       | 18,097         | 32,188         |
| Other  | 43,698         | 51,910         |
| <b>Total</b>                                       | <b>136,991</b> | <b>143,609</b> |

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

As a financial institution, the Consumer Group is subject to extensive regulation, which materially affects its businesses. In Spain and the other jurisdictions where the Consumer Group operates, there is continuing political, competitive and regulatory scrutiny of the banking industry. Political involvement in the regulatory process, in the behaviour and governance of the banking sector and in the major financial institutions in which the local governments have a direct financial interest and in their product and services, and the prices and other terms they apply to them, is likely to continue. Therefore, the statutes, regulations and policies to which the Consumer Group is subject may be therefore changed at any time. In addition, the interpretation and the application by regulators of the laws and regulations to which the Consumer Group is subject, may also change from time to time. Extensive legislation and implementing regulation

affecting the financial services industry has recently been adopted in regions that directly or indirectly affect the Consumer Group's business, including Spain, the European Union, and other jurisdictions, and further regulations are in the process of being implemented. The manner in which those laws and related regulations are applied to the operations of financial institutions is still evolving. Moreover, to the extent these regulations are implemented inconsistently in the various jurisdictions in which the Consumer Group operates, it may face higher compliance costs. Any legislative or regulatory actions and any required changes to its business operations resulting from such legislation and regulations, as well as any deficiencies in its compliance with such legislation and regulation, could result in significant loss of revenue, limit its ability to pursue business opportunities in which the Consumer Group might otherwise consider engaging and provide certain products and services, affect the value of assets that it holds, require the Consumer Group to increase its prices and therefore reduce demand for its products, impose additional compliance and other costs on the Consumer Group or otherwise adversely affect its businesses.

In particular, legislative or regulatory actions resulting in enhanced prudential standards, in particular with respect to capital and liquidity, could impose a significant regulatory burden on the Issuer or on its Issuer subsidiaries and could limit the Issuer's subsidiaries' ability to distribute capital and liquidity to the Issuer, thereby negatively impacting the Issuer. Future liquidity standards could require the Issuer to maintain a greater proportion of its assets in highly-liquid but lower-yielding financial instruments, which would negatively affect its net interest margin. Moreover, the regulatory and supervisory authorities periodically review the Issuer's allowance for its loan losses.

Such regulators may recommend the Issuer to increase its allowance for loan losses or to recognise further losses. Any such additional provisions for loan losses, as recommended by these regulatory agencies, whose views may differ from those of the Issuer's management, could have an adverse effect on the Issuer's earnings and financial condition. Accordingly, there can be no assurance that future changes in regulations or in their interpretation or application will not adversely affect the Consumer Group.

The wide range of regulations, actions and proposals which most significantly affect the Consumer Group, or which could most significantly affect the Consumer Group in the future, relate to capital requirements, funding and liquidity, and development of a fiscal and banking union in the EU, which are discussed in further detail below. These and other regulatory reforms adopted or proposed in the wake of the financial crisis have increased and may continue to materially increase the Consumer Group's operating costs and negatively impact its business model. Furthermore, regulatory authorities have substantial discretion in how to regulate banks, and this discretion, and the means available to the regulators, have been increasing during recent years. Regulation may be imposed on an ad hoc basis by governments and regulators in response to a crisis.

In addition, on 18 April 2023, the European Commission adopted a legislative package proposal to adjust and strengthen the European Union's existing bank crisis management and deposit insurance framework (the "**CMDI Proposal**"). The package implies the review of the BRRD and SRM Regulation frameworks as well as a separate legislative proposal to amend Directive 2014/49/EU, of 16 April, on deposit guarantee schemes ("**Directive 2014/49**"), all with the aim of preserving financial stability, protecting taxpayers' money and providing better protection for depositors (including new rules that foresee that all deposits relative to ordinary unsecured claims are preferred). However, the CMDI Proposal is subject to further discussion by the European Parliament and the Council and, as of the date of this Base Prospectus, there is a high degree of uncertainty with regards to the proposed adjustments and when they will be finally implemented in the European Union. Therefore, the exact impact of these adjustments and the potential effects on the Issuer cannot be assessed yet.

In addition, the volume, granularity, frequency and scale of regulatory and other reporting requirements necessitate a clear data strategy to enable consistent data aggregation, reporting and management. Inadequate management information systems or processes, including those relating to risk data aggregation and risk reporting, could lead to a failure to meet regulatory reporting requirements or other internal or external information demands and the Consumer Group may face supervisory measures as a result. The main regulations and regulatory and governmental oversight that can adversely impact the Consumer Group include but are not limited to the items below.

*Increasingly stricter capital regulations and potential requirements could have an impact on the functioning of the Consumer Group and its businesses.*

Increasingly onerous capital requirements constitute one of the Issuer's main regulatory challenges. Increasing capital requirements may adversely affect the Issuer's profitability and create regulatory risk associated with the possibility of failure to maintain required capital levels.

In 2011, the framework known as Basel III, which is a full set of reform measures to strengthen the regulation, supervision and risk management of the banking sector, was introduced (see “*Regulation—Capital, liquidity and funding requirements*”). This aimed to boost the banking sector’s ability to absorb impacts caused by financial and economic stress, improve risk management and corporate governance, and improve banking transparency and disclosures. Concerning capital, Basel III redefines available capital at financial institutions (including new deductions and raising the requirements for eligible equity Notes), tightens the minimum capital requirements, compels financial institutions to operate permanently with surplus capital (capital “buffers”), and includes new requirements for the risks considered.

The amendments to the solvency requirements of credit institutions and various transparency regulations, from the practical standpoint, grant priority to high-quality capital (Common Equity Tier 1 or “**CET1**”), introducing stricter eligibility criteria and more stringent ratios, in a bid to guarantee higher standards of capital adequacy in the financial sector.

The ECB is required under Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions to carry out a supervisory review and evaluation process (the “**SREP**”) at least on an annual basis.

In connection with this, the Issuer was informed by the ECB on 16 December 2019 of its decision regarding prudential minimum capital requirements as of 1 January 2020, following the results of SREP (the “**2019 SREP Decision**”). The 2019 SREP Decision required the Issuer to maintain a CET1 capital ratio of at least 7.89% on a consolidated basis. This 7.89% CET1 capital requirement includes: the minimum Pillar 1 requirement (4.5%); the Pillar 2 requirement (0.84%); the capital conservation buffer (2.5%); and the counter-cyclical buffer (around 0.05%).

The Issuer was informed by the ECB on December 2022 of its decision regarding prudential minimum capital requirements (which are the same requirements as in 2022).

As of the date of this Base Prospectus, the CET1 applicable capital requirement is of at least 7.89% on a consolidated basis, which includes: the minimum Pillar 1 requirement (4.5%); the Pillar 2 requirement (0.84%); the capital conservation buffer (2.5%); and the counter-cyclical buffer currently applicable (0.05%). As of March 2023, the Issuer’s total capital ratio was 16.44% on a consolidated basis (fully loaded) and the Issuer’s CET1 capital ratio was 12.00% on a consolidated basis (fully loaded) (data calculated without using the IFRS 9 transitional arrangements, since the Issuer incorporated the full day-1 impact on IFRS9 adoption).

In May 2022, the Bank of Spain communicated the minimum requirement for own funds and eligible liabilities (“**MREL**”) for the Issuer at consolidated level, as determined by the Single Resolution Board (“**SRB**”). This MREL requirement has been set at 20.13% of TREA (RWA) and 5.91% of LRE and should be complied with from 1 January 2024. Alongside the final MREL requirements, Bank of Spain (BoS) also informed the binding intermediate targets applicable as of 1 January 2022 which are equal to 19.47% of TREA and 5.91% of LRE.

The Issuer is part of the resolution group headed by Banco Santander, S.A., which is the resolution entity of the resolution group to which the Issuer belongs. In this regard, there can be no assurance that the application of the existing regulatory requirements, standards or recommendations will not require the Issuer to issue additional securities that qualify as own funds or eligible liabilities, to maintain a greater proportion of its assets in highly-liquid but lower-yielding financial instruments, to liquidate assets, to curtail business or to take any other actions, any of which may have a material adverse effect on the Consumer Group’s business, results of operations and/or financial position.

Any failure by the Consumer Group to maintain its Pillar 1 minimum regulatory capital ratios and any Pillar 2 additional capital requirements could result in administrative actions or sanctions (including restrictions on Discretionary Payments, as defined in section “*Regulation – EU fiscal and banking union*”), which, in turn, may have a material adverse impact on the Consumer Group’s results of operations.

Moreover, it should not be disregarded that new and more demanding additional regulatory requirements, standards or recommendations may be applied in the future.

All the applicable regulations and the approval of any other regulatory requirements could have an adverse effect on the Consumer Group’s activities and operations. Therefore, these regulations could have a material adverse effect on the Consumer Group’s business, results of operations and/or financial position.

See “*Regulation—Capital, liquidity and funding requirements*” for additional information.

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

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

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

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

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



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

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

Financial crime has become the subject of enhanced regulatory scrutiny and supervision by regulators globally. AML, antiterrorism, anti-bribery and corruption and sanctions laws and regulations are increasingly complex and detailed. The Basel Committee is now introducing guidelines to strengthen the interaction and cooperation between prudential and AML or combating the financing of terrorism (“CFT”) supervisors. Compliance with these laws and regulations requires automated systems, sophisticated monitoring and skilled compliance personnel.

The Consumer Group maintains updated policies and procedures aimed at detecting and preventing the use of its banking network for money laundering and other financial crime related activities. However, emerging technologies, such as cryptocurrencies and block-chain, could limit the Consumer Group's ability to track the movement of funds. The ability of the Consumer Group to comply with the legal requirements depends on its capacity to improve detection and reporting capabilities and reduce variation in control processes and oversight accountability. These require implementation and embedding within its business effective controls and monitoring, which in turn requires on-going changes to systems and operational activities. Financial crime is continually evolving and, as noted, is subject to increasingly stringent regulatory oversight and focus. This requires proactive and adaptable responses from the Consumer Group so that the Consumer Group is able to deter threats and criminality effectively. The Consumer Group is particularly exposed to this risk. Even known threats can never be fully eliminated, and there will be instances where the Consumer Group may be used by other parties to engage in money laundering and other illegal or improper activities. In addition, the Consumer Group relies heavily on its employees to assist the Consumer Group by spotting such activities and reporting them, and its employees have varying degrees of experience in recognizing criminal tactics and understanding the level of sophistication of criminal organizations. Where the Consumer Group outsources any of its customer due diligence, customer screening or anti financial crime operations, it remains responsible and accountable for full compliance and any breaches. If the Consumer Group is unable to apply the necessary scrutiny and oversight of third parties to whom it outsources certain tasks and processes, there remains a risk of regulatory breach.

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

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

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

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

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

The legislatures and tax authorities in the tax jurisdictions in which the Consumer Group operates regularly enact reforms to the tax and other assessment regimes to which it and its customers are subject to. Such reforms include changes in tax rates and, occasionally, enactment of temporary taxes, the proceeds of which are earmarked for designated governmental purposes.

The effects of these changes and any other changes that result from enactment of additional tax reforms cannot be quantified and there can be no assurance that any such reforms would not have an adverse effect upon the business of the Consumer Group.

### ***Liquidity and Funding Risks***

*Liquidity and Funding Risks are inherent in the Consumer Group's business and could have a material adverse effect on the Consumer Group.*

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

The Consumer Group's cost of obtaining funding is directly related to prevailing interest rates and to its credit spreads. Credit spreads are defined as the excess return offered by corporate bonds, in this case those of the Consumer Group, compared to Treasury bonds of the same maturity. Increases in interest rates and/or in the Consumer Group's credit spreads can significantly increase the cost of its funding. Credit spreads are market-driven and may be influenced by market perceptions of the Consumer Group's creditworthiness. Changes to interest rates and the Consumer Group's credit spreads occur continuously and may be unpredictable and highly volatile.

The Consumer Group relies, and will continue to rely, primarily on retail deposits to fund lending activities. The ongoing availability of this type of funding is sensitive to a variety of factors beyond the Consumer Group's control, such as general economic conditions and the confidence of retail depositors in the economy and in the financial services industry, and the availability and extent of deposit guarantees, as well as competition for deposits between banks or with other products, such as mutual funds. Any of these factors could lead to significant withdrawals of retail deposits in a short period of time, thereby reducing the Consumer Group's ability to access retail deposit funding on appropriate terms, or at all, in the future. If these circumstances were to arise, this could have a material adverse effect on the Consumer Group's operating results, financial condition, and prospects.

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

The Consumer Group continues acquiring a solid base of retail customer deposits that allows the Consumer Group to strengthen its funding sources, providing flexibility in case of facing financing difficulties. Before 2012 customer deposits was a residual funding source (in terms of geographies), located only in Germany and Poland. From 2013, the Consumer Group started a global deposits project to acquire retail customer deposits with an efficient model and at low cost, increasing its presence in other European countries, mostly Scandinavia and France, and widening its geographic diversification.

Central banks took extraordinary measures to increase liquidity in the financial markets as a response to the financial crisis and the Covid-19 crisis. Such facilities are still in place, and are progressively reduced,

but if there were rapidly removed, this could have an adverse effect on the Consumer Group's ability to access liquidity and on its funding costs.

Additionally, the activities of the Consumer Group could be adversely impacted by liquidity tensions arising from generalized drawdowns of committed credit lines to the customers of the Consumer Group.

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

Finally, the implementation of internationally accepted liquidity ratios might require changes in business practices that affect the profitability of the Consumer Group. The liquidity coverage ratio ("LCR") measures the Consumer Group's liquidity risk profile, ensuring that it has encumbered high-quality assets that can be easily and immediately liquid in the financial markets, to cover expected net cash outflows over a 30-day liquidity stress period, without being susceptible to a significant loss of value. At 31 December 2022, the LCR ratio of the Consumer Group was 241%. The net stable funding ratio ("NSFR") provides a sustainable maturity structure of assets and liabilities such that banks maintain a stable funding profile in relation to their activities. At the end of 2022, the NSFR ratio of the Consumer Group stood at 109%.

*Credit, market and liquidity risk may have an adverse effect on the credit ratings of the Consumer Group and its cost of funds. Any downgrade in the credit rating of the Consumer Group would likely increase its cost of funding, require the Consumer Group to post additional collateral or take other actions under some of its derivative and other contracts and adversely affect its interest margins and results of operations.*

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

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

The Issuer has the following ratings by the following major rating agencies:

| Rating agency | Long term | Short term | Last report date | Outlook |
|---------------|-----------|------------|------------------|---------|
| Fitch         | A-        | F2         | 20 April 2023    | Stable  |
| Moody's       | A2        | P1         | 18 July 2022     | Stable  |
| S&P           | A         | A-1        | 22 March 2022    | Stable  |

While certain potential impacts of these downgrades are contractual and quantifiable, the full consequences of a credit rating downgrade are inherently uncertain, as they depend upon numerous dynamic, complex and inter-related factors and assumptions, including market conditions at the time of any downgrade, whether any downgrade of the Consumer Group's long-term credit rating precipitates downgrades to the Consumer Group's short-term credit rating, and assumptions about the potential behaviours of various customers, investors and counterparties. Actual outflows could be higher or lower than the preceding hypothetical examples, depending upon certain factors including which credit rating agency downgrades

the Consumer Group's credit rating, any management or restructuring actions that could be taken to reduce cash outflows and the potential liquidity impact from loss of unsecured funding (such as from money market funds) or loss of secured funding capacity. Although unsecured and secured funding stresses are included in the Consumer Group's stress testing scenarios and a portion of the Consumer Group's total liquid assets is held against these risks, a credit rating downgrade could still have a material adverse effect on the Consumer Group.

In addition, if the Consumer Group were required to cancel its derivatives contracts with certain counterparties and were unable to replace such contracts, the Consumer Group's market risk profile could be altered.

There can be no assurance that the rating agencies will maintain the current ratings or outlooks. In general, the future evolution of the Consumer Group's ratings is linked, to a large extent, to the macroeconomic outlook, to the impact of the Covid-19 pandemic (including, for example, a new wave, new lockdowns, etc.), and to other potential adverse crisis scenario, on the asset quality, profitability and capital of the Consumer Group. Failure to maintain favourable ratings and outlooks could increase the Consumer Group's cost of funding and adversely affect interest margins, which could have a material adverse effect on the Consumer Group.

### ***Credit risk***

The development of non-performing assets and the cost of credit reflect the impact of the worsening economic environment, mitigated by prudent risk management, which has generally kept these figures lower than those of our competitors in recent years. As a result, Santander Consumer Finance maintains an adequate level of coverage to face the expected loss of the credit quality of the loan portfolios it manages.

*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 of the Consumer Group.*

Non-performing or low credit quality loans have in the past negatively impacted its results of operations and could do so in the future. In particular, the amount of its reported non-performing loans ("NPL") may increase in the future as a result of growth in the Consumer Group's total loan portfolio, including as a result of loan portfolios that the Consumer Group may acquire in the future (the credit quality of which may turn out to be worse than it had anticipated), or factors beyond the Consumer Group's control, such as adverse changes in the credit quality of the Consumer Group's borrowers and counterparties or a general deterioration in economic conditions in the regions where the Consumer Group operate or in global economic and political conditions.

The loan loss reserves of the Consumer Group are based on its current assessment and expectations concerning various factors affecting the quality of its loan portfolio. These factors include, among others, the financial condition of the borrowers of the Consumer Group, repayment capabilities and repayment intentions, the realizable value of any collateral, the prospects for support from any guarantor, government macroeconomic policies, interest rates and the legal and regulatory environment. Because many of these factors are beyond the Consumer Group's control and there is no infallible method for predicting loan and credit losses, the Consumer Group cannot assure that the Consumer Group's current or future loan loss reserves will be sufficient to cover actual losses. If its assessment of and expectations concerning the above-mentioned factors differ from actual developments, if the quality of its total loan portfolio deteriorates, for any reason, or if the future actual losses exceed its estimates of expected losses, The Consumer Group may be required to increase its loan loss reserves, which may adversely affect the Consumer Group.

Additionally, in calculating the Consumer Group's loan loss reserves, the Consumer Group employs qualitative tools and statistical models which may not be reliable in all circumstances, and which are dependent upon data that may not be complete. For further details regarding the risk management policies of the Consumer Group, see risk factor entitled '*Failure to successfully implement and continue to improve the risk management policies of the Consumer Group, procedures and methods, including its credit risk management system, could materially and adversely affect it, and the Consumer Group may be exposed to unidentified or unanticipated risks*'.

The loan portfolio of the Consumer Group is concentrated in continental Europe, particularly in Germany, Spain and Nordics (Norway, Sweden, Finland and Denmark). On 31 December 2022, Germany & Austria

accounted for the 39% of the Consumer Group's total loan portfolio, Spain<sup>1</sup> & Portugal accounted for the 15.5% and Nordics accounted for 16.33%. Accordingly, the recoverability of these loan portfolios in particular, and the Consumer Group's ability to increase the amount of loans outstanding and the Consumer Group's results of operations and financial condition in general, are dependent to a significant extent on the level of economic activity in continental Europe.

As of 31 December 2022, the Consumer Group's credit risk amounted to €108,456 million (€101,675 million at 31 December 2021). The Consumer Group's NPL ratio stood at 1.47% (1.55% on 31 December 2021) and coverage stood at 88.61% (102.65% the previous year). The NPL ratio has shown a downward trend in recent years, reaching the lowest value in December 2019 in the pre-pandemic scenario. However, despite the uncertainty and instability generated by the Covid-19 situation (already finalised), Ukraine-Russia war, growth of the interest rates that drives to an uncertainty of the macroeconomic environment, the Stage 3 ratio keeps stable, standing at 1.47% in December 2022, thanks also to a good management of the risks and collections activity Consumer confidence, unemployment rates and housing indicators are among the factors that often impact consumer spending behaviour, and poor economic conditions could in turn could have a material adverse effect on its business, financial condition and results of operations.

At 31 December 2022, the geographic spread of the Consumer Group's total customer loans and advances (€106,500 million) portfolio was as follows:

|  | <b>2022 Financial<br/>year (audited)</b> | <b>% of total<br/>activity</b> | <b>2021 Financial<br/>year (audited)</b> | <b>Variation<br/>2022/2021</b> |
|--|--|--------------------------------|--|--------------------------------|
|  | <i>(millions of euro)</i>                | <i>(%)</i>                     | <i>(millions of euro)</i>                | <i>(%)</i>                     |
| Spain and Portugal                         | 16,480                                   | 15.5%                          | 15,517                                   | 6.2%                           |
| Italy                                      | 10,180                                   | 9.6%                           | 8,918                                    | 14.2%                          |
| Germany and<br>Austria                     | 41,532                                   | 39.0%                          | 38,223                                   | 8.7%                           |
| France                                     | 15,748                                   | 14.8%                          | 14,563                                   | 8.1%                           |
| The Nordics                                | 17,394                                   | 16.3%                          | 17,088                                   | 1.8%                           |
| United Kingdom                             | 2,798                                    | 2.6%                           | 2,948                                    | -5.1%                          |
| Other Areas &<br>Intragroup<br>adjustments | 2,367                                    | 2.2%                           | 2,303                                    | 2.8%                           |
| <b>Total</b>                               | <b>106,500</b>                           | <b>100%</b>                    | <b>99,560</b>                            | <b>7.0%</b>                    |

As a result, if the economies of Europe in which the Consumer Group operates fall into recession, this could have a material adverse effect on the Banco Santander Group's loan portfolio and, consequently, its financial position, cash flow and operating profit.

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

The value of the collateral securing the loan portfolio of the Consumer Group may fluctuate or decline due to factors beyond the Consumer Group's control, including as a result of the Covid-19 pandemic and

<sup>1</sup> The Spanish business incorporates on 31 December 2021 the branches in the Netherlands, Belgium, Greece and Portugal.

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

The Consumer Group's loans and advances to customers which have collateral are likely to be affected by an individual or widespread decrease in the value of these guarantees.

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

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

The Consumer Group routinely transacts with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual funds, 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. Many of the routine transactions the Consumer Group enters into expose it to significant credit risk in the event of default by one of its significant counterparties.

### **Market risk**

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

Even when the Consumer Group does not have direct exposures with either Russian and Ukraine geographies, the recent military conflict between both countries, may materially and adversely affect the Consumer Group and its banking book, given the high market volatility and the potential adverse scenarios over the interest rates and inflation.

Although the Consumer Group has no trading book and the market risk exposures have structural purposes, changes in market interest rates could affect the interest rates charged on interest earning assets in a different manner to that paid on interest bearing liabilities. This difference could result in an increase in interest expenses relative to interest income leading to a reduction in its net interest income. Rising interest rates may also bring about an increase in the non-performing loan portfolio.

Market risk includes unpredictable risks related to periods in which the market does not efficiently manage its prices, for example in market disruptions or shocks.

Interest rates are sensitive to many factors beyond the Consumer Group control, including increased regulation of the financial sector, monetary policies, domestic and international economic and political conditions and other factors.

*Variations in the interest income / (charges) and the Economic Value of the Consumer Group.*

At the end of December 2022, risk on net interest income over a one year period, measured as sensitivity to parallel changes in the worst-case scenario of  $\pm 100$  basis points, was concentrated on the euro's curve with €92 million, which represents 2.5% of the net interest income budgeted, and it is far from the management limit in place.

The risk on economic value of equity of the Consumer Group, measured as sensitivity to parallel changes in the worst-case scenario of  $\pm 100$  basis points, was concentrated on the euro's curve with €105 million, which represents 1% of CET1, and it is far from the management limit in place.

### **Other business risks**

*The Consumer Group may have to recognise goodwill impairments recognised for its acquired businesses.*

The Consumer Group has made business acquisitions in recent years and may make further acquisitions in the future. It is possible that the goodwill which has been attributed, or may be attributed, to these businesses may have to be written-down if the Consumer Group's valuation assumptions are required to be reassessed as a result of any deterioration in their underlying profitability, asset quality and other relevant matters. Impairment testing in respect of goodwill is performed annually, or more frequently if there are impairment indicators present, and comprises a comparison of the carrying amount of the cash-generating unit with its recoverable amount.

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

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

At 31 December 2021, the pay-out for the Issuer was 52.5%<sup>2</sup>.

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

The Consumer Group faces substantial competition in all parts of its business, including in payments, in originating loans and in attracting deposits. The competition in originating loans comes principally from other domestic and foreign banks, mortgage banking companies, consumer finance companies, insurance companies and other lenders and purchasers of loans.

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

Non-traditional providers of banking services, such as internet based e-commerce providers, mobile telephone companies and internet search engines, may offer and/or increase their offerings of financial products and services directly to customers. These non-traditional providers of banking services currently have an advantage over traditional providers because they are not subject to banking regulation. Several of these competitors may have long operating histories, large customer bases, strong brand recognition and significant financial, marketing and other resources. They may adopt more aggressive pricing and rates and devote more resources to technology, infrastructure and marketing.

Moreover, the widespread adoption of new technologies, including distributed ledger, artificial intelligence and/or biometrics, to provide services such as cryptocurrencies and payments, could require substantial expenditures to modify or adapt its existing products and services as it continues to grow the Consumer Group's internet and mobile banking capabilities. Its customers may choose to conduct business or offer products in areas that may be considered speculative or risky. Such new technologies and mobile banking platforms in recent years may necessitate changes to its retail distribution strategy, which may include restructuring its work force and reforming its retail distribution channel. Its failure to swiftly and effectively

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<sup>2</sup> It has been calculated taking the dividend approved after the closing of consolidated financial statements (details in Section - Other business risks and in Section - Events after the reporting period).

implement such changes to its distribution strategy could have an adverse effect on the Consumer Group's competitive position.

In particular, the Consumer Group has the challenge of competing in an environment in which customer relations are based on access to digital data and interactions. This access is increasingly dominated by digital platforms, which are already eroding the Consumer Group's results in very significant markets such as payments. These platforms can use their advantage to access data to compete with the Consumer Group in other markets and may reduce the Consumer Group's operations and margins in its core businesses, such as loans or wealth management. The alliances that its competitors are beginning to engage with Bigtechs may make it more difficult to compete successfully with them and could have an adverse effect on the Consumer Group.

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

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

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

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

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

*The Consumer Group business could be negatively impacted if it is unsuccessful in developing and maintaining relationships with automobile dealerships, manufacturers and other retailers.*

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

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

*Negative changes in the business of the manufacturers or retailers with which the Issuer has strategic relationships could adversely affect the business of the Consumer Group.*



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

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

*If the Consumer Group is unable to manage the growth of its operations or to integrate successfully its inorganic growth, this could have an adverse impact on its profitability.*

The Consumer Group allocates management and planning resources to develop strategic plans for organic growth, and to identify possible acquisitions and disposals and areas for restructuring its businesses. From time to time, the Consumer Group evaluates acquisition and partnership opportunities that it believes offer additional value to its shareholders and are consistent with its business strategy. However, the Consumer Group may not be able to identify suitable acquisition or partnership candidates, and its ability to benefit from any such acquisitions and partnerships will depend in part on its successful integration of those businesses. Any such integration entails significant risks such as unforeseen difficulties in integrating operations and systems, unexpected liabilities or contingencies relating to the acquired businesses, including legal claims and delivery and execution risks. The Consumer Group can give no assurances that its expectations with regards to integration and synergies will materialize. It also cannot provide assurance that the Consumer Group will, in all cases, be able to manage its growth effectively or deliver its strategic growth objectives. Challenges that may result from its strategic growth decisions include the ability of the Consumer Group to:

- manage efficiently the operations and employees of expanding businesses;
- maintain or grow its existing customer base;
- assess the value, strengths and weaknesses of investment or acquisition candidates, including local regulation that can reduce or eliminate expected synergies;
- finance strategic investments or acquisitions;
- align its current information technology systems adequately with those of an enlarged group;
- apply its risk management policy effectively to an enlarged group; and
- manage a growing number of entities without over-committing management or losing key personnel.

Any failure to manage growth effectively could have a material adverse effect on its operating results, financial condition and prospects. In addition, any acquisition or venture could result in the loss of key employees and inconsistencies in standards, controls, procedures and policies.

Moreover, the success of the acquisition or venture will at least in part be subject to a number of political, economic and other factors that are beyond the control of the Consumer Group. Any of these factors, individually or collectively, could have a material adverse effect on the Consumer Group.

*Future changes in the Consumer Group relationship with the Santander Parent may adversely affect its operations.*

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

*The Consumer Group may not effectively manage the risks associated with the replacement or reform of benchmark market indices.*

Interest rate, equity, foreign exchange rate and other types of indices which are deemed to be “benchmarks”, including those in widespread and long-standing use, have been the subject of ongoing international, national and other regulatory scrutiny and initiatives and proposals for reform. Some of these reforms are already effective while others are still to be implemented or are under consideration. These reforms may cause benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences, which cannot be fully anticipated.

Any of the benchmark reforms which have been proposed or implemented, or the general increased regulatory scrutiny of benchmarks, could also increase the costs and risks derived of complying with regulations or requirements relating to them. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain benchmarks, trigger changes in the rules or methodologies used in certain benchmarks or lead to the disappearance of certain benchmarks.

Various regulators, industry bodies and other market participants in the US and other countries have worked to develop, introduce and encourage the use of alternative rates to replace certain benchmarks. A transition away from the widespread use of certain benchmarks to alternative rates has begun and will continue over the course of the next few years. There is no assurance that these new rates will be accepted or widely used by market participants, or that the characteristics of any of these new rates will be similar to, or produce the economic equivalent of, the benchmarks that they seek to replace. If a particular benchmark were to be discontinued and an alternative rate has not been successfully introduced to replace that benchmark, this could result in widespread dislocation in the financial markets, engender volatility in the pricing of securities, derivatives and other instruments, and suppress capital markets activities, all of which could have adverse effects on Consumer Group's results of operations. In addition, the transition of a particular benchmark to a replacement rate could affect hedge accounting relationships between financial instruments linked to that benchmark and any related derivatives, which could adversely affect Consumer Group's results.

On 5 March 2021, the The United Kingdom Financial Conduct Authority (“FCA”) announced the cessation or loss of representativeness of the London Interbank Offered Rate (“LIBOR”) benchmark settings immediately after 31 December 2021, for all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and immediately after 30 June 2023, for the remaining US dollar settings. The Working Groups of all impacted currencies have been working on designating a Risk-Free Rate as the replacement rate for LIBOR: the Sterling Overnight Index Average (“SONIA”, published by the Bank of England) for GBP LIBOR, the Swiss Average Rate Overnight (“SARON”, published by SIX Swiss Exchange) for CHF LIBOR, the Tokyo Overnight Average Rate (“TONA”, published by the Bank of Japan) for JPY LIBOR and the Secured Overnight Financing Rate (“SOFR”, published by the Federal Reserve Bank of New York) for USD LIBOR. According to the transition schedule, the vast majority of transactions referenced to any LIBOR settings with a cessation date after December 31, 2021, have already been migrated to their respective Risk-Free Rates.

Furthermore, the European Money Market Institute (the “EMMI”) announced the discontinuation of the EONIA after 3 January 2022 and the Working Group on Euro Risk-Free Rates recommended the €STR (published by the ECB) plus a spread of 8.5 basis points as the replacement convention for EONIA-linked transactions. Similar to LIBOR, transactions referenced to EONIA were migrated to €STR as of the discontinuation date.

These and other reforms may cause benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be fully anticipated which introduces a number of risks for the Consumer Group.

Investors should be aware that the market is continuing to develop such alternative reference rates and further changes or recommendations may be introduced. In particular, on 11 May 2021, the working group on euro risk-free rates as an alternative to the Euro Interbank Offered Rate (“EURIBOR”) issued its recommendations on EURIBOR fallback trigger events and on €STR-based EURIBOR fallback rates.

These risks include (i) legal risks arising from potential changes required to documentation for new and existing transactions; (ii) risk management, financial and accounting risks arising from market risk models and from valuation, hedging, discontinuation and recognition of financial instruments linked to benchmark rates; (iii) business risk of a decrease in revenues of products linked to indices that will be replaced; (iv) pricing risks arising from how changes to benchmark indices could impact pricing mechanisms on some instruments; (v) operational risks arising from the potential requirement to adapt IT systems, trade reporting infrastructure and operational processes; (vi) conduct risks arising from the potential impact of communication with customers and engagement during the transition period and (vii) litigation risks regarding the existing products of the Consumer Group and services, which could adversely impact its profitability.

The replacement benchmarks and their transition path have been defined, but the mechanisms for implementation are under development. Accordingly, it is not currently possible to determine whether, or to what extent, any such changes would affect the Consumer Group but could, amongst other things, increase operating costs and affect the validity of existing contracts and the valuation of the Consumer Group’s assets, which in turn could have a material adverse effect on the business, results of operations, financial condition and prospects of the Consumer Group. The Consumer Group may also be adversely affected if the change restricts its ability to provide products and services or if it necessitates the development of additional IT systems.

### ***Risk Management***

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

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

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

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

As a retail bank, one of the main types of risks inherent to the business of the Consumer Group is credit risk. For example, an important feature of its credit risk management system is to employ an internal credit rating system to assess the particular risk profile of a customer. As this process involves detailed analyses of the customer, considering both quantitative and qualitative factors, it is subject to human or IT systems errors. In exercising their judgement on current or future credit risk behaviour of the customers of the Consumer Group, its employees may not always be able to assign an accurate credit rating, which may result in its exposure to higher credit risks than indicated by the Consumer Group's risk rating system.

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

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

The board of directors of the Consumer Group is responsible for the approval of the Consumer Group's general policies and strategies, and in particular for the general risk policy. In addition to the executive committee, which maintains a special focus on risk, the board has a specific risk supervision, regulation and compliance committee.

### ***Technology Risks***

*Any failure to effectively improve or upgrade the information technology infrastructure and management information systems of the Consumer Group in a timely manner or any failure to successfully implement new cybersecurity and data privacy regulations could have a material adverse effect on the Consumer Group.*

The ability of the Consumer Group to remain competitive depends in part on its ability to upgrade its information technology on a timely and cost-effective basis. It must continually make significant investments in, and improvements to, the information technology infrastructure of the Consumer Group in order to meet the needs of its customers. The Consumer Group cannot assure that in the future it will be able to maintain the level of capital expenditures necessary to support the continuous improvement and upgrading of its information technology infrastructure. To the extent that the Consumer Group is dependent upon any particular technology or technological solution, it may be harmed if such technology or technological solution becomes non-compliant with existing industry standards, fails to meet or exceed the capabilities of its competitors' equivalent technologies or technological solutions, becomes increasingly expensive to service, retain and update, becomes subject to third party claims of intellectual property infringement, misappropriation or other violation, or malfunctions or functions in a way the Consumer Group did not anticipate. Additionally, new technologies and technological solutions are continually being released. As such, it is difficult to predict the problems the Consumer Group may encounter in improving its technologies' functionality. There is no assurance that the Consumer Group will be able to successfully adopt new technology as critical systems and applications become obsolete and better ones become available. Any failure to effectively improve or upgrade the information technology infrastructure and management information systems in a timely and cost-efficient manner could have a material adverse effect on the Consumer Group.

In addition, several new and proposed laws (such as, for example, Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector), directives and regulations are defining how to manage cybersecurity and data protection risks, including with respect to the data breach reporting requirements and supervisory processes, among others. These regulations are quite fragmented in terms of definitions, scope and applicability. A failure to successfully implement all or some of these new local, state, national and international regulations, which in some cases have severe sanctions regimes, could have a material adverse effect on the Consumer Group.

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

Like other financial institutions, the Consumer Group receives, manages, processes, holds and transmits proprietary and sensitive or confidential information, including personal information of customers and employees in the conduct of its banking operations, as well as a large number of assets. Accordingly, the

business of the Consumer Group depends on its ability to process a large number of transactions efficiently and accurately, and on its ability to rely on its digital technologies, computer and email services, software and networks, as well as on the secure processing, storage and transmission of confidential or sensitive personal data and other information using the computer systems and networks of the Consumer Group or those of its third party vendors. The proper and secure functioning of its financial controls, accounting and other data collection and processing systems is critical to its business and to its ability to compete effectively. Cybersecurity incidents and data losses can result from inadequate personnel, inadequate or failed internal control processes and systems, or from external events or actors that interrupt normal business operations. The Consumer Group also faces the risk that the design of its cybersecurity controls and procedures prove to be inadequate or are circumvented such that its data and/or client records are incomplete, not recoverable or not securely stored. Any material disruption or slowdown of the systems of the Consumer Group could cause information, including data related to customer requests, to be lost or to be delivered to its clients with delays or errors, which could reduce demand for its services and products, could produce customer claims and could materially and adversely affect the Consumer Group.

Although the Consumer Group works with its clients, vendors, service providers, counterparties and other third parties to develop secure data and information processing, storage and transmission capabilities to prevent against information security risk, the Consumer Group routinely manages personal, confidential and proprietary information by electronic means, and it may be the target of attempted cyber-attacks or subject to other information security incidents or breaches. This is especially applicable in the current response to the Covid-19 pandemic and the shift the Consumer Group has experienced in having a significant part of its employees working from their homes for the time being, as its employees access its secure networks through their home networks. If the Consumer Group cannot maintain effective and secure electronic data and information, management and processing systems or if it fails to maintain complete physical and electronic records, this could result in disruptions to its operations, claims from customers, regulators, employees and other parties, violations of applicable privacy and other laws, regulatory sanctions and serious reputational and financial harm to the Consumer Group.

The Consumer Group takes protective measures and continuously monitor and develop its systems to protect its technology infrastructure, data and information from misappropriation or corruption, but its third-party vendors' systems, software and networks nevertheless may be vulnerable to disruptions and failures caused by unauthorized access or misuse, computer viruses, disability devices, phishing attacks or other malicious code, fire, power loss, telecommunications failures, employee misconduct, human error, computer hackers, and other events that could have a security impact on the Consumer Group. An interception, loss, misuse or mishandling of personal, confidential or proprietary information sent to or received from a client, employee, vendor, service provider, counterparty or other third party could result in legal liability, regulatory action, reputational harm and financial loss. There can be no absolute assurance that the Consumer Group will not suffer material losses from operational risks in the future, including those relating to any security breaches.

The Consumer Group has seen in recent years computer systems of companies and organizations being increasingly targeted, and the techniques used to obtain unauthorized, improper or illegal access to information technology systems have become increasingly complex and sophisticated. Furthermore, such techniques change frequently and are often not recognized or detected until after they have been launched and can originate from a wide variety of sources, including not only cyber criminals, but also activists and rogue states. The Consumer Group has been and continue to be subject to a range of cyber-attacks, such as denial of service, malware and phishing. Cyber-attacks could give rise to the loss of significant amounts of customer data and other sensitive information, as well as significant levels of liquid assets (including cash). In addition, cyber-attacks could disrupt the electronic systems of the Consumer Group used to service its customers. As attempted attacks continue to evolve in scope and sophistication, the Consumer Group may incur significant costs in order to modify or enhance its protective measures against such attacks, or to investigate or remediate any vulnerability or resulting breach, or in communicating cyber-attacks to its customers or other affected individuals. If the Consumer Group fails to effectively manage its cybersecurity risk, including by failing to update its systems and processes in response to new threats, this could harm its reputation and adversely affect its operating results, financial condition and prospects, including through the payment of customer compensation or other damages, litigation expenses, regulatory penalties and fines and/or through the loss of assets. In addition, the Consumer Group may also be impacted by cyber-attacks against national critical infrastructures of the countries where it operates, such as telecommunications networks. The information technology systems of the Consumer Group are dependent upon such national critical infrastructure and any cyber-attack against such critical infrastructure could negatively affect its ability to service its customers. As the Consumer Group does not operate such national critical

infrastructure, it has limited ability to protect its information technology systems from the adverse effects of such a cyber-attack.

Although the Consumer Group has procedures and controls in place to safeguard personal and other confidential or sensitive information in its possession, unauthorized access or disclosures the Consumer Group could be subject to legal actions and administrative sanctions, as well as damages and reputational harm that could materially and adversely affect the operating results, financial condition and prospects of the Consumer Group. Further, its business is exposed to risk from employees' potential non-compliance with policies, misconduct, negligence or fraud, which could result in regulatory sanctions and serious reputational and financial harm. It is not always possible to deter or prevent employee misconduct, and the precautions that the Consumer Group takes to detect and prevent this activity may not always be effective. In addition, the Consumer Group may be required to report events related to information security issues, events where customer information may be compromised, unauthorized access to its systems and other security breaches, to the relevant regulatory authorities.

### ***General risks***

#### ***Risks related to the industry of the Consumer Group***

*Climate change can create transition risks, physical risks, and other risks that could adversely affect the Consumer Group.*

Climate change may imply three primary drivers of financial risk that could adversely affect the Consumer Group:

- Transition risks associated with the move to a low-carbon economy, both at idiosyncratic and systemic levels, such as through policy, regulatory and technological changes.
- Physical risks related to extreme weather impacts and longer-term trends, which could result in financial losses that could impair asset values and the creditworthiness of its customers.
- Liability risks derived from parties who may suffer losses from the effects of climate change and may seek compensation from those they hold responsible such as state entities, regulators, investors and lenders.

These primary drivers could materialize, among others, in the following financial risks:

- Credit risks: Physical climate change could lead to increased credit exposure and companies with business models not aligned with the transition to a low-carbon economy may face a higher risk of reduced corporate earnings and business disruption due to new regulations or market shifts.
- Residual value risk: Transition risk may lead to more volatility or a decrease in the value of leased assets due to changes in regulation, technology, or user sentiment.
- Market risks: Market changes in the most carbon-intensive sectors could affect energy and commodity prices, corporate bonds, equities and certain derivatives contracts. Increasing frequency of severe weather events could affect macroeconomic conditions, weakening fundamental factors such as economic growth, employment and inflation.
- Operational risks: Severe weather events could directly impact business continuity and operations both of customers and the Consumer Group's.
- Reputational risk could also arise from shifting sentiment among customers and increasing attention and scrutiny from other stakeholders (investors, regulators, etc.) on its response to climate change.
- Strategic (business model) risk: Transition risk may lead to a decrease in auto sales and therefore in the auto loan market due to changes in regulation, user sentiment or pressure from private car substitutes.

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

*The financial problems faced by its customers could adversely affect the Consumer Group.*

Market turmoil and economic recession could materially and adversely affect the liquidity, credit ratings, businesses and/or financial conditions of the borrowers of the Consumer Group, which could in turn increase its non-performing loan ratios, impair its loan and other financial assets and result in decreased demand for borrowings in general. In addition, the customers of the Consumer Group may further

significantly decrease their risk tolerance to non-deposit investments, which would adversely affect its fee and commission income. Any of the conditions described above could have a material adverse effect on the business, financial condition and results of operations of the Consumer Group.

*The ability of the Consumer Group to maintain its competitive position depends, in part, on the success of new products and services the Consumer Group offers to its clients and on its ability to offer products and services that meet the customers' needs during the whole life cycle of the products or services, and the Consumer Group may not be able to manage various risks it faces as it expands its range of products and services that could have a material adverse effect on the Consumer Group.*

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

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

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

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

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

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

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

Third party vendors and certain affiliated companies provide key components to the business infrastructure of the Consumer Group such as loan and deposit servicing systems, back office and business process support, information technology production and support, Internet connections and network access. Relying on these third parties and affiliated companies can be a source of operational and regulatory risk to the Consumer Group, including with respect to security breaches affecting such parties. The Consumer Group is also subject to risk with respect to security breaches affecting the vendors and other parties that interact with these service providers. As the interconnectivity of the Consumer Group with these third parties and

affiliated companies increases, the Consumer Group increasingly faces the risk of operational failure with respect to their systems. The Consumer Group may be required to take steps to protect the integrity of its operational systems, thereby increasing its operational costs and potentially decreasing customer satisfaction. In addition, any problems caused by these third parties or affiliated companies, including as a result of them not providing the Consumer Group their services for any reason, or performing their services poorly, could adversely affect its ability to deliver products and services to customers and otherwise conduct its business, which could lead to reputational damage and regulatory investigations and intervention. Replacing these third-party vendors could also entail significant delays and expense. Further, the operational and regulatory risk that the Consumer Group faces as a result of these arrangements may be increased to the extent that it restructures such arrangements. Any restructuring could involve significant expense to the Consumer Group and entail significant delivery and execution risk which could have a material adverse effect on its business, operations and financial condition.

*Damage to the reputation of the Consumer Group, or more widely the Banco Santander Group, could cause harm to its business prospects.*

Maintaining a positive reputation is critical to protect the Consumer Group's brand, attract and retain customers, investors and employees and conduct business transactions with counterparties. Damage to the reputation of the Consumer Group, or more widely the Banco Santander Group, can therefore cause significant harm to its business and prospects. Harm to such reputation can arise from numerous sources, including, among others, employee misconduct, including the possibility of fraud perpetrated by the employees of the Consumer Group, litigation or regulatory enforcement, failure to deliver minimum standards of service and quality, dealing with sectors that are not well perceived by the public (weapons industries or embargoed countries, for example), dealing with customers in sanctions lists, rating downgrades, significant variations in the share price of the Consumer Group throughout the year, compliance failures, unethical behaviour, and the activities of customers and counterparties, including activities that negatively affect the environment. Further, negative publicity regarding the Consumer Group may result in harm to its prospects. Actions by the financial services industry generally or by certain members of, or individuals in, the industry can also affect the reputation of the Consumer Group. For example, the role played by financial services firms in the financial crisis and the seeming shift towards increasing regulatory supervision and enforcement has caused public perception of the Consumer Group and others in the financial services industry to decline.

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

The Consumer Group may be the subject of misinformation and misrepresentations deliberately propagated to harm its reputation or for other deceitful purposes, or by profiteering short sellers seeking to gain an illegal market advantage by spreading false information about the Consumer Group. There can be no assurance that it will effectively neutralize and contain a false information that may be propagated regarding the Consumer Group, which could have an adverse effect on its operating results, financial condition and prospects.

#### ***Financial reporting and control risks***

*Changes in accounting standards could impact reported earnings.*

The accounting standard setters and other regulatory bodies periodically change the financial accounting and reporting standards that govern the preparation of the consolidated financial statements of the Consumer Group. These changes can materially impact how the Consumer Group records and reports its financial condition and results of operations, as well as affect the calculation of its capital ratios. In some cases, the Consumer Group could be required to apply a new or revised standard retroactively, resulting in the restatement of prior period financial statements.

### **3. Risks relating to the Notes**



### ***General risks relating to the Notes***

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

The BRRD (as defined in the Terms and Conditions) (which has been implemented in Spain through Law 11/2015, of 18 June, on the Recovery and Resolution of Credit Institutions and Investment Firms (“**Law 11/2015**”) and Royal Decree 1012/2015, of 6 November, implementing Law 11/2015 (“**Royal Decree 1012/2015**”)) is designed to provide authorities with tools to intervene in unsound or failing credit institutions or investment firms (“**institutions**”) 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 further provides that any extraordinary public financial support through additional financial stabilisation tools is only to be used by a Member State as a last resort, after having assessed the resolution tools set out below to the maximum extent possible while maintaining financial stability.

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

As provided in the BRRD, Law 11/2015 contains four resolution tools and powers which may be used alone or in combination where the Relevant Resolution Authority (as defined below) considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest.

The four resolution tools are: (i) sale of business - which enables 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 problematic assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in by which the Relevant Resolution Authority may exercise the Spanish Bail-in Power (as defined below). This includes the ability of the Relevant Resolution authority to write down (including to zero) and/or to convert into equity or other securities or obligations (which equity, securities or obligations could also be subject to any future application of the Spanish Bail-in Power) certain unsecured debt claims (including Ordinary Senior Notes and Senior Non Preferred Notes) and subordinated obligations (including Subordinated Notes).

The “**Spanish Bail-in Power**” is any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with any laws, regulations, rules or requirements in effect in Spain, relating to the transposition of the BRRD (including the BRRD II, as defined in the Terms and Conditions), as amended from time to time, including, but not limited to (i) Law 11/2015, as amended from time to time, (ii) Royal Decree 1012/2015, as amended from time to time, (iii) the SRM Regulation (as defined in the Terms and Conditions), as amended from time to time (including by the SRM Regulation II, as defined in the Terms and Conditions), and (iv) any other laws, rules or standards made in connection with either (i), (ii) or (iii), pursuant to which any obligation of an institution can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such institution or any other person (or suspended for a temporary period).

In accordance with Article 48 of Law 11/2015 (and subject to any exclusions that may be applied by the Relevant Resolution Authority under Article 43 of Law 11/2015), in the case of any application of the Spanish Bail-in Power, the sequence of any resulting write-down or conversion by the Relevant Resolution Authority shall be as follows: (i) CET1 capital instruments; (ii) the principal amount of Additional Tier 1 Instruments (as defined in the Terms and Conditions); (iii) the principal amount of Tier 2 Instruments (as defined in the Terms and Conditions); (iv) the principal amount of other subordinated claims that do not qualify as Additional Tier 1 Capital or Tier 2 Capital (as defined in the Terms and Conditions); and (v) the

principal or outstanding amount of the other bail-inable liabilities prescribed in Article 41 of Law 11/2015 in accordance with the applicable insolvency legislation.

In addition to the Spanish Bail-in Power, the BRRD, Article 38 of Law 11/2015 and the SRM Regulation provide for the Relevant Resolution Authority to have the further power to permanently convert into equity or write-down (including to zero) capital instruments (such as the Tier 2 Subordinated Notes) and certain internal eligible liabilities at the point of non-viability of an institution or a group of which the institution forms part (“**Non-Viability Loss Absorption**” of an institution or a group). The point of non-viability of an institution is the point at which the FROB (as defined below), the SRB established pursuant to the SRM Regulation and/or any other authority entitled to exercise or participate in the exercise of bail-in power from time to time (each, a “**Relevant Resolution Authority**”) as appropriate, determines that the institution meets the conditions for resolution or that it will no longer be viable unless the relevant capital instruments are written down or converted into equity or that extraordinary public support is to be provided and without such support the Relevant Resolution Authority determines that the institution would no longer be viable. The point of non-viability of a group is the point at which the group infringes or there are objective elements to support a determination that the Consumer Group, in the near future, will infringe its consolidated solvency requirements in a way that would justify action by the Relevant Resolution Authority in accordance with Article 38.3 of Law 11/2015. Non-Viability Loss Absorption may be imposed prior to or in combination with any exercise of the Spanish Bail-in Power or any other resolution tool or power (where the conditions for resolution referred to above are met).

Under Article 281 of Royal Decree 1/2020, of 5 May, approving the revised text of the Bankruptcy Law (as amended, the “**Insolvency Law**”) read in conjunction with Additional Provision 14.3 of Law 11/2015, the Issuer will meet subordinated claims after payment in full of unsubordinated claims, but before distributions to shareholders, in the following order and pro-rata within each class: (i) late or incorrect claims; (ii) contractually subordinated liabilities in respect of principal (except for those under instruments of the Issuer that qualify as Additional Tier 1 or Tier 2 capital) (iii) interests; (iv) fines; (v) claims of creditors which are specially related to the Issuer (if applicable) as provided for under the Insolvency Law; (vi) detrimental claims against the Issuer where a Spanish Court has determined that the relevant creditor has acted in bad faith (*rescisión concursal*); (vii) claims arising from contracts with reciprocal obligations as referred to in Articles 156 to 158 and 160 to 167 of the Insolvency Law, wherever the court rules, prior to the administrators’ report of insolvency (*administración concursal*) that the creditor repeatedly impedes the fulfilment of the contract against the interest of the insolvency, (viii) subordinated obligations (*créditos subordinados*) of the Issuer under instruments that qualify as Tier 2 Capital, and (ix) subordinated obligations (*créditos subordinados*) of the Issuer under instruments that qualify as Additional Tier 1 Capital.

In addition, second paragraph of Article 48(7) of BRRD, as implemented in Spain through Additional Provision 14.3 of Law 11/2015, clarified that if an instrument is only partly recognised as an own funds instrument (such as the Tier 2 Subordinated Notes), the whole instrument shall be treated in insolvency as a claim resulting from an own funds instrument and shall rank lower than any claim that does not result from an own funds instrument.

Any application of the Spanish Bail-in Power shall be in accordance with the hierarchy of claims in normal insolvency proceedings (with “non-preferred” senior claims subject to the Spanish Bail-in Power after any subordinated claims against the Issuer but before the other senior claims against the Issuer). Accordingly, the impact of such application on Noteholders will depend on the ranking of the relevant Notes in accordance with such hierarchy, including any priority given to other creditors such as depositors. In this respect, as indicated in “*The Consumer Group is subject to extensive regulation and regulatory and governmental oversight which could adversely affect its business, operations and financial condition*” above, the CMDI Proposal provides for a general depositor preference in insolvency. If the CMDI Proposal is implemented in its current form, this would mean that the Senior Notes (including the Ordinary Senior Notes) will rank junior to the claims of all depositors, including deposits of large corporates and other deposits that are currently excluded from such privileged claims. Any such general depositor preference would also impact upon any application of the Spanish Bail-in Power, as such application is to be carried out in the order of the hierarchy of claims in normal insolvency proceedings. Accordingly, this would mean that following any such amendment of the insolvency laws of Spain to establish a general depositor preference, any resulting write-down or conversion of the Senior Notes (including the Ordinary Senior Notes) by the Relevant Resolution Authority would be carried out before any write-down or conversion of the claims of depositors such as those of large corporates that, with the current bail-in regime, would have been written-down or converted alongside the Senior Notes. By removing the requirement for such deposits to be written-down or converted in this manner, one of the stated objectives of this proposed amendment is to reduce the likelihood of deposits generally needing to be included in any such write-down or conversion

upon any application of the Spanish Bail-in Power and improve the process for the application of the Spanish Bail-in Power. However, this may have the corresponding impact of increasing the likelihood of any write-down or conversion of the Senior Notes (including the Ordinary Senior Notes). Nevertheless, the exact impact of the CMDI Proposal is not known yet given it is still in the form of a legislative proposal and therefore subject to further amendments. See “*Regulation*”.

Condition 20 provides for the contractual recognition by the holders of the Notes (the “**Holders**”) of the conversion or write down upon bail-in.

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

There may be limited protections, if any, that will be available to holders of securities subject to the Spanish Bail-in power or the Non-Viability Loss Absorption and to the broader resolution powers of the Relevant Resolution Authority. Accordingly, Holders may have limited or circumscribed rights to challenge any decision of the Relevant Resolution Authority to exercise its Spanish Bail-in Power or the Non-Viability Loss Absorption.

There remains uncertainty as to how or when the Spanish Bail-in Power and/or in the case of Tier 2 Subordinated Notes, and, pursuant to BRRD II and the SRM Regulation II, certain internal eligible liabilities, the Non-Viability Loss Absorption may be exercised and how it would affect the Consumer Group and the Notes. The determination that all or part of the principal amount of the Notes will be subject to loss absorption is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the Issuer’s control. Although there are proposed pre-conditions for the exercise of the Spanish bail-in power or the Non-Viability Loss Absorption, there remains uncertainty regarding the specific factors which the Relevant Resolution Authority would consider in deciding whether to exercise the Spanish Bail-in Power or the Non-Viability Loss Absorption with respect to the financial institution and/or securities issued or guaranteed by that institution. In addition, as the Relevant Resolution Authority will retain an element of discretion, Holders may not be able to refer to publicly available criteria in order to anticipate a potential exercise of any such Spanish Bail-in Power and/or, in the case of Tier 2 Subordinated Notes and, pursuant to BRRD II and the SRM Regulation II, certain internal eligible liabilities, the Non-Viability Loss Absorption. Because of this inherent uncertainty, it will be difficult to predict when, if at all, the exercise of any such powers may occur which would result in a principal amount write off or conversion to equity.

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

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

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

*The Notes may be denominated in a currency different to the investor’s home currency.*

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

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified

Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency and/or the Specified Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

*The Notes may be redeemed prior to maturity at the option of the Issuer.*

If so specified in the relevant Final Terms, the Notes may be redeemed at the option of the Issuer, as further described in Condition 5.07. The Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

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

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

Likewise, if the relevant Final Terms specify the “Clean-Up Redemption Option” as being applicable to the Notes of a specific Series, the Issuer may have the option to redeem (in whole but not in part), on any date that is an Interest Payment Date, a specific Series of Notes if a specific percentage, as stated in the relevant Final Terms (such percentage not being in any case lower than 75%), of the initial aggregate nominal amount of the Notes of such Series have been previously redeemed or purchased by, or on behalf of, the Issuer and cancelled, as further described in Condition 5.05.

Early redemption features (including, without limitation, any redemption of the Notes at the option of the Issuer pursuant to Condition 5.07 or for taxation reasons pursuant to Condition 5.02) is likely to limit the market value of the Notes. During any period when the Issuer may redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period or at any time where there is any actual increase in the likelihood that the Issuer will be able to redeem the Notes early.

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

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

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

In addition, the Notes do not require the Issuer to comply with financial ratios or otherwise limit its ability or that of its subsidiaries to incur additional debt, nor do they limit the Issuer's ability to use cash to make

investments or acquisitions, or the ability of the Issuer or its subsidiaries to pay dividends, repurchase shares or otherwise distribute cash to shareholders. Such actions could potentially affect the Issuer's ability to service its debt obligations, including those under the Notes.

*The Subordinated Notes, the Senior Non Preferred Notes and, to the extent so specified in the relevant Final Terms, the Ordinary Senior Notes, provide for limited events of default. Holders of Notes may not be able to exercise their rights on an event of default in the event of the adoption of any early intervention or resolution measure under Law 11/2015.*

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

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

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

*Certain Notes may be redeemed prior to maturity upon the occurrence of a Capital Disqualification Event or a TLAC/MREL Disqualification Event.*

The Issuer may, at its option, redeem all, but not some only, of the Notes, if so specified in the relevant Final Terms, at any time at their early redemption amount, together with accrued but unpaid interest up to (but excluding) the date of redemption, upon or following the occurrence of a TLAC/MREL Disqualification Event or (in the case of Tier 2 Subordinated Notes only) a Capital Disqualification Event (as these terms are defined in the Terms and Conditions). See also “*The Notes may be redeemed prior to maturity at the option of the Issuer or for taxation reasons*” above.

The early redemption of the Subordinated Notes, the Senior Non Preferred Notes or the Ordinary Senior Notes constituting TLAC/MREL-Eligible Notes and the early redemption of the Tier 2 Subordinated Notes upon the occurrence of a Capital Disqualification Event, as applicable, will be subject to the prior consent of the Regulator and/or the Relevant Resolution Authority if and as required therefor under Applicable Banking Regulations and may only take place in accordance with Applicable Banking Regulations in force at the relevant time. Redemption of Tier 2 Subordinated Notes where the TLAC/MREL Disqualification Event has been specified as applicable in the relevant Final Terms may be made pursuant to a TLAC/MREL Disqualification Event only after five years from their date of issuance or such other minimum period permitted under Applicable Banking Regulations.

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

- (i) on or before such redemption, the institution replaces the instruments with own funds or eligible liabilities instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or
- (ii) the institution has demonstrated to the satisfaction of the competent authority that the own funds and eligible liabilities of the institution would, following such redemption, exceed the requirements laid down in the CRR, the CRD IV Directive and the BRRD by a margin that the competent authority considers necessary; or
- (iii) the institution has demonstrated to the satisfaction of the resolution authority that the partial or full replacement of eligible liabilities with own funds notes is necessary to ensure compliance with the own funds requirements laid down in CRR and in CRD IV for continuing authorisation.

It is not possible to predict whether or not the Subordinated Notes, the Senior Non Preferred Notes or certain Ordinary Senior Notes will or may qualify as TLAC/MREL-Eligible Notes or if any further change in the laws or regulations of Spain, Applicable Banking Regulations or in the application or official interpretation thereof, or any of the events referred to above, will occur and so lead to the circumstances in which the Issuer is able to elect to redeem the Subordinated Notes, the Senior Non Preferred Notes or certain Ordinary Senior Notes, and if so whether or not the Issuer will elect to exercise such option to redeem such Notes or any prior consent of the Regulator and/or the Relevant Resolution Authority, if required, will be given.

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

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

Subject as provided herein, in particular to the provisions of Condition 22, if a Capital Disqualification Event, a TLAC/MREL Disqualification Event or a circumstance giving rise to the right to redeem the Notes early for taxation reasons, occurs, the Issuer may, at its option, and without the consent or approval of the Holders, elect either (i) to substitute all (but not some only) of the Notes or (ii) to modify the terms of all (but not some only) of such Notes, in each case so that they are substituted for, or varied to, become, or remain Qualifying Notes. While Qualifying Notes generally must contain terms that are materially no less favourable to Holders as the original terms of the Notes, there can be no assurance that the terms of any Qualifying Notes will be viewed by the market as equally favourable, or that the Qualifying Notes will trade at prices that are equal to the prices at which the Notes would have traded on the basis of their original terms. Further, prior to the making of any such substitution or variation, the Issuer shall not be obliged to have regard to the tax position of individual Holders or Beneficial Owners of the Notes or to the tax consequences of any such substitution or variation for individual Holders or Beneficial Owners of the Notes. No Holder or Beneficial Owner of the Notes shall be entitled to claim, whether from the Issue and Paying Agent, the Issuer, or any other person, any indemnification or payment in respect of any tax consequence of any such substitution or variation upon individual Holders or Beneficial Owners of Notes.

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

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

*Potential conflicts of interest between the investor and the Determination Agent.*

Potential conflicts of interest may arise between the investor and the Determination Agent (as defined in Condition 4E.03), if any, for a Tranche of Notes and the Holders (including where a Dealer acts as a

determination agent), including with respect to certain determinations that such Determination Agent may make pursuant to the Terms and Conditions of the Notes.

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

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

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

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely, (i) in the case of English law Notes, upon their rights under the Deed of Covenant dated 14 June 2023 (the “**Deed of Covenant**”) and, (ii) in the case of Spanish law Notes, under the provisions of the Global Notes.

*Credit ratings may not reflect all risks.*

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

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

*Taxation in Spain.*

The Issuer is required to receive certain information relating to the Notes. If such information is not received by the Issuer it will be required to apply Spanish withholding tax to any payment of interest in respect of the relevant Notes, or income arising from the payment of Notes issued below par.

Under Spanish Law 10/2014 and Royal Decree 1065/2007 (as amended among others by Royal Decree 1145/2011 of 29 July) (“**Royal Decree 1065/2007**”), as amended, payments of income in respect of the Notes (including Notes issued at a discount (such as Zero Coupon Notes) for a period equal or less than twelve months) will be made without withholding tax in Spain provided that the Issue and Paying Agent provides to the Issuer at the relevant time a certificate in the Spanish language substantially in the form set out in Exhibit 1, attached hereto.

This information must be provided by the Issue and Paying Agent to the Issuer before the close of business on the Business Day (as defined in the Notes) immediately preceding the date on which any payment of interest, principal or of any amounts in respect of the early redemption of the Notes (each a “**Payment Date**”) is due.

The Issuer and the Issue and Paying Agent have arranged certain procedures to facilitate the collection of information concerning the Notes. If, despite these procedures, the relevant information is not received by

the Issuer on each Payment Date, the Issuer will instruct the Issue and Paying Agent to withhold tax at the then-applicable rate (as at the date of this Base Prospectus 19%) from any payment in respect of the relevant Notes. The Issuer will not pay any additional amounts with respect to any such withholding.

The Issue and Paying Agency Agreement provides that the Issue and Paying Agent will, to the extent applicable, comply with the relevant procedures to facilitate the collection of information concerning the Notes. See section titled "*Taxation – Taxation in Spain—Information about the Notes in Connection with Payments*".

The procedures may be modified, amended or supplemented to, among other reasons, reflect a change in applicable Spanish law, regulation, ruling or interpretation thereof. None of the Issuer or the Dealers assumes any responsibility therefor.

If the Spanish tax authorities consider that such information obligations must also be complied with for Notes issued at a discount with a longer term than twelve months (such as Zero Coupon Notes), the Issuer will, prior to the redemption or repayment of such Notes, adopt the necessary measures with the Clearing Systems in order to ensure its compliance with such information obligations as may be required by the Spanish tax authorities from time to time. Prospective investors should consult their own tax advisers as to the tax consequences and, in particular, the withholding tax obligations set forth under the Spanish regulations in relation to the Notes issued at a discount (including, among others, its acquisition, redemption and disposal).

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

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

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

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

Reference rates and indices such as EURIBOR and other interest rate or other types of rates and indices which are deemed to be “benchmarks” (each a “**Benchmark**” and together, the “**Benchmarks**”), to which the interest on securities may be linked, have become the subject of regulatory scrutiny and recent national and international regulatory guidance and proposals for reform. This has resulted in regulatory reform and changes to existing Benchmarks, with further change anticipated. These reforms have resulted in the cessation of certain benchmarks, including LIBOR and the Japanese Yen LIBOR, the cessation of U.S. Dollar LIBOR at the end of June 2023, and other benchmarks could be eliminated or declared unrepresentative. In particular, EONIA (Euro Overnight Index Average) was discontinued on 3 January 2022.

The EU Benchmarks Regulation and Regulation (EU) 2016/1011 as it forms part of the domestic law of the United Kingdom by virtue of the EUWA (the “**UK Benchmarks Regulation**”) apply to the provision of Benchmarks, the contribution of input data to a Benchmark and the use of a Benchmark within the EU and the UK, respectively. The EU Benchmarks Regulation and the UK Benchmarks Regulation among other things, (i) require Benchmark administrators to be authorised or registered (or, if non-EU-based or UK-based, as applicable, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU and UK supervised entities, as applicable, such as the Issuer of Benchmarks of administrators that are not authorised or registered (or, if non-EU based or UK-based, as applicable, not deemed equivalent or recognised or endorsed).



The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

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

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

Where the Relevant Screen Page is not available, the relevant reference rate may be subject to amendments and adjustments in accordance with the provisions applicable to the Reset Notes, Floating Rate Notes or CMS-Linked Notes (as applicable). Uncertainty as to the continuation of the Original Reference Rate and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the Reset Notes, the Floating Rate Notes and CMS-Linked Notes.

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

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

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

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

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

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

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

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

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

In the case of Senior Non Preferred Notes only, no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Regulator treating the next Interest Payment Date or Reset Date, as the case may be, as the effective maturity date of the Notes, rather than the relevant Maturity Date.

To the extent that no Successor Rate or Alternative Rate is adopted and the Determination Agent is unable to determine a rate in relation to any Interest Period, the Terms and Conditions provide that the rate will be that which was last determined in relation to the Notes in respect of a preceding Interest Period, which results in the Notes becoming, in effect, Fixed Rate Notes.

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

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

*The market continues to develop in relation to €STR, SARON, SONIA, SOFR and TONA as reference rates for Floating Rates Notes.*

Where the relevant Final Terms for a Series of Floating Rate Notes identifies that the Rate of Interest for such Notes will be determined by reference to €STR, SARON, SONIA, SOFR or TONA the Rate of Interest will be determined by reference to Compounded Daily SONIA, Weighted Average SONIA, Compounded Daily €STR, SARON, SOFR or TONA (including on the basis of the SOFR Index published on the NY Federal Reserve's Website) or SOFR Arithmetic Mean. In each case such rate will differ from the relevant EURIBOR rate in a number of material respects, including (without limitation) that a compounded daily rate or weighted average rate is a backwards-looking, risk-free overnight rate, and a single daily rate is a risk-free overnight non-term rate, whereas EURIBOR are expressed on the basis of a forward-looking term and include a risk-element based on inter-bank lending. As such, investors should be aware that EURIBOR, €STR, SARON, SONIA, SOFR and TONA may behave materially differently as interest reference rates for Notes issued under the Programme.

The market continues to develop in relation to €STR, SARON, SONIA, SOFR and TONA as reference rates in the capital markets and their adoption as alternatives to the relevant interbank offered rates. In addition, market participants and relevant working groups are exploring alternative reference rates based on €STR, SARON, SONIA, SOFR or TONA, including term €STR, SARON, SONIA, SOFR and TONA reference rates (which seek to measure the market's forward expectation of an average €STR, SARON, SONIA, SOFR or TONA rate over a designated term). The development of €STR, SARON, SONIA, SOFR and TONA as interest reference rates for the Eurobond markets, as well as continued development of €STR, SARON, SONIA, SOFR and TONA based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of the Notes.

The use of €STR, SARON, SONIA, SOFR or TONA as reference rates for Eurobonds continues to develop both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing €STR, SARON, SONIA, SOFR or TONA. Publication of such reference rates has a limited history. The future performance of €STR, SARON, SONIA, SOFR or TONA may therefore be difficult to predict based on the limited historical performance. The level of €STR, SARON, SONIA, SOFR or TONA during the term of the Notes may bear little or no relation to the historical level of €STR, SARON, SONIA, SOFR or TONA. Prior observed patterns, if any, in the behaviour of market variables and their relation to €STR, SARON, SONIA, SOFR or TONA such as correlations, may change in the future.

The market or a significant part thereof may adopt an application of €STR, SARON, SONIA, SOFR or TONA that differs significantly from that set out in the Terms and Conditions as applicable to the Notes. Furthermore, the Issuer may, in future, issue Notes referencing €STR, SARON, SONIA, SOFR or TONA that differ materially in terms of interest determination when compared with the Notes. In addition, the manner of adoption or application of €STR, SARON, SONIA, SOFR or TONA reference rates in the Eurobond markets may differ materially compared with the application and adoption of €STR, SARON, SONIA, SOFR or TONA in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of €STR, SARON, SONIA, SOFR or TONA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing any such rate.

Furthermore, the Rate of Interest on Notes which reference €STR, SARON, SONIA, SOFR or TONA is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors to estimate reliably the amount of interest which will be payable on the Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which factors could adversely impact the liquidity of the Notes. Further, in contrast to EURIBOR-based Notes, if the Notes become due and payable under Condition 6, or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of the Notes shall be determined by reference to a shortened period ending immediately prior to the date on which the Notes become due and payable.

To the extent the €STR, SARON, SONIA, SOFR or TONA rate is not published, the applicable rate to be used to calculate the Interest Rate on Notes referencing €STR, SARON, SONIA, SOFR or TONA, as applicable, will be determined using the fallback provisions set out in the Terms and Conditions, some of which apply specifically to Notes referencing €STR, SARON, SONIA, SOFR or TONA and are distinct to those applying to other types of Notes. Any of these fallback provisions may result in interest payments that are lower than, or do not otherwise correlate over time with, the payments that would have been made on the Notes if the relevant €STR, SARON, SONIA, SOFR or TONA rate had been so published in its current form. In addition, use of the fallback provisions may result in the effective application of a fixed rate of interest to the Notes.

*The administrator of €STR, SARON, SONIA, SOFR or TONA may make changes that could change the value of €STR, SARON, SONIA, SOFR or TONA discontinue STR, SARON, SONIA, SOFR or TONA.*

The European Central Bank (or a successor) as administrator of €STR, SIX Swiss Exchange AG (or a successor) as administrator of SARON, the Bank of England (or a successor), as administrator of SONIA, and the Federal Reserve Bank of New York (or a successor), as administrator of SOFR and the Bank of Japan (or a successor) as administrator of TONA, may make methodological or other changes that could change the value of €STR, SARON, SONIA, SOFR or TONA, respectively, including changes related to the method by which €STR, SARON, SONIA, SOFR or TONA is calculated, eligibility criteria applicable to the transactions used to calculate €STR, SARON, SONIA, SOFR or TONA, or timing related to the publication of €STR, SARON, SONIA, SOFR or TONA. In addition, the administrator may alter,

discontinue or suspend calculation or dissemination of €STR, SARON, SONIA, SOFR or TONA (in which case the fallback methods of determining the interest rate on the Notes will apply). The administrators have no obligation to consider the interests of Holders when calculating, adjusting, converting, revising or discontinuing €STR, SARON, SONIA, SOFR or TONA.

*Any failure of SOFR to gain market acceptance could adversely affect holders of Notes that pay a floating rate of interest referencing SOFR.*

Holders of Notes that pay a floating rate of interest that references SOFR are exposed to the risk that such rate may not be widely accepted in the market. The risk of this occurring is mitigated by the fact that SOFR was developed for use in certain U.S. dollar derivatives and other financial contracts as an alternative to LIBOR in part because it is considered to be a good representation of general funding conditions in the overnight U.S. Treasury repo market. However, as a rate based on transactions secured by U.S. Treasury securities, it does not measure bank-specific credit risk and, as a result, is less likely to correlate with the unsecured short-term funding costs of banks. This may mean that market participants would not consider SOFR to be a suitable substitute or successor for all of the purposes for which LIBOR historically has been used (including, without limitation, as a representation of the unsecured short-term funding costs of banks), which may, in turn, lessen its market acceptance. Any failure of SOFR to gain or maintain market acceptance could adversely affect the return on, value of and market for Notes that pay a floating rate of interest referencing SOFR.

*Partly-paid Notes.*

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

*Inverse Floating Rate Notes.*

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

*Zero Coupon Notes.*

The Issuer may issue Zero Coupon Notes. Such Notes will bear no interest and an investor will receive no return on the Notes until redemption. Any investors holding these Notes will be subject to the risk that the amortised yield in respect of the Notes may be less than zero (negative yield). Therefore, if an investor acquires an instrument over 100% of its principal amount, it could obtain a negative yield of its investment.

*Notes issued at a substantial discount or premium.*

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

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

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

*Notes issued as “Green Bonds”, “Social Bonds” or “Sustainable Bonds”, as described in “Use of Proceeds”, may not meet investor expectations or be suitable for an investor’s investment criteria.*

The relevant Final Terms relating to the Tranches of a specific Series of Notes may provide that it will be the Issuer’s intention to apply an amount equal to the whole or a part of the net proceeds of the issue of those Notes to finance and/or refinance Green Eligible Assets, Social Eligible Assets or a combination of Green Eligible Assets and Social Eligible Assets, as described in the Green, Social and Sustainability Funding Global Framework established by Banco Santander, as parent company of the Banco Santander Group, to which the Issuer and its subsidiaries form part, published on the website of Banco Santander (see “Use of Proceeds”).

Prospective investors should have regard to the information set out in the Green, Social and Sustainability Funding Global Framework and the relevant Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary. In particular, no assurance is given by the Issuer or the Dealers that the use of such proceeds for any Eligible Asset will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, including, amongst others, Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the “**EU Taxonomy**”) and the EU Taxonomy Climate Delegated Act adopted by the EU Commission on 21 April 2021 (jointly, the “**EU Taxonomy Regulation**”) or, if and to the extent finally approved, the Regulation of the European Parliament and of the Council on European green bonds, a draft of which was proposed by the European Commission on 6 July 2021 with reference 2021/0191(COD) and on which a provisional political agreement was reached between the Commission and the European Parliament on 28 February 2023 (the “**Draft European Green Bond Regulation**”).

Furthermore, it should be noted that there is currently no clear definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a “green”, “social” or “sustainable” or an equivalently-labelled project or asset or as to what precise attributes are required for a particular project or asset to be defined as “green”, “social” or “sustainable” or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time or that any prevailing market consensus will not significantly change. The EU Taxonomy Regulation establishes a basis for the determination of such a definition in the EU. However, the EU Taxonomy remains subject to the implementation of delegated regulations by the European Commission on technical screening criteria for the environmental objectives set out in the EU Taxonomy Regulation. Likewise, the Draft European Green Bond Regulation, includes a set of requirements that Notes shall comply with in order to be labelled as “European Green Bonds”. However, as at the date of this Base Prospectus, it is unclear (i) whether or not the Draft European Green Bond Regulation will be finally approved and (ii) (despite the political agreement reached between the Commission and the European Parliament) if the Draft European Green Bond Regulation will be subject to modifications or amendments before its approval. Therefore, no assurance is or can be given to investors that any projects or use(s) the subject of, or related to, any Eligible Asset will meet any or all investor expectations or any other requirements regarding such “green”, “social” or “sustainable” or other equivalently-labelled performance objectives or requirements (including, without limitation, the requirements envisaged in the Draft European Green Bond Regulation, if and to the extent finally approved) or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Asset.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Green Bonds, Social Bonds or Sustainable Bonds and in particular with any Eligible Asset, to fulfil any environmental, social and/or other criteria. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold any such Notes.

In the event that any Green Bonds, Social Bonds or Sustainable Bonds are listed or admitted to trading on any dedicated “green”, “environmental”, “social” or “sustainable” or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply. Furthermore, the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. No

representation or assurance is given or made by the Issuer or any other person that any such listing or admission to trading will be obtained in respect of any such Green Bonds, Social Bonds or Sustainable Bonds or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of the Issuer to apply an amount equal to the proceeds of any Green Bonds, Social Bonds or Sustainable Bonds so specified for the relevant Eligible Asset and obtain and publish the opinions and certifications, in, or substantially in, the manner described in the Banco Santander Group's Green, Social and Sustainability Funding Global Framework and the relevant Final Terms, there can be no assurance that the relevant Eligible Asset or use(s) the subject of, or related to, any Eligible Asset, will be capable of being implemented in or substantially in such manner and/or accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such Eligible Asset or that the Issuer can obtain and publish the opinions and certifications. Nor can there be any assurance that such Eligible Asset will be completed within any specified period or at all or that the maturity of an eligible green, social or sustainable asset or Eligible Asset may not match the minimum duration of any such Green Bonds, Social Bonds or Sustainable Bonds or with the results or outcome as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not (i) constitute an Event of Default under the relevant Notes, (ii) give rise to any other claim or right (including, for the avoidance of doubt, the right to accelerate the Notes) of a holder of such Green Bond, Social Bond or Sustainable Bond, as the case may be, or (iii) lead to an obligation of the Issuer to redeem such Notes or be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of any Notes, or (iv) affect the regulatory treatment of such Notes as Tier 2 Capital or eligible liabilities for the purposes of the TLAC and/or MREL requirement (as applicable), if such Notes are also Subordinated Notes, Senior Non Preferred Notes or Ordinary Senior Notes that qualify as TLAC/MREL-Eligible Notes. For the avoidance of doubt, it is however specified that payments of principal and interest (as the case may be) on the Green Bonds, Social Bonds or Sustainable Bonds shall not depend on the performance of the relevant Eligible Asset nor have any preferred right against such assets.

Furthermore, Green Bonds, Social Bonds or Sustainable Bonds issued in the form of Subordinated Notes, Senior Non Preferred Notes or Ordinary Senior Notes that qualify as TLAC/MREL-Eligible Notes may be subject to application of the Spanish Bail-in Power and (in the case of Tier 2 Subordinated Notes) the Non-Viability Loss Absorption, to the same extent and with the same ranking as any other *pari passu* Note which is not a Green Bond, Social Bond or Sustainable Bond.

Likewise, Green Bonds, Social Bonds or Sustainable Bonds, as any other Notes, will be fully subject to the application of CRR eligibility criteria and BRRD requirements for own funds and eligible liabilities instruments and, as such, proceeds from Green Bonds, Social Bonds or Sustainable Bonds qualifying as own funds or eligible liabilities should cover all losses in the balance sheet of the Issuer regardless of their "green", "social" or "sustainable" label. Additionally, their labelling as Green Bonds, Social Bonds or Sustainable Bonds (i) will not affect the case of regulatory treatment of such Notes qualifying as Tier 2 Capital or eligible liabilities for the purposes of the TLAC and/or MREL requirement (as applicable), if such Notes are also Subordinated Notes, Senior Non Preferred Notes or Ordinary Senior Notes that qualify as TLAC/MREL-Eligible Notes; and (ii) will not have any impact on their status as indicated in Condition 3 of the Terms and Conditions of the Notes.

Any such event or failure to apply an amount equal to the proceeds of any issue of Green Bonds, Social Bonds or Sustainable Bonds for any Eligible Asset as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on may have a material adverse effect on the value of such Notes and also potentially the value of any other similar Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

#### ***Risks relating to Ordinary Senior Notes***

The risks factors relating to Ordinary Senior Notes described below should be read together with the general risk factors relating to the Notes described above.

*Claims in respect of Ordinary Senior Notes are effectively junior to those of certain other creditors*

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

under the Insolvency Law such as the deposits obligations qualifying as preferred liabilities (*créditos con privilegio general*) under Additional Provision 14.1 of Law 11/2015. In addition, as indicated in “*The Consumer Group is subject to extensive regulation and regulatory and governmental oversight which could adversely affect its business, operations and financial condition*” above, the CMDI Proposal provides for a general depositor preference in insolvency. Therefore, the implementation of the CMDI Proposal in its current form would mean that the Senior Notes (including the Ordinary Senior Notes) will rank junior to the claims of all depositors, including deposits of large corporates and other deposits that are currently excluded from the above privileged claims. This could eventually result in, among others, a downgrade in the rating of certain Notes such as Ordinary Senior Notes. Nevertheless, the exact impact of the CMDI Proposal is not known yet given it is still in the form of a legislative proposal and therefore subject to further amendments.

In addition, the payment obligations of the Issuer in respect of interest accrued but unpaid under the Ordinary Senior Notes as of the commencement of any insolvency procedure in respect of the Issuer will constitute subordinated claims (*créditos subordinados*) ranking in accordance with the provisions of Article 281.1.3º of the Insolvency Law and no further interest shall accrue from the date of the declaration of insolvency of the Issuer. The Ordinary Senior Notes are also structurally subordinated to all indebtedness of subsidiaries of the Issuer insofar as any right of the Issuer to receive any assets of such companies upon their winding-up will be effectively subordinated to the claims of the creditors of those companies in the winding-up.

Moreover, the BRRD and Law 11/2015 contemplate that Ordinary Senior Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Resolution Authority. This may involve the variation of the terms of the Ordinary Senior Notes or a change in their form, if necessary, to give effect to, the exercise of the Spanish Bail-in Power by the Relevant Resolution Authority.

#### ***Risks relating to Subordinated Notes and Senior Non Preferred Notes***

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

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

The Issuer’s obligations under the Subordinated Notes (as defined in the Terms and Conditions) will be unsecured and subordinated obligations (*créditos subordinados*) of the Issuer and will rank junior to all unsubordinated obligations (*créditos ordinarios*) of the Issuer (including any Senior Non Preferred Liabilities ((as defined in the Terms and Conditions)). Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a greater risk that an investor in Subordinated Notes will lose all or some of its investment should the Issuer become (i) subject to resolution under the BRRD (as implemented through Law 11/2015 and Royal Decree 1012/2015) and the Subordinated Notes become subject to the application of the Spanish Bail-In Power (and, in case they constitute Tier 2 Instruments, the Non-Viability Loss Absorption) or (ii) insolvent.

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

In the event of insolvency, after payment in full of unsubordinated claims, but before distributions to shareholders, under Article 281 of the Insolvency Law read in conjunction with Additional Provision 14.3 of Law 11/2015, the Issuer will meet subordinated claims after payment in full of unsubordinated claims,

but before distributions to shareholders, in the following order and pro-rata within each class: (i) late or incorrect claims; (ii) contractually subordinated liabilities in respect of principal (except for those that qualify as Additional Tier 1 Instruments or Tier 2 Instruments under Additional Provision 14.3.1<sup>o</sup>) (iii) interests; (iv) fines; (v) claims of creditors which are specially related to the Issuer (if applicable) as provided for under the Insolvency Law; (vi) detrimental claims against the Issuer where a Spanish Court has determined that the relevant creditor has acted in bad faith (*rescisión concursal*); (vii) claims arising from contracts with reciprocal obligations as referred to in Articles 156 to 158 and 160 to 167 of the Insolvency Law, wherever the court rules, prior to the administrators' report of insolvency (*administración concursal*) that the creditor repeatedly impedes the fulfilment of the contract against the interest of the insolvency, (viii) subordinated obligations (*créditos subordinados*) of the Issuer under instruments qualifying as Tier 2 Capital and (ix) subordinated obligations (*créditos subordinados*) of the Issuer under instruments qualifying as Additional Tier 1 Capital.

In addition, second paragraph of Article 48(7) of BRRD, as implemented in Spain through Additional Provision 14.3 of Law 11/2015, clarified that if an instrument is only partly recognised as an own funds instrument (such as the Tier 2 Subordinated Notes), the whole instrument shall be treated in insolvency as a claim resulting from an own funds instrument and shall rank lower than any claim that does not result from an own funds instrument as set out in limbs (viii) and (ix) above. Therefore, instruments being fully disqualified as own funds instruments in the future would cease to be treated as claims resulting from own funds instruments in insolvency and would, consequently, improve their ranking vis-à-vis any claim that results from an own funds instrument (such as the Tier 2 Subordinated Notes for so long as these qualify as Tier 2 Instruments).

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

The Senior Non Preferred Notes constitute direct, unconditional, unsubordinated and unsecured senior non preferred obligations (*créditos ordinarios no preferentes*) of the Issuer in accordance with Additional Provision 14.2 of Law 11/2015, as amended by the Royal Decree-Law 11/2017 ("**RDL 11/2017**"). Upon the insolvency of the Issuer, the payment obligations of the Issuer on account of principal under the Senior Non Preferred Notes rank, subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), (a) *pari passu* among themselves and with any Senior Non Preferred Liabilities (as defined in the Terms and Conditions), (b) junior to the Senior Higher Priority Liabilities (as defined in the Terms and Conditions) (and, accordingly, upon the insolvency of the Issuer, unsubordinated obligations (*créditos ordinarios*) under Senior Non Preferred Notes will be met after payment in full of the Senior Higher Priority Liabilities (including any excluded liabilities under article 72(a)2 of CRR II (as defined below)) and (c) senior to any present and future subordinated obligations (*créditos subordinados*) of the Issuer in accordance with Article 281 of the Insolvency Law. In addition, the payment obligations of the Issuer in respect of interests accrued but unpaid under the Senior Non Preferred Notes as of the commencement of any insolvency procedure in respect of the Issuer will constitute subordinated claims (*créditos subordinados*) ranking in accordance with Article 281.1.3<sup>o</sup> of the Insolvency Law. No further interest shall accrue on any Notes from the date of the declaration of insolvency of the Issuer.

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

In addition, if the Issuer enters into resolution, its bail-inable liabilities (including the Senior Non Preferred Notes and Ordinary Senior Notes eligible to comply with TLAC/MREL) may be subject to bail-in, meaning potential write-down or conversion into equity securities or other instruments, and additionally, pursuant to BRRD II and the SRM Regulation II, certain internal eligible liabilities and instruments may be subject to any Non-Viability Loss Absorption. The sequence of any resulting write-down or conversion of bail-inable instruments under Article 48 of the BRRD and Article 48 of Law 11/2015 provides for claims to be written-down or converted into equity in accordance with the hierarchy of claims provided in the applicable



insolvency legislation. Because the Senior Non Preferred Notes are senior non preferred liabilities (*créditos ordinarios no preferentes*) the Issuer expects them to be written down or converted in full after any subordinated obligations of the Issuer under article 281 of the Insolvency Law and before any of the Issuer's Senior Higher Priority Liabilities are written down or converted. The Issuer expects that upon insolvency, the payment obligations in respect of principal under the Senior Non Preferred Notes would rank *pari passu* with any obligations in respect of principal of any Senior Non Preferred Liabilities or any other securities with the same ranking issued by the Issuer. See “—*Risks related to early intervention and resolution - Law 11/2015 enables a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any action under Law 11/2015 could materially affect the value of any debt securities*”.

In addition, as indicated in “*The Consumer Group is subject to extensive regulation and regulatory and governmental oversight which could adversely affect its business, operations and financial condition*” above, the CMDI Proposal provides for a general depositor preference in insolvency. Therefore, the implementation of the CMDI Proposal in its current form would mean that the Senior Notes (including the Senior Non-Preferred Notes) will rank junior to the claims of all depositors, including deposits of large corporates and other deposits that are currently excluded from the above privileged claims. Nevertheless, the exact impact of the CMDI Proposal is not known yet given it is still in the form of a legislative proposal and therefore subject to further amendments.

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

## INFORMATION INCORPORATED BY REFERENCE

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

1. an English language translation of the audited consolidated financial statements of the Issuer, prepared under IFRS-EU, including the independent auditor's reports thereon and the notes thereto and the Consolidated Director's reports, in each case as of and for the years ended 31 December 2022 and 31 December 2021.

Pursuant to Spanish regulatory requirements, Directors' reports are required to accompany the audited consolidated financial statements as of and for each of the years ended 31 December 2022 and 2021. Investors are cautioned that the reports contain information of various historical dates and may not contain a current description of the business, affairs or results of the Consumer Group. The information contained in the Directors' reports has not been audited or prepared for the specific purpose of the issue of the Notes and/or this Base Prospectus. Accordingly, the Directors' reports should be read together with the other sections of this Base Prospectus. Any information contained in the Directors' reports is deemed to be modified or superseded by any information contained elsewhere in this Base Prospectus that is subsequent to or inconsistent with it. Furthermore, the Directors' reports include certain forward-looking statements that are subject to inherent uncertainty. Accordingly, investors are cautioned not to rely upon the information contained in such Directors' reports;

2. the terms and conditions set out on pages 67 to 134 of the base prospectus dated 16 June 2022 under the heading "Terms and Conditions of the Notes" available for inspection at <https://www.santanderconsumer.com/wp-content/uploads/2022/06/SCF-EMTN-2022-Base-Prospectus-1.pdf>;
3. the terms and conditions set out on pages 67 to 125 of the base prospectus dated 17 June 2021 under the heading "Terms and Conditions of the Notes" available for inspection at <https://www.santanderconsumer.com/wp-content/uploads/2021/06/SCF-EMTN-2021-Base-Prospectus-execution-version..pdf>;
4. the terms and conditions set out on pages 77 to 142 of the base prospectus dated 18 June 2020 under the heading "Terms and Conditions of the Notes" available for inspection at <https://www.santanderconsumer.com/wp-content/uploads/2021/02/EMTN-Programme-2020-1.pdf>;
5. the terms and conditions set out on pages 96 to 160 of the base prospectus dated 18 June 2019 under the heading "Terms and Conditions of the Notes" available for inspection at <https://www.santanderconsumer.com/wp-content/uploads/2019/06/SCF-EMTN-2019-Base-Prospectus.pdf>; and
6. the terms and conditions set out on pages 90 to 139 of the base prospectus dated 18 June 2018 under the heading "Terms and Conditions of the Notes" available for inspection at [https://ise-prodnr-eu-west-1-data-integration.s3-eu-west-1.amazonaws.com/legacy/Base+Prospectus\\_f582da83-1833-4d65-85dd-c3d6d0e4eea9.PDF](https://ise-prodnr-eu-west-1-data-integration.s3-eu-west-1.amazonaws.com/legacy/Base+Prospectus_f582da83-1833-4d65-85dd-c3d6d0e4eea9.PDF).

The tables below set out the relevant page references for the English language balance sheet, income statement, cash-flow statement, explanatory notes and the independent auditor's report of the Issuer for the years ended 31 December 2022 (the "**2022 Audited Consolidated Financial Statements**") and 31 December 2021 (the "**2021 Audited Consolidated Financial Statements**"), as set out in the financial statements for the years ended 31 December 2022 and 31 December 2021:

| <b>2022 Audited Consolidated Financial Statements</b>            | <b>Page reference</b>              |
|--|------------------------------------|
|  | <i>(pdf document page numbers)</i> |
| Independent auditor's report on the consolidated annual accounts | 2-9                                |
| Consolidated Balance Sheets.....                                 | 10-11                              |

| <b>2022 Audited Consolidated Financial Statements</b>           | <b>Page reference</b> |
|---|-----------------------|
| Consolidated Income Statements .....                            | 12                    |
| Consolidated Statements of Recognised Income and Expenses ..... | 13                    |
| Consolidated Statements of Changes in Equity .....              | 14-15                 |
| Consolidated Statements of Cash Flows .....                     | 16                    |
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| <b>2021 Audited Consolidated Financial Statements</b>            | <b>Page reference</b>                  |
|--|--|
|  | <i>(pdf document<br/>page numbers)</i> |
| Independent auditor's report on the consolidated annual accounts | 2-9                                    |
| Consolidated Balance Sheets .....                                | 10-11                                  |
| Consolidated Income Statements .....                             | 12                                     |
| Consolidated Statements of Recognised Income and Expenses .....  | 13                                     |
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| Consolidated Statements of Cash Flows .....                      | 16                                     |
| Notes to the Audited Consolidated Financial Statements .....     | 17-213                                 |
| Directors' report .....  | 237-297                                |

The English language translation of the 2022 Audited Consolidated Financial Statements of the Issuer (including the independent auditor's reports thereon and the notes thereto and the Director's reports) is available on the following:

[https://www.santanderconsumer.com/wp-content/uploads/2023/05/Consolidated-AR-English-2022\\_VF-1.pdf](https://www.santanderconsumer.com/wp-content/uploads/2023/05/Consolidated-AR-English-2022_VF-1.pdf)

The English language translation of the 2021 Audited Consolidated Financial Statements of the Issuer (including the independent auditor's reports thereon and the notes thereto and the Director's reports) is available on the following:

<https://www.santanderconsumer.com/wp-content/uploads/2022/04/Consolidated-AR-English-2021-v-05-04.pdf>

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

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

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

The information on the corporate website of the Issuer (<https://www.santanderconsumer.com>) does not form part of this Base Prospectus unless that information is explicitly incorporated by reference into this Base Prospectus.

## FINAL TERMS AND DRAWDOWN PROSPECTUSES

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

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

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

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

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

## FORM OF THE NOTES

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

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

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

### **Temporary Global Note exchangeable for Permanent Global Note**

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

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

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Issue and Paying Agent; and
- (ii) receipt by the Issue and Paying Agent of a certificate or certificates of non-U.S. beneficial ownership, within 7 days of the bearer requesting such exchange.

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

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

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

announces an intention permanently to cease business or (b) any of the circumstances described in Condition 6 (*Events of Default*) occurs.

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

#### **Temporary Global Note exchangeable for Definitive Notes**

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

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

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

#### **Permanent Global Note exchangeable for Definitive Notes**

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

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

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

#### **Exchanges of Notes and Specified Denominations**

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

**Terms and Conditions applicable to the Notes**

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

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

**Legend concerning United States persons**

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

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



## USE OF PROCEEDS

The net proceeds of the issue of each Series of Notes will be used:

- (i) for the general funding purposes of the Consumer Group;
- (ii) to finance, refinance or invest in, in whole or in part, Green Eligible Assets meeting the Eligibility Criteria, in which case the relevant Notes will be identified as “Green Bonds” in the relevant Final Terms (“**Green Bonds**”);
- (iii) to finance, refinance or invest in, in whole or in part, Social Eligible Assets meeting the Eligibility Criteria, in which case the relevant Notes will be identified as “Social Bonds” in the relevant Final Terms (“**Social Bonds**”); or
- (iv) to finance, refinance or invest in, in whole or in part, a combination of Green Eligible Assets and Social Eligible Assets, in each case, meeting the Eligibility Criteria, in which case the relevant Notes will be identified as “Sustainable Bonds” in the relevant Final Terms (“**Sustainable Bonds**”).

“**Eligibility Criteria**” means the criteria prepared by Banco Santander and adopted by the Issuer as set out in the Green, Social and Sustainability Funding Global Framework.

“**Green Eligible Assets**” means assets falling under the “Green eligible categories”, as described in the Green, Social and Sustainability Funding Global Framework prepared by Banco Santander and adopted by the Issuer, and any other “green” assets set out in the ICMA Green Bond Principles from time to time.

“**Social Eligible Assets**” means assets falling under the “Social eligible categories”, as described in the Global Sustainable Bond Framework prepared by Banco Santander and adopted by the Issuer, and any other “social” assets set out in the ICMA Social Bond Principles from time to time.

“**Green, Social and Sustainability Funding Global Framework**” means the Green, Social and Sustainability Funding Global Framework published by Banco Santander and applicable to the Issuer, available at <https://www.santander.com/content/dam/santander-com/en/contenido-paginas/nuestro-compromiso/financi%C3%B3n-de-proyectos-sostenibles/prf-santander-green-bond-funding-framework-february-2022-en.pdf>.

“**ICMA Green Bond Principles**” means the Green Bond Principles published by the International Capital Markets Association, as updated from time to time.

“**ICMA Social Bond Principles**” means the Social Bond Principles published by the International Capital Markets Association, as updated from time to time.

The Green, Social and Sustainability Funding Global Framework and any Series of Green Bonds, Social Bonds or Sustainable Bonds may be subject to external review by a second party opinion provider. A second party opinion (the “**Second Party Opinion**”) in relation to the Green, Social and Sustainability Funding Global Framework is available at [www.santander.com/en/our-approach/inclusive-and-sustainable-growth/supporting-the-green-transition](http://www.santander.com/en/our-approach/inclusive-and-sustainable-growth/supporting-the-green-transition). The Second Party Opinion has confirmed the alignment of the Green, Social and Sustainability Funding Global Framework with the ICMA Green Bond Principles.

Investors should have regard to the factors described under the section headed “*Risks relating to the Notes - Notes issued as “Green Bonds”, “Social Bonds” or “Sustainable Bonds”, as described in “Use of Proceeds”, may not meet investor expectations or be suitable for an investor’s investment criteria.*”

None of the Green, Social and Sustainability Funding Global Framework nor any of the above reports, opinions or contents of any of the above websites are incorporated in or form part of this Base Prospectus.

## REGULATION

*The following is a summary of the most relevant aspects of the regulatory framework applicable to the Consumer Group, as well as the main factors that have directly or indirectly affected or are currently affecting its operations in a significant way.*

*In addition, see “Risk Factors”, which includes the specific and significant factors that the Consumer Group believes could significantly affect its operations.*

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

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

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

The SSM (comprised by both the ECB and the national competent authorities) is designed to assist in making the banking sector more transparent, unified and safer.

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

The other main pillar of the EU banking union is the SRM, the main purpose of which is to ensure a prompt and coherent resolution of failing banks in Europe at minimum cost for the taxpayers and the real economy. The SRM Regulation establishes uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the SRM and a Single Resolution Fund (“SRF”). Under the intergovernmental agreement (IGA) signed by 26 EU member states on 21 May 2014, contributions by banks raised at national level were transferred to the SRF. The Single Resolution Board (“SRB”), which is the central decision-making body of the SRM, started operating on 1 January 2015 and has fully assumed its resolution powers on 1 January 2016. The SRB is responsible for managing the SRF and its mission is to ensure that credit institutions and other entities under its oversight, which face serious difficulties, are resolved effectively with minimal costs to taxpayers and the real economy. From that date onwards, the SRF is also in place, funded by contributions from European banks in accordance with the methodology approved by the Council of the EU. The SRF is expected to reach a total amount of €80 billion by the end of 2023 and to be used as a separate backstop only after an 8%, bail-in of a bank's liabilities has been applied to cover capital shortfalls (in line with the BRRD).

In order to complete such banking union, a single deposit guarantee scheme is still needed which may require a change to the existing European treaties. This is the subject of continued negotiation by European leaders to ensure further progress is made in European fiscal, economic and political integration.

Regulations adopted towards achieving a banking and/or fiscal union in the EU and decisions adopted by the ECB in its capacity as the main supervisory authority of the Consumer Group may have a material impact on its business, financial condition and results of operations.

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

## **Capital, liquidity and funding requirements**

### ***Overview***

As a Spanish financial institution, the Issuer is subject to the Capital Requirements Regulation (Regulation (EU) No 575/2013 of 26 June, of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms) (“**CRR I**”) as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May, (the “**CRR II**” and together with the CRR I, the “**CRR**”) and the Capital Requirements Directive (Directive 2013/36/EU of 26 June, of the European Parliament on access to credit institution and investment firm activities and on prudential supervision of credit institutions and investment firms) (“**CRD IV**”) as amended by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May, amending the CRD IV Directive with respect to exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (the “**CRD V Directive**” and together with the CRD IV Directive, the “**CRD Directive**”), through which the EU began implementing the Basel III capital reforms from 1 January 2014. While the CRD IV required national transposition, the CRR was directly applicable in all the EU member states. This regulation is complemented by several binding technical standards and guidelines issued by the European Banking Authority (“**EBA**”), directly applicable in all EU member states, without the need for national implementation measures either. The implementation of the CRD IV into Spanish law has taken place through Royal Decree Law 14/2013, of 29 November, on urgent measures to adapt Spanish law to EU regulations on the subject of supervision and solvency of financial entities, Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit entities (“**Law 10/2014**”), Royal Decree 84/2015, of 13 February, implementing Law 10/2014, Bank of Spain Circular 2/2014, of 31 January, and Bank of Spain Circular 2/2016, of 2 February.

On 27 June 2019, a comprehensive package of reforms amending CRR, CRD IV, European Bank Recovery and Resolution Directive (Directive 2014/59/EU) (“**BRRD**”) and Regulation (EU) No 1093/2010 (the “**SRM Regulation**”) came into force: (i) CRD V; (ii) Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC (“**BRRD II**”); (iii) CRR II; and (iv) Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (“**SRM Regulation II**”, and, together with CRD V, BRRD II and CRR II, the “**EU Banking Reforms**”).

CRD V and BRRD II were implemented into Spanish law through Royal Decree-Law 7/2021, of 27 April, amending Law 11/2015 (“**RDL 7/2021**”) and Law 11/2015, Royal Decree 970/2021, which amended Royal Decree 84/2015, and Circulars 5/2021 and 3/2022 of the Bank of Spain, which amended Circular 2/2016 of the Bank of Spain, and Royal Decree 1041/2021, which amended Royal Decree 1012/2015. Despite the fact that RDL 7/2021 is generally enforceable since 29 April 2021, the Spanish Parliament decided on 19 March 2021 to process it as a Bill and so RDL 7/2021 provisions may be subject to changes. Therefore, there remains uncertainty as to how the EU Banking Reforms will be implemented and applied by the relevant authorities.

The EU Banking Reforms cover multiple areas, including the Pillar 2 framework, the leverage ratio, mandatory restrictions on distributions, permission for reducing own funds and eligible liabilities, macroprudential tools, a new category of “non-preferred” senior debt that should only be bailed-in after junior ranking instruments but before other senior liabilities, changes to the definitions of Tier 2 and Additional Tier 1 instruments, the MREL framework and the integration of the TLAC standard into EU legislation as mentioned above.

With respect to the European Commission's proposal to create a new asset class of “non-preferred” senior debt, on 27 December 2017, Directive 2017/2399 amending Directive 2014/59/EU with respect to the ranking of unsecured debt instruments in insolvency hierarchy was published in the Official Journal of the EU and sets forth a harmonised national insolvency ranking of unsecured debt instruments to facilitate the issuance by credit institutions of senior “non-preferred” instruments. Before that, RDL 11/2017 created in Spain the new asset class of senior-non preferred debt.

On 27 October 2021, the European Commission published legislative proposals to amend CRR and the CRD IV, as well as a separate legislative proposal to amend CRR and BRRD in the area of resolution. In particular, the main objectives of the European Commission's legislative proposals are to strengthen the risk-based capital framework, enhance the focus on environmental, social and governance (ESG) risks in the prudential framework, further harmonise supervisory powers and tools and reduce institutions' administrative costs related to public disclosures and to improve access to institutions' prudential data.

Moreover, these legislative proposals include the following: (i) a directive of the European Parliament and of the Council amending CRD IV with respect to supervisory powers, sanctions, third-country branches, and environmental, social and governance risks; (ii) a regulation of the European Parliament and of the Council and its annex amending CRR with respect to requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor; and (iii) a regulation of the European Parliament and of the Council amending CRR and BRRD with respect to the prudential treatment of global systemically important institutions with a multiple point of entry resolution strategy and a methodology for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities (the so-called “daisy chain” proposal). The European Parliament and the Council adopted on 19 October 2022 Regulation (EU) 2022/2036 amending CRR and BRRD, which partially started to apply on 14 November 2022. Although the final report by the European Parliament is expected during the first quarter of 2023, the timing for the final implementation of the legislative proposals is unclear as of the date of this Base Prospectus and new or amended elements may be introduced through the course of the legislative process. Furthermore, with respect to (i) above, the directive will need to be implemented in each of the Member States, and the way it will be implemented may vary depending on the relevant Member State.

On 18 April 2023, the European Commission adopted the CMDI Proposal, which enables authorities to organise the orderly market exit for a failing bank of any size and business model and consists of three pillars: (i) preserving financial stability and protecting taxpayers' money through facilitating the use of deposit guarantee schemes in crisis situations; (ii) shielding the real economy from the impact of bank failure by allowing authorities to fully use resolution as a key component of the crisis management toolbox; and (iii) better protecting depositors. The CMDI Proposal harmonises the standards of depositor protection across the European Union and further extends the new framework of depositor protection to public entities. Furthermore, the proposal harmonises the protection of temporary high balances on bank accounts in excess of EUR 100,000 linked to specific life events. In particular, the CMDI Proposal, includes, among other things, the amendment of the ranking of claims in insolvency to provide for a general depositor preference, pursuant to which the insolvency laws of Member States would be required by the BRRD to extend the legal preference of claims in respect of deposits relative to ordinary unsecured claims to all deposits (covered deposits and deposit guarantee schemes' claims, non-covered deposits of households and small and medium enterprises and other non-covered deposits). As of the date of this Base Prospectus, the CMDI Proposal is subject to further discussion by the European Parliament and the Council and there is a high degree of uncertainty with regards to the proposed adjustments and when they will be finally implemented in the European Union.

### ***Capital Requirements***

Credit institutions, such as the Issuer, are required, on a standalone and consolidated basis, to hold a minimum amount of regulatory capital of 8% of risk weighted assets (of which at least 4.5% must be CET1 capital and at least 6% must be Tier 1 Capital). In addition to the minimum regulatory capital requirements, the CRD IV also introduced five capital buffer requirements that must be met with CET1 capital: (1) the capital conservation buffer for unexpected losses, requiring additional CET1 up to 2.5% of total risk weighted assets; (2) the institution-specific counter-cyclical capital buffer (consisting of the weighted average of the counter-cyclical capital buffer rates that apply in the jurisdictions where the relevant credit exposures are located), which may require as much as additional CET1 capital of 2.5% of total risk weighted assets or higher pursuant to the requirements set by the competent authority; (3) the global systemically important institutions (“**G-SIIs**”) buffer requiring additional CET1 which shall be no less 1% of risk weighted assets; (4) the other systemically important institutions buffer, which may be as much as 3% of risk weighted assets; and (5) the CET1 systemic risk buffer to prevent systemic or macro prudential risks of at least 1% of risk weighted assets (to be set by the competent authority). Entities are required to comply with the “combined buffer requirement” (broadly, the combination of the capital conservation buffer, the institution-specific counter-cyclical buffer and the higher of (depending on the institution) the systemic risk buffer, the G-SIIs buffer and the other systemically important institutions (“**O-SII**”) buffer, in each case as applicable to the institution).

In particular:

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

- (c) Likewise, the domestic systemically important institutions (“**D-SII**”) buffer applies to those institutions deemed to be of local systemic importance, domestic systemically important banks; the Issuer has not been considered a D-SII during 2022 and, thus, the Issuer will not be required to maintain a D-SII buffer during 2023<sup>3</sup>.
- (d) The percentages of the institution-specific countercyclical buffer (“**CCB**”) are revised each quarter. The Bank of Spain agreed on 31 March 2023 to maintain the institution-specific CCB applicable to credit exposures in Spain at 0% for the second quarter of 2023 in light of the current macro-financial environment and lending and real estate market developments. However, it is worth mentioning that the institution-specific CCB rate is calculated as the weighted average of the CCB rates that apply in those countries where the relevant credit exposures of the Issuer are located<sup>4</sup>.

Moreover, Article 104 of the CRD IV, as implemented in Spain by Article 68 of Law 10/2014 and as amended by RDL 7/2021 and similarly Article 16 of the SSM Regulation also contemplate that in addition to the minimum Pillar 1 capital requirements and any applicable capital buffer, supervisory authorities may impose further Pillar 2 capital requirements to cover other risks, including those risks incurred by the individual institutions due to their activities not considered to be fully captured by the minimum capital requirements under the CRD and CRR regime, which should be set according to the specific situation of an institution excluding macroprudential or systemic risks, but including the risks incurred by individual institutions due to their activities (including those reflecting the impact of certain economic and market developments on the risk profile of an individual institution). This may result in the imposition of additional capital requirements on the Issuer and/or the Consumer Group pursuant to this Pillar 2 framework.

In addition, in accordance with Article 104b of CRD Directive, as implemented in Spain by Articles 69 and 69 bis of Law 10/2014, the specific "Pillar 2" capital will consist of two parts: "Pillar 2" requirements ("**P2R**"), which are binding and a breach of which can have direct legal consequences for banks, and "Pillar 2" Guidance ("**P2G**"). According to Article 43.3.c) of Law 10/2014 banks shall meet at all times the P2G with CET1 capital on top of the level of binding capital (minimum and additional) requirements ("Pillar 1" capital requirements, P2R and the "combined buffer requirements"). If a bank does not meet its P2G, this will not result in automatic action of the supervisor and will not be used to determine the Maximum Distributable Amount (as defined below) trigger, but Article 69.1.e) of Law 10/2014 provides that when an institution repeatedly fails to meet the P2G it will trigger, where appropriate, the imposition of additional own funds requirements. The ECB recommends not to disclose the P2G and the CRD Directive also does not require its disclosure.

Although CRR and CRD Directive do not require disclosure of the Pillar 2 guidance, the Market Abuse Regulation (“**MAR**”) ESMA Guidelines on delay in the disclosure of inside information and interaction with prudential supervision, as amended on 5 January 2022, provide that Pillar 2 guidance may be inside information if, for example, the difference between the Pillar 2 guidance and the institution’s level of capital is not minor and is likely to involve a major reaction by the institution, such as a capital increase; or if the institution’s Pillar 2 guidance is not in line with market expectations. To the extent that Pillar 2 guidance constitutes inside information, it will need to be disclosed pursuant to the obligations applicable to the Bank contained in Regulation (EU) No 596/2014 of April 16, 2014, on market abuse.

The EBA published on 19 December 2014 its final guidelines for common procedures and methodologies in respect of its SREP, as revised on 18 March 2022 with the aim of implementing the amendments to the CRD V Directive and CRR II and promoting convergence towards best supervisory practices (the “**EBA SREP Guidelines**”). Included in this were the EBA’s proposed guidelines for a common approach to determining the amount and composition of additional Pillar 2 capital requirements implemented on 1 January 2016. Under these guidelines, national supervisors must set a composition requirement for the Pillar 2 additional capital requirements to cover certain specified risks of at least 56% CET1 capital and at least 75% Tier 1 Capital.

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<sup>3</sup> For more information, please visit:

[https://www.bde.es/f/webbde/GAP/Secciones/SalaPrensa/NotasInformativas/22/presbe2022\\_64en.pdf](https://www.bde.es/f/webbde/GAP/Secciones/SalaPrensa/NotasInformativas/22/presbe2022_64en.pdf)

<sup>4</sup> For more information, please visit: <https://www.bde.es/f/webbde/GAP/Secciones/SalaPrensa/NotasInformativas/23/presbe2023-25en.pdf>

Under article 104(a) of CRD V Directive (implemented into Spanish law by Article 94.6 of Royal Decree 84/2015), EU banks are now allowed to meet P2R with these minimum proportions of CET1 capital and Tier 1 Capital.

The EBA SREP Guidelines also contemplate that national supervisors should not set additional capital requirements in respect of risks which are already covered by capital buffer requirements and/or additional macro-prudential requirements; and, accordingly, the above “combined buffer requirement” is in addition to the Pillar 1 and Pillar 2 capital requirements. Therefore capital buffers would be the first layer of capital to be eroded pursuant to the applicable stacking order, as set out in the “Opinion of the EBA on the interaction of Pillar 1, Pillar 2 and combined buffer requirements and restrictions on distributions” published on 16 December 2015. In this regard, under Article 141 of the CRD IV, Member States of the EU must require that an institution that fails to meet the “combined buffer requirement” be prohibited from paying any “**Discretionary Payments**” (which are defined broadly by the CRD IV as payments relating to CET1, variable remuneration and discretionary pension benefits and distributions relating to Additional Tier 1 Notes), until it calculates its applicable restrictions and communicates them to the regulator. Thereafter, any such discretionary payments shall be subject to such restrictions. The restrictions shall be scaled according to the extent of the breach of the “combined buffer requirement” and calculated as a percentage of the profits of the institution since the last distribution of profits or “discretionary payment”. Such calculation shall result in a “**Maximum Distributable Amount**” in each relevant period. As an example, the scaling is such that in the bottom quartile of the “combined buffer requirement”, no “discretionary distributions” will be permitted to be paid. Articles 43 to 49 of Law 10/2014 and Chapter II of Title II of Royal Decree 84/2015 implement the above provisions in Spain. In particular, Article 48 of Law 10/2014 and Articles 73 and 74 of Royal Decree 84/2014 deal with restrictions on distributions. Furthermore, pursuant to article 16bis of Law 11/2015 and article 48ter of Law 10/2014, the calculation of the Maximum Distributable Amount, as well as consequences of, and pending, such calculation could also take place as a result of the breach of MREL and a breach of the minimum leverage ratio buffer requirement.

CRD V further clarifies that P2R should be positioned in the relevant stacking order of own funds requirements above the Pillar 1 capital requirements and below the “combined buffer requirement” or the leverage ratio buffer requirement, as applicable. In addition, CRD V also clarifies that P2R should be set in relation to the specific situation of an institution excluding macroprudential or systemic risks, but including the risks incurred by individual institutions due to their activities (including those reflecting the impact of certain economic and market developments on the risk profile of an individual institution). Under Article 104(a) of CRD V (implemented into Spanish law by Article 94.6 of Royal Decree 84/2015), EU banks are now allowed to meet P2R with these minimum proportions of CET1 capital and Tier 1 Capital.

In connection with this, the Issuer was informed by the ECB on 16 December 2019 of its decision regarding prudential minimum capital requirements as of 1 January 2020, following the results of SREP (the “**2019 SREP Decision**”). The 2019 SREP Decision required the Issuer to maintain a CET1 capital ratio of at least 7.9% on a consolidated basis. This 7.9% CET1 capital requirement includes: the minimum Pillar 1 requirement (4.5%); the Pillar 2 requirement (0.84%); the capital conservation buffer (2.5%); and the counter-cyclical buffer (around 0.05%).

The Issuer was informed by the ECB on December 2022 of its decision regarding prudential minimum capital requirements (which are the same requirements as in 2022).

As of the date of this Base Prospectus, the CET1 applicable capital requirement is of at least 7.89% on a consolidated basis, which includes: the minimum Pillar 1 requirement (4.5%); the Pillar 2 requirement (0.84%); the capital conservation buffer (2.5%); and the counter-cyclical buffer currently applicable (0.05%).

As of March 2023, the Issuer’s total capital ratio was 16.44% on a consolidated basis (fully loaded) and the Issuer’s CET1 capital ratio was 12.00% on a consolidated basis (fully loaded) (data calculated without using the IFRS 9 transitional arrangements, since the Issuer incorporated the full day-1 impact on IFRS9 adoption).

In addition to the above, the CRR also contains a binding 3% Tier 1 leverage ratio (“**LR**”) requirement, and which institutions must meet in addition and separately to their risk-based requirements.

Moreover, Article 92.1a of CRR includes a leverage ratio buffer for G-SIIs to be met with Tier 1 Capital and set at 50% of the applicable risk weighted G-SIIs buffer and that is in force since 1 January 2023. Pursuant to Article 141b of the CRD Directive and Article 48ter of Law 10/2014, G-SIIs shall be also obliged to determine their Maximum Distributable Amount and restrict Discretionary Payments where they do not meet the leverage ratio buffer requirement under Article 92.1a of CRR.

### ***MREL requirements***

Under article 92a of CRR, institutions such as the Issuer that are identified as resolution entities and are G-SII shall satisfy the following requirements for own funds and eligible liabilities: (a) 18% of risk weighted assets, and (b) 6.75% of its leverage ratio exposure (the Pillar 1 TLAC/MREL Requirements for G-SIIs). On top of that, Article 45 of BRRD provides that Member States shall ensure that institutions meet, at all times, a minimum MREL requirement (the “**TLAC/MREL Requirements**”). The EU Banking Reforms integrate the internationally agreed standard on total loss absorbing capacity (“**TLAC**”) into the existing MREL rules and to ensure that both requirements are met with the largely similar Instruments, with the exception of the subordination requirement, which will be partially institution-specific and determined by the resolution authority. Therefore, resolution entities and, potentially, subsidiaries which are credit institutions but not resolution entities themselves could be subject to an institution-specific TLAC/MREL Requirement, which may be higher than the Pillar 1 TLAC/MREL Requirements for G-SIIs.

According to Article 16.a) of the BRRD, any failure by an institution to meet the “combined buffer requirement” when considered in addition to the applicable minimum TLAC/MREL Requirements is intended to be treated in a similar manner as a failure to meet the “combined buffer requirement” on top of its minimum regulatory capital requirements (i.e. a resolution authority will have the power to impose restrictions or prohibitions on discretionary payments by the Issuer). The referred Article 16.a) of the BRRD includes a potential nine-month grace period whereby the resolution authority will assess on a monthly basis whether to exercise its powers, after such nine-month period the resolution authority is compelled to exercise its power to restrict discretionary payments (subject to certain limited exceptions). These restrictions have been implemented in Spain by means of Article 16bis of Law 11/2015.

In addition, the Issuer received on 18 May 2022 a formal notification from the Bank of Spain of its binding minimum requirement for own funds and eligible liabilities (“**MREL**”) for the Issuer at a subconsolidated level, as determined by the Single Resolution Board (“**SRB**”). This MREL requirement has been set at 20.13% of total risk exposure amount (“**TREA**”) and 5.91% of leverage ratio requirement (“**LRE**”), that shall be met all times from 1 January 2024 onwards. Alongside the MREL requirement, Bank of Spain informed of the binding intermediate target applicable as of 1 January 2022 onwards, which is set at 19.47% of TREA and 5.91% of LRE. In addition, it should be noted that CET1 used to meet MREL-TREA cannot be used to meet the CBR (Article 128 CRDV). CBR is the Combined Buffer Requirement (CCB, CCyB and systemic buffers).

The Issuer is part of the resolution group headed by Banco Santander, which is the resolution entity of the resolution group to which the Issuer belongs.

Institutions that are subsidiaries of a resolution entity and that are not themselves resolution entities are required to hold sufficient amounts of internal MREL, being eligible debt instruments within the group that would be issued or subscribed for internally, in a sufficient amount to sustain the resolution strategy. There may therefore also be a requirement for internal MREL to be issued from the Issuer, as the subsidiary of a resolution entity, within the group and up ultimately to Banco Santander, the resolution entity.

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

### **Deposit Guarantee Fund (“DGF”) and Single Resolution Fund (“SRF”)**

The Consumer Group belongs to the DGF, which is aimed at guaranteeing the return of guaranteed deposits when the depository institution has been declared bankrupt (*concurso de acreedores*) or when deposits are not returned, provided an agreement has not been reached to commence a resolution process of the institution up to the limit contemplated in Royal Decree-Law 16/2011, of 14 October 2011, creating the Deposit Guarantee Fund for Credit Institutions. The standard annual contribution to be made by institutions to the fund is determined by the DGF Management Committee, pursuant to the provisions of Bank of Spain Circular 5/2016 of 27 May on the calculation method to ensure that the contributions by member institutions of the Deposit Guarantee Fund are proportional to their risk profile, as amended by Circular 1/2018 of 31 January 2018.

In addition, in March 2014, the European Parliament and the Council reached a political agreement on the creation of the second pillar of the banking union, the SRM. The main objective of the SRM is to ensure that all possible bankruptcies that occur in the future in the banking union are managed efficiently, at a minimum cost to taxpayers and the actual economy. The SRM's scope of activity is identical to that of the SSM, being a central authority.

The regulations governing the banking union are aimed at ensuring that the banks and their shareholders (primarily) and, if required, the bank's creditors (partly), are those that finance resolutions. Nevertheless, another source of finance must also be available, if the contributions by shareholders and bank creditors are insufficient. This is the SRF, administered by the SRB, which is the ultimate entity responsible for deciding whether or not the resolution of the bank should be initiated, while the operating decisions are made in conjunction with the national resolution authorities. The regulations establish that banks must contribute to the SRF for eight years.

The SRB calculates the contributions to be made by each entity to the SRF, in accordance with the provisions of Regulation (EU) 806/2014 of the European Parliament and of the Council of 15 July 2014. The calculation is based on:

- (a) contributions that are calculated in proportion to the individual entity's liabilities, excluding net worth and guaranteed deposits, with respect to the total liabilities minus net worth and guaranteed deposits of all the authorised entities in the participating Member States («annual base contribution»); and
- (b) contributions that are calculated according to the entity's risk profile («risk-adjusted contribution»).

The expense accounted for in financial years 2022 and 2021 for contributions by the Issuer to the DGF and the SRF amounted to €31.02 million (€38.1 million in 2021) and €451 thousand (€535 thousand in 2021), respectively.

### **Non-performing exposures (“NPEs”)**

On 15 March 2018, the ECB published its supervisory expectations on prudent levels of provision for non-performing loans (“NPLs”). The document was published as a subsequent addendum (the “**Addendum**”) to the ECB's guidance on non-performing loans for credit institutions of 20 March 2017, which clarified the ECB's supervisory expectations with regard to the identification, measurement, management and write-off of NPLs. The ECB states that the Addendum sets out what it considers to be prudential provisioning of non-performing exposures, in order to avoid an excessive build-up of non-covered aged NPLs on banks' balance sheets in the future, which would require specific supervisory measures.

In this respect, the ECB states that it will assess any differences between banks' practices and the prudential provisioning expectations laid out in the Addendum at least annually and will link the supervisory expectations in this Addendum to new NPLs classified as such from 1 April 2018 onwards. In addition, banks will therefore be asked to inform the ECB of any differences between their practices and the prudential provisioning expectations, as part of the SREP supervisory dialogue, as from early 2021. This could ultimately result in the ECB requiring banks to apply specific adjustments to their net worth calculations when the accounting treatment applied by the bank is not considered prudent from a supervisory perspective which, in turn, could have an impact on the banks' capital position.

In August 2019, the ECB further revised its supervisory expectations for prudential provisioning of new NPEs taking into account the adoption of the new Regulation (EU) 2019/630, which outlines the Pillar 1 treatment for NPEs, complements existing prudential rules and requires a deduction from own funds when NPEs are not sufficiently covered by provisions or other adjustments.

### **Loss absorbing powers by the Relevant Resolution Authority**

The BRRD (which has been implemented in Spain through Law 11/2015 and Royal Decree 1012/2015) is designed to provide authorities with tools to intervene sufficiently early and quickly in unsound or failing institutions so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

See “*Risk Factors – General risks relating to the Notes – Risks related to early intervention and resolution - Law 11/2015 enables a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any action under Law 11/2015 could materially affect the value of any debt securities*” for additional information.

### **Digital Service Tax in Spain**

On 15 October 2020, Spain enacted the Law 4/2020 that introduced a new tax on certain digital services. This law entered into force on 16 January 2021. The Digital Services Tax (“**DST**”) is an indirect tax applicable to the provision of certain digital services when users are located in Spain (online advertising services targeted at users, online intermediary services and data transmissions) at a rate of 3% over gross income. Companies will be subject to the tax if (i) net turnover is over EUR 750 million (globally), and (ii)



total revenues from taxable digital services in Spain are over EUR 3 million. The Preamble of the Law states the provisional nature of the DST until an international consensus on the taxation of digital business models is reached.

## **PSD2**

Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market (the "**PSD2 Directive**") has been fully transposed into Spanish law, which took place after the deadline for PSD2 transposition (13 January 2018); notwithstanding the additional transitional period until 31 December 2020 in relation to the requirements on security measures (mainly due to their potential negative impact on electronic commerce) by means of Royal Decree-Law 19/2018 of 23 November 2018 on payment services and other urgent measures in financial matters, Royal Decree 736/2019 of 20 December 2019 on the legal regime for payment services and payment institutions and Order ECE/1263/2019 of 26 December 2019 on transparency of conditions and information requirements applicable to payment services. The PSD2 Directive essentially regulates (a) transparency conditions and (b) the rights and obligations in contracts between payment service providers and users, applying its regime to the objective scope of payment services provided by credit institutions, payment service entities and electronic money institutions. In addition, it provides for a set of precautionary measures (prohibition of surcharges for the use of payment Notes at commercial establishments or online, unconditional right to the return for direct debits in euros, reduction of liability for unauthorised payments), security requirements (protection of consumer financial data and enhanced security requirements for electronic payments).

In particular, the new payment services introduced by PSD2 feature the services of (a) payment initiation; and (b) account information. Both services involve access by third parties (suppliers to third parties) to payment service users' accounts held with credit institutions. This means the opening up of the payment market to these new competitors ("**third-party providers**"), who can operate directly through the payment service user's account at their credit institution, without having to open an account themselves to operate. This PSD2 Directive regime and the operational and technological efforts made to adapt it, together with the introduction of the so-called "open banking", will have a substantial impact on the business model for payment services offered by credit institutions, by allowing third parties not related to credit institutions to access their infrastructure, for the purposes of obtaining account information and initiating payment services with bank customers/potential new users of third-party payment services, subject to specific limitations under Articles 66, 67 et seq. In essence, this leads to an increase in the regulatory cost of adaptation of credit institutions, a strengthening of their technological systems for operational and integration purposes and an intensification of competition in the payment services sector, represented mainly by non-credit institution providers subject to a less onerous regulatory regime or, directly, not subject to a prudential supervision regime.

## ***General State Budget in Spain***

On 28 December 2021, Spain enacted Law 11/2021, of the General State Budget for 2022, which includes, among other measures, the regulation of a minimum effective tax rate introduced in the Spanish Corporate Income Tax Law and the Non-Residents Income Tax Law with effects as of 1 January 2022.

## ***Temporary Banking Tax in Spain***

On 29 December 2022, Law 38/2022 for the establishment of temporary levies on energy and credit institutions and the creation of the temporary solidarity tax for high-net-worth individuals (*Ley 38/2022, de 27 de diciembre, para el establecimiento de gravámenes temporales energético y de entidades de crédito y establecimientos financieros de crédito y por la que se crea el impuesto temporal de solidaridad de las grandes fortunas, y se modifican determinadas normas tributarias*) entered into force. This law creates a temporary levy for credit institutions operating in Spain with a total interest and commission income in the year ended 31 December 2019 equal to or greater than €800 million (on an individual or a consolidated basis). This bank levy will apply during the years 2023 and 2024 (unless the Spanish Government decides to extend the application of this levy) and taxes, at a rate of 4.8%, the sum of the net interest income and commission income and expenses derived from the activity carried out in Spain. Amounts payable for the proposed levy are not tax deductible in the taxable base for the purposes of the Corporate Income Tax (*Impuesto sobre Sociedades*). Moreover, the law expressly prohibits the direct or indirect pass-through of payments of the levy and failure to comply with this obligation would result in sanctions to the corresponding credit institution in the amount of 150% of the amount passed through.

### New accounting framework

The Bank of Spain Circular 4/2017, of 27 November 2017, to credit institutions on public and confidential financial reporting rules and standard financial statements ("**Circular 4/2017**"), which repealed the former Bank of Spain Circular 4/2004 of 22 December 2004, after successive amendments, adapts the accounting system of Spanish credit institutions to the changes resulting from the adoption of International Financial Reporting Standards (IFRS) - IFRS 9 and IFRS 15, applicable as from 1 January 2018, in relation to the accounting criteria applicable to financial instruments and ordinary revenue.

Annex IX of Circular 4/2017 ("**Annex IX**") develops the general framework for credit risk management in accounting terms, essentially maintaining the amendments introduced by Circular 4/2016, of 27 April 2016 and mainly regulates the policies for the granting, modifying, evaluating, monitoring and controlling of transactions, which include their accounting and the estimation of credit risk loss hedging. In addition, a generally stricter regime is introduced for revaluation, mainly with respect to the general procedures of valuation and monitoring of real estate collateral and the valuation of properties used as collateral for mortgage loans (supplemented by the application of automatic methods to obtain Automated Valuation Model valuations and specific criteria applicable to valuations performed by valuation companies, with strict requirements).

Adaptation to the accounting criteria of IFRS 9 and IFRS 15 since 2018 has had a substantial influence on the accounting plans of credit institutions, mainly due to the effects of the impairment of financial assets, which are subject to new classification criteria and the move from the "incurred losses" model to the "expected credit losses" model, applicable to financial assets measured at amortised cost and to financial assets valued at fair value, with changes in other overall results. This has had a significant impact on credit institutions' provisioning models, leading to accounting adjustments/reduced reserves, in addition to the major regulatory costs that credit institutions had to bear in 2018.

### *Data privacy and cybersecurity*

The Consumer Group receives, maintains, transmits, stores and otherwise processes proprietary, sensitive and confidential data, including public and non-public personal information of its customers, employees, counterparties and other third parties, including, but not limited to, personally identifiable information and personal financial information. The collection, sharing, use, retention, disclosure, protection, transfer and other processing of this information is governed by stringent federal, state, local and foreign laws, rules and regulations, and the regulatory framework for data privacy and cybersecurity is in considerable flux and evolving rapidly. As data privacy and cybersecurity risks for banking organisations and the broader financial system have significantly increased in recent years, data privacy and cybersecurity issues have become the subject of increasing legislative and regulatory focus.

Internationally, virtually every jurisdiction in which the Consumer Group operates has established its own data privacy and cybersecurity legal framework with which the Consumer Group must comply. For example, on 25 May 2018, the Regulation (EU) 2016/279 of the European Parliament and of the Council of 27 April 2016, on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "**General Data Protection Regulation**" or "**GDPR**") became directly applicable in all Member States of the EU. To align the Spanish legal regime with the GDPR, Spain has enacted the Organic Law 3/2018, of 5 December, on Data Protection and the safeguarding of digital rights which has repealed the Spanish Organic Law 15/1999, of 13 December, on data protection. Additionally, following the UK's withdrawal from the EU, the Consumer Group is also subject to the UK General Data Protection Regulation ("**UK GDPR**").

Although a number of basic existing principles have remained the same, the GDPR and the UK GDPR introduced extensive new obligations on both data controllers and processors, as well as rights for data subjects.

The GDPR and UK GDPR, together with national legislation, regulations and guidelines of the EU Member States governing the processing of personal data, impose strict obligations and restrictions on the ability to collect, use, retain, protect, disclose, transfer and otherwise process personal data. In particular, the GDPR and UK GDPR include obligations and restrictions concerning the consent and rights of individuals to whom the personal data relates, the transfer of personal data out of the EEA, security breach notifications and the security and confidentiality of personal data. The GDPR and UK GDPR also impose significant fines and penalties for non-compliance of up to the higher of 4% of annual worldwide turnover or €20 million (or £17.5 million under the UK GDPR), whichever is greater. While the UK GDPR currently imposes substantially the same obligations as the GDPR, the UK GDPR will not automatically incorporate changes to the GDPR going forward (which would need to be specifically incorporated by the UK

government). Moreover, the UK government has publicly announced plans to reform the UK GDPR in ways that, if formalised, are likely to deviate from the GDPR, all of which creates a risk of divergent parallel regimes and related uncertainty, along with the potential for increased compliance costs and risks for affected businesses.

The implementation of the GDPR, UK GDPR and other data protection regimes has required substantial amendments to the procedures and policies of the Consumer Group. The changes have impacted, and could further adversely impact, its business by increasing its operational and compliance costs. The Consumer Group expects the number of jurisdictions adopting their own data privacy and cybersecurity laws to increase, which will likely require the Consumer Group to devote additional significant operational resources for its compliance efforts and incur additional significant expenses. It is also likely to increase its exposure to risk of claims that the Consumer Group has not complied with all applicable data privacy and cybersecurity laws, rules and regulations.

Recent legal developments in the EEA, including recent rulings from the Court of Justice of the European Union and from various EU Member State data protection authorities, have created complexity and uncertainty regarding transfers of personal data from the EEA to the United States and other so-called third countries outside the EEA. While the European Commission announced in March 2022 that an agreement in principle had been reached between EU and US authorities regarding a new transatlantic data privacy framework, no formal agreement has been finalised, and any such agreement, if formalised, is likely to face challenge at the CJEU. Similar complexities and uncertainties also apply to transfers from the UK to third countries. While the Consumer Group has taken steps to mitigate the impact of such complexities and uncertainties, such as implementing the supplementary measures applicable in accordance with the regulatory risk of the country of destination of the personal data, the efficacy and longevity of these mechanisms remains uncertain.

Data privacy and cybersecurity laws, rules and regulations continue to evolve and may result in ever-increasing public scrutiny and escalating levels of enforcement and sanctions. The Consumer Group may become subject to new legislation or regulations concerning data privacy or cybersecurity, which could require to incur significant additional costs and expenses in an effort to comply. The Consumer Group could also be adversely affected if new legislation or regulations are adopted or if existing legislation or regulations are modified or interpreted such that the Consumer Group is required to alter its systems or require changes to its business practices, processes or privacy policies. If cybersecurity, data privacy, data protection, data transfer or data retention laws, rules or regulations are implemented, interpreted or applied in a manner inconsistent with the Consumer Group's current practices or policies, or if it fails to comply (or is perceived to have failed to comply) with applicable laws, rules and regulations relating to data privacy and cybersecurity, the Consumer Group may be subject to substantial fines, civil or criminal penalties, costly litigation (including class actions), claims, proceedings, judgments, awards, penalties, sanctions, regulatory enforcement actions, government investigations or inquiries, or other adverse impacts, or be ordered to change its business practices, policies or systems in a manner that adversely impacts the Consumer Group's operating results, any of which could have a material adverse effect on its business.

### **Insolvency Law**

Certain provisions in the Insolvency Law may negatively affect holders of Notes in general. Among other things, the Insolvency Law provides 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 bilateral contract granting one party the right to terminate by reason only of the other's insolvency may not be enforceable, and (iii) accrual of unsecured interest (whether ordinary or default interest) shall be suspended from the date of the declaration of insolvency and any amount of interest accrued up to such date shall become subordinated. In the case of secured ordinary interests, (i) these shall be deemed as specially privileged, and (ii) interests shall keep accruing after the declaration of insolvency up to the limit of the secured amount, and only if a contingent credit for secured ordinary interests that may accrue after the declaration of insolvency is included in the statement of claim to be sent to the insolvency administrator (as per the Supreme Court judgement dated 20 February 2019). In the case of secured default interests, (i) these shall be deemed as specially privileged, and (ii) these shall not accrue after the declaration of insolvency, in accordance with the Spanish Supreme Court judgement dated 11 April 2019 and article 152 of the Insolvency Law. Any payments of interest in respect of debt securities will be subject to the subordination provisions of Article 281.1.3º of the Insolvency Law.

Directive (EU) 2019/1023 of the European Parliament and of the Council of 20 June 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132 (the “**Directive on restructuring and insolvency**”) has been implemented in Spain by Law 16/2022, of 5 September (the “**Insolvency Law Reform**”). The rules governing pre-insolvency restructurings have been substantially amended by the Insolvency Law Reform and are now grouped under an out-of court procedure named *preconcurso* in the amended Insolvency Law. The pre-insolvency rules are designed to facilitate the debt restructuring of debtors in financial difficulties and avoid the filing for insolvency by achieving a debt restructuring plan (*plan de reestructuración*).

## TERMS AND CONDITIONS OF THE NOTES

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

### Introduction

The Notes of each Tranche will be constituted by virtue of a public deed of issuance (the “**Public Deed of Issuance**”) to be executed before a Spanish notary public on or prior to the issue date of the relevant Tranche of Notes specified in the relevant Final Terms (the “**Issue Date**”), and which shall contain, among other information, the terms and conditions of the Notes. Notes where the relevant Final Terms specify English law as the governing law (the “**English law Notes**”) and Notes where the relevant Final Terms specify Spanish law as the governing law (the “**Spanish law Notes**”) will be issued in accordance with, and will have the benefit of, an issue and paying agency agreement (the “**Issue and Paying Agency Agreement**”, which expression shall include any amendments or supplements thereto) dated 14 June 2023 and made between Santander Consumer Finance, S.A. (the “**Issuer**”) and The Bank of New York Mellon, London Branch in its capacities as issue and paying agent (the “**Issue and Paying Agent**” which expressions shall include any successor to The Bank of New York Mellon, London Branch, in its capacities as such). For the purposes of making determinations or calculations of interest rates, interest amounts, redemption amounts or any other matters requiring determination or calculation in accordance with the Conditions of any Series of Notes (as defined below), the Issuer may appoint a Determination Agent (as defined under Condition 4E.03) for the purposes of such Notes, in accordance with the provisions of the Issue and Paying Agency Agreement, and such Determination Agent shall be specified in the applicable Final Terms. In relation to English law Notes only, the Issuer has executed and delivered a deed of covenant dated 14 June 2023 (the “**Deed of Covenant**”). Copies of the Issue and Paying Agency Agreement (to which the form of the Global Notes is attached) and the Deed of Covenant (i) are, or will be, available for inspection during normal business hours at the specified office of each of the Issue and Paying Agent and Walkers Ireland LLP in its capacity as listing agent (the “**Listing Agent**”); and (ii) may be provided by email to the Noteholders following their prior written request to the relevant Paying Agent or the Listing Agent and provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent or the Listing Agent, as the case may be). All persons from time to time entitled to the benefit of obligations under any Notes shall be deemed to have notice of all of the provisions of the Issue and Paying Agency Agreement and the Deed of Covenant (in relation to English law Notes only) and the provisions of the Global Note insofar as they relate to the relevant Notes.

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

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

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

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

### 1. Form and Denomination

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

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

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

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

#### ***Denomination Notes***

- 1.07 Bearer Notes are in the denomination or denominations (each of which denomination is integrally divisible by each smaller denomination) specified in the Final Terms. Bearer Notes of one denomination will not be exchangeable, after their initial delivery, for Bearer Notes of any other denominations. No Notes may be issued under the Programme which have a minimum denomination of less than EUR 100,000 (or equivalent in another currency).

#### ***Currency of Notes***

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

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

## 2. Title

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

## 3. Status of the Notes

### *Status of Senior Notes*

- 3.01 The payment obligations of the Issuer in respect of principal under Notes which specify their status as Ordinary Senior Notes (“**Ordinary Senior Notes**”) or as Senior Non Preferred Notes (“**Senior Non Preferred Notes**”), together with the Ordinary Senior Notes the “**Senior Notes**”) in the relevant Final Terms constitute direct, unconditional, unsecured obligations (*créditos ordinarios*) of the Issuer and, in accordance with Additional Provision 14.2 of Law 11/2015, but subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), upon the insolvency of the Issuer, such payment obligations rank:
- (i) In the case of Ordinary Senior Notes:
    - (a) *pari passu* among themselves and with any Senior Higher Priority Liabilities; and
    - (b) *senior* to (i) Senior Non Preferred Liabilities and (ii) any present and future subordinated obligations (*créditos subordinados*) of the Issuer in accordance with Article 281 of the Insolvency Law.
  - (ii) In the case of Senior Non Preferred Notes:
    - (a) *pari passu* among themselves and with any Senior Non Preferred Liabilities;
    - (b) *junior* to the Senior Higher Priority Liabilities (and, accordingly, upon the insolvency of the Issuer, payment obligations of the Issuer in respect of principal under Senior Non Preferred Notes will be met after payment in full of the Senior Higher Priority Liabilities); and
    - (c) *senior* to any present and future subordinated obligations (*créditos subordinados*) of the Issuer in accordance with Article 281 of the Insolvency Law.

*Claims of Holders of Senior Notes in respect of interest accrued but unpaid as of the commencement of any insolvency procedure in respect of the Issuer shall constitute subordinated claims (créditos subordinados) against the Issuer ranking in accordance with the provisions of Article 281.1.3° of the Insolvency Law and no further interest shall accrue from the date of the declaration of insolvency of the Issuer.*

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

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

“**Insolvency Law**” means the Spanish Insolvency Act (*Real Decreto Legislativo 1/2020, de 5 de mayo, por el que se aprueba el texto refundido de la Ley Concursal*), as amended from time to time;

“**Bail-in Power**” includes both the Spanish Bail-in Power and the Non-Viability Loss Absorption and means any power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Kingdom of Spain, relating to (i) the transposition of the BRRD (including but not limited to, Law 11/2015, Royal Decree 1012/2015 and any other implementing regulations) as amended or superseded from time to time (in particular, by transposition of the EU Banking Reforms), (ii) the SRM Regulation, and (iii) the instruments, rules and standards created thereunder, pursuant to which any obligation of a Regulated Entity (or an affiliate of such Regulated Entity) can be reduced, cancelled, suspended, modified, or converted into shares, other securities, or other obligations of such Regulated Entity (or affiliate of such Regulated Entity);

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

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

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

“**Senior Non Preferred Liabilities**” means any unsubordinated and unsecured senior non preferred obligations (*créditos ordinarios no preferentes*) of the Issuer under Additional Provision 14.2º of Law 11/2015, as amended from time to time, (including any Senior Non Preferred Notes) and any other obligations which, by law and/or by their terms, and to the extent permitted by Spanish law, rank *pari passu* with the Senior Non Preferred Liabilities.

### **Status of Subordinated Notes**

3.02 *Status of Subordinated Notes*: The payment obligations of the Issuer under Notes which specify their status as Subordinated Notes in the relevant Final Terms (“**Subordinated Notes**”, which may be, in turn, Senior Subordinated Notes (“**Senior Subordinated Notes**”) or Tier 2 Subordinated Notes (“**Tier 2 Subordinated Notes**”), as specified in the relevant Final Terms) constitute direct, unconditional, unsecured and subordinated obligations (*créditos subordinados*) of the Issuer according to Article 281.1 of the Insolvency Law and, in accordance with Additional Provision 14.3 of Law 11/2015, but subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), upon the insolvency of the Issuer rank:

- (i) For so long as the relevant Subordinated Notes do not constitute Additional Tier 1 Instruments or Tier 2 Instruments of the Issuer, payment obligations of the Issuer in respect of principal thereunder would rank:
  - (a) *pari passu* among themselves and with (i) all other contractually subordinated obligations (*créditos subordinados*) of the Issuer according to Article 281.1.2º of the Insolvency Law in respect of principal under instruments which do not constitute Additional Tier 1 Instruments or Tier 2 Instruments, and (ii) any other subordinated obligations (*créditos subordinados*) of the Issuer which by law and/or by their terms, to the extent permitted by Spanish law, rank *pari passu* with the Issuer’s obligations under the relevant Subordinated Notes;
  - (b) *junior* to (i) any unsubordinated obligations (*créditos ordinarios*) of the Issuer (including any payment obligations of the Issuer in respect of principal under Senior Non Preferred Liabilities), and (ii) any other subordinated obligations (*créditos subordinados*) of the Issuer which by law and/or by their terms, to the extent permitted by Spanish law, rank senior to the Issuer’s obligations under the relevant Subordinated Notes; and
  - (c) *senior* to (i) any subordinated obligations (*créditos subordinados*) of the Issuer under Additional Tier 1 Instruments or Tier 2 Instruments, and (ii) any other subordinated obligations (*créditos subordinados*) of the Issuer which by law and/or by their terms, to the extent permitted by Spanish law, rank junior to the obligations of the Issuer under the relevant Subordinated Notes.

*This status is expected to apply if the Subordinated Notes are specified as Senior Subordinated Notes in the relevant Final Terms.*

*Claims of Holders of Senior Subordinated Notes in respect of interest accrued but unpaid as of the commencement of any insolvency procedure in respect of the Issuer shall constitute subordinated claims (*créditos subordinados*) against the Issuer ranking in accordance with the provisions of Article 281.1.3º of the Insolvency Law and no further interest shall accrue from the date of the declaration of insolvency of the Issuer.*

- (ii) For so long as the relevant Subordinated Notes constitute Tier 2 Instruments of the Issuer, payment obligations of the Issuer thereunder would rank:



- (a) *pari passu* among *themselves* and with (i) all other subordinated obligations (*créditos subordinados*) of the Issuer under Tier 2 Instruments, and (ii) any other subordinated obligations (*créditos subordinados*) of the Issuer which by law and/or by their terms, to the extent permitted by Spanish law, rank *pari passu* with the Issuer's obligations under Tier 2 Instruments;
- (b) *junior* to (i) any unsubordinated obligations (*créditos ordinarios*) of the Issuer (including any payment obligation of the Issuer in respect of principal under Senior Non Preferred Liabilities), (ii) any subordinated obligations (*créditos subordinados*) of the Issuer under instruments which do not constitute Additional Tier 1 Instruments or Tier 2 Instruments (including any payment obligations of the Issuer in respect of interest accrued but unpaid under instruments which do not constitute Additional Tier 1 Instruments or Tier 2 Instruments), and (iii) any other subordinated obligations (*créditos subordinados*) of the Issuer which by law and/or by their terms, to the extent permitted by Spanish law, rank senior to the Issuer's obligations under the Tier 2 Instruments; and
- (c) *senior* to (i) any subordinated obligations (*créditos subordinados*) of the Issuer under Additional Tier 1 Instruments of the Issuer, and (ii) any other subordinated obligations (*créditos subordinados*) of the Issuer which by law and/or by their terms, to the extent permitted by Spanish law, rank junior to the obligations of the Issuer under Tier 2 Instruments.

*This status is expected to apply if the Subordinated Notes are specified as Tier 2 Subordinated Notes in the relevant Final Terms.*

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

For the purposes of the Terms and Conditions:

**"Additional Tier 1 Capital"** means additional tier 1 capital (*capital de nivel 1 adicional*) in accordance with Chapter 3 (Additional Tier 1 capital) of Title I (Elements of own funds) of Part Two (Own Funds and Eligible Liabilities) of the CRR and/or Applicable Banking Regulations at any time, including any applicable transitional, phasing in or similar provisions;

**"Additional Tier 1 Instrument"** means any instrument of the Issuer qualifying as Additional Tier 1 Capital in whole or in part from time to time;

**"Banco Santander Group"** means Banco Santander and its subsidiaries;

**"Tier 2 Capital"** means tier 2 capital (*capital de nivel 2*) in accordance with Chapter 4 (Tier 2 capital) of Title I (Elements of own funds) of Part Two (Own Funds and Eligible Liabilities) of the CRR and/or Applicable Banking Regulations at any time, including any applicable transitional, phasing in or similar provisions; and

**"Tier 2 Instrument"** means any instrument of the Issuer qualifying as Tier 2 Capital in whole or in part from time to time.

#### **4. Interest**

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

##### **4A Interest — Fixed Rate**

Notes in relation to which this Condition 4A is specified in the relevant Final Terms as being applicable shall bear interest from their date of issue (as specified in the relevant Final Terms) or from such other date as may be specified in the relevant Final Terms at the rate or rates per annum (or otherwise, as specified in the relevant Final Terms) specified in the relevant Final Terms. Such interest will be payable in arrear on each Interest Payment Date specified in the relevant Final Terms and on the Maturity Date. Interest in respect of a period of less than one year will be calculated on such basis as may be specified in the relevant Final Terms.

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

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

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

#### **4B.03 Screen Rate Determination - EURIBOR**

If “**Screen Rate Determination**” is specified in the relevant Final Terms as the manner in which the Rate of Interest (the “**Screen Rate**”) is to be determined, it shall also specify the Reference Rate and the Relevant Screen Page (as defined in Condition 8B.02). The rate of interest (the “**Rate of Interest**”) applicable to such Notes for each Interest Period shall be determined by the Determination Agent (as defined in Condition 4E.03) on the following basis:

- (i) the Determination Agent will determine the offered rate for deposits (or, as the case may require, the arithmetic mean (rounded, if necessary, to the nearest ten thousandth of a percentage point, 0.00005 being rounded upwards) of the rates for deposits) in the relevant currency for a period of the duration of the relevant Interest Period (as defined in Condition 4E.01) on the Relevant Screen Page (as defined in Condition 8B.02) as of 11.00 a.m. (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 EMMI 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 TARGET Business Day, before the first day of the relevant Interest Period (the “**Interest Determination Date**”); and
- (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 Determination Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page (as defined in Condition 8B.02) as of the relevant time on the relevant Interest Determination Date, where:
  - (A) one rate shall be determined as if the relevant period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
  - (B) the other rate shall be determined as if the relevant period were the period of time for which rates are available next longer than the length of the relevant Interest Period;

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

and the Rate of Interest applicable to such Notes during each Interest Period will be the sum of the relevant margin (the “**Margin**”) specified in the Final Terms and the rate so determined; **provided, however, that**, if the Determination Agent is unable to determine a rate 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 Margin and the rate determined in accordance with this Condition 4B.03 in relation to such Notes in respect of the last preceding Interest Period or, if there is no preceding Interest Period in relation to the Notes, the Initial Reference Rate so specified in the Final Terms; **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. The Rate of Interest determined for any Interest Period shall be subject to a floor of zero to ensure that the Rate of Interest on any Interest Period for Floating Rate Notes is not negative.

#### **4B.04 Screen Rate Determination – SONIA**

If “Screen Rate Determination” is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined and the Final Terms specify that the Reference Rate is SONIA, the Rate of Interest for each Interest Period will be calculated in accordance with Condition 4B.04(A), Condition 4B.04(B) or Condition 4B.04(C) below, subject to the provisions of Condition 4B.04(E) and Condition 4B.04(F) below, as applicable:

- (A) Where the Calculation Method is specified in the relevant Final Terms as being “SONIA Compounded Daily”, the Rate of Interest for each Interest Period will be the Compounded Daily SONIA plus or minus (as indicated in the relevant Final Terms) the Margin (if any), all as determined by the Determination Agent on the Interest Determination Date and the resulting percentage being rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards.
- (B) Where the Calculation Method is specified in the relevant Final Terms as being “SONIA Index Compounded Daily”, the Rate of Interest for each Interest Period will be the Compounded Daily SONIA Index plus or minus (as indicated in the relevant Final Terms) the Margin (if any), all as determined by the Determination Agent on the Interest Determination Date and the resulting percentage being rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards.
- (C) Where the Calculation Method is specified in the relevant Final Terms as being “SONIA Weighted Average”, the Rate of Interest for each Interest Period will be the Weighted Average SONIA plus or minus (as indicated in the relevant Final Terms) the Margin (if any), all as determined by the Determination Agent on the Interest Determination Date and the resulting percentage being rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards.
- (D) The following definitions shall apply for the purpose of this Condition 4B.04:

“**Compounded Daily SONIA**” means with respect to an Interest Period, the rate of return of a daily compound interest investment in Sterling (with the daily Sterling Overnight Index Average (SONIA) as reference rate for the calculation of interest) and will be calculated as follows:

- (x) if “Lag” or “Lock-out” is specified as the Observation Method in the relevant Final Terms in accordance with the following formula:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{\text{SONIA}_{i-\text{pLBD}} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}; \text{ or}$$

- (y) if “Shift” is specified as the Observation Method in the relevant Final Terms, in accordance with the following formula:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{\text{SONIA}_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

Where, in each case:

“**d**” is the number of calendar days in (x) if “Lag” or “Lock-out” is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period, or (y) if “Shift” is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

“**d<sub>0</sub>**” means (x) if “Lag” or “Lock-out” is specified as the Observation Method in the relevant Final Terms, in respect of an Interest Period, the number of London Banking Days in the relevant Interest Period, or (y) if “Shift” is specified as the Observation Method in the relevant Final Terms, in respect of an Observation Period, the number of London Banking Days in the relevant Observation Period;

“**i**” is a series of whole numbers from one to d<sub>0</sub>, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day (x) if “Lag” or “Lock-out” is specified as the Observation Method in the relevant Final Terms,

in the relevant Interest Period or (y) if “Shift” is specified as the Observation Method in the relevant Final Terms, in the relevant Observation Period;

“**Interest Period End Date**” shall have the meaning specified in the relevant Final Terms;

“**Lock-out Period**” means, in respect of an Interest Period, the period from and including the day following the Interest Determination Date to, but excluding, the Interest Period End Date falling at the end of such Interest Period;

“**London Banking Day**” or “**LBD**” means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

“**n<sub>i</sub>**”, for any London Banking Day<sub>i</sub>, means the number of calendar days from and including such London Banking Day<sub>i</sub> up to but excluding the following London Banking Day;

“**Observation Period**” means the period from and including the date falling “p” London Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling “p” London Banking Days prior to the Interest Period End Date for such Interest Period (or the date falling “p” London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

“**p**” means, in respect of an Interest Period (x) where “Lag” or “Shift” is specified as the Observation Method in the relevant Final Terms, five London Banking Days or such larger number of days as specified in the relevant Final Terms and (y) where “Lock-out” is specified as the Observation Method in the relevant Final Terms, zero;

“**Reference Day**” means each London Banking Day in the relevant Interest Period that is not a London Banking Day falling in the Lock-out Period;

the “**SONIA reference rate**”, means, in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average (SONIA) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page (as defined in Condition 8B.02) or, if the Relevant Screen Page (as defined in Condition 8B.02) is unavailable, as otherwise published by such authorised distributors (in each case on the London Banking Day immediately following such London Banking Day);

“**SONIA<sub>i</sub>**” means, in respect of any London Banking Day<sub>i</sub>:

- (x) if “Lock-out” is specified as the Observation Method in the relevant Final Terms:
  - (i) in respect of any London Banking Day<sub>i</sub> that is a Reference Day, the SONIA reference rate in respect of the London Banking Day immediately preceding such Reference Day; otherwise
  - (ii) the SONIA reference rate in respect of the London Banking Day immediately preceding the Interest Determination Date for the relevant Interest Period;
- (y) if “Shift” is specified as the Observation Method in the relevant Final Terms, the SONIA reference rate for such London Banking Day<sub>i</sub>;

“**SONIA<sub>i-pLBD</sub>**” means:

- (x) if “Lag” is specified as the Observation Method in the relevant Final Terms, in respect of a London Banking Day<sub>i</sub>, the SONIA reference rate in respect of the London Banking Day falling p London Banking Days prior to such London Banking Day<sub>i</sub>; or
- (y) if “Lock-out” is specified as the Observation Method in the relevant Final Terms, in respect of a London Banking Day<sub>i</sub>, SONIA<sub>i</sub> in respect of such London Banking Day<sub>i</sub>;

“**Compounded Daily SONIA Index**” means with respect to an Interest Period, the rate of return of a daily compound interest investment in Sterling (with the daily Sterling Overnight Index Average (SONIA) as a reference rate for the calculation of interest) by reference to the screen rate or index for compounded daily SONIA rates administered by the administrator of the SONIA reference rate that is published or displayed by such administrator or other information service from time to time on the relevant Interest Determination Date, as further

specified in the relevant Final Terms (the “SONIA Compounded Index”) and will be calculated as follows:

$$\left( \frac{\text{SONIA Compounded Index}_{\text{End}}}{\text{SONIA Compounded Index}_{\text{Start}}} - 1 \right) \times \frac{365}{d}$$

Where, in each case:

“**d**” is the number of calendar days from (and including) the day in relation to which SONIA Compounded IndexStart is determined to (but excluding) the day in relation to which SONIA Compounded IndexEnd is determined;

“**London Banking Day**” or “**LBD**” means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

“**p**” means five London Banking Days or such larger number of days as specified in the relevant Final Terms;

“**SONIA Compounded IndexStart**” means, with respect to an Interest Period, the SONIA Compounded Index determined in relation to the day falling “p” London Banking Days prior to the first day of such Interest Period;

“**SONIA Compounded IndexEnd**” means with respect to an Interest Period, the SONIA Compounded Index determined in relation to the day falling “p” London Banking Days prior to the Interest Period End Date for such Interest Period (or the date falling “p” London Banking Days prior to such earlier date, if any, on which the Notes become due and payable); and

“**Weighted Average SONIA**” means:

- (x) where “Lag” is specified as the Observation Method in the relevant Final Terms, the sum of the SONIA reference rate in respect of each calendar day during the relevant Observation Period divided by the number of calendar days during such Observation Period. For these purposes, the SONIA reference rate in respect of any calendar day which is not a London Banking Day shall be deemed to be the SONIA reference rate in respect of the London Banking Day immediately preceding such calendar day; or
  - (y) where “Lock-out” is specified as the Observation Method in the relevant Final Terms, the sum of the SONIA reference rate in respect of each calendar day during the relevant Interest Period divided by the number of calendar days in the relevant Interest Period, provided that, for any calendar day of such Interest Period falling in the Lock-out Period for the relevant Interest Period, the SONIA reference rate for such calendar day will be deemed to be the SONIA reference rate in respect of the London Banking Day immediately preceding the first day of such Lock-out Period. For these purposes, the SONIA reference rate in respect of any calendar day which is not a London Banking Day shall, subject to the preceding proviso, be deemed to be the SONIA reference rate in respect of the London Banking Day immediately preceding such calendar day.
- (E) Where the Rate of Interest for each Interest Period is calculated in accordance with Condition 4B.04(B), if the relevant SONIA Compounded Index is not published or displayed by the administrator of the SONIA reference rate or other information service by 5.00 p.m. (London time) (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the administrator of the SONIA reference rate or of such other information service, as the case may be) on the relevant Interest Determination Date, the Rate of Interest shall be calculated for the Interest Period for which the SONIA Compounded Index is not available in accordance with Condition 4B.04(A) above and for these purposes the “Observation Method” shall be deemed to be “Shift”.
- (F) If, in respect of any London Banking Day, the Determination Agent determines that the SONIA reference rate is not available on the Relevant Screen Page (as defined in Condition

8B.02) or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be:

- (i) the Bank of England's Bank Rate (the “**Bank Rate**”) prevailing at close of business on the relevant London Banking Day; plus (y) the arithmetic mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days on which the SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate, or
- (ii) if such Bank Rate is not available, the SONIA reference rate published on the Relevant Screen Page (as defined in Condition 8B.02) (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day on which the SONIA reference rate was published on the Relevant Screen Page (as defined in Condition 8B.02) (or otherwise published by the relevant authorised distributors).

Notwithstanding the foregoing, in the event of the Bank of England publishing guidance as to (i) how the SONIA reference is to be determined or (ii) any rate that is to replace the SONIA reference rate, the Determination Agent, as applicable, shall follow such guidance to determine the SONIA reference rate for so long as the SONIA reference is not available or has not been published by the authorised distributors.

If the relevant Series of Notes become due and payable in accordance with Condition 6, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the relevant Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Notes remains outstanding, be that determined on such date and as if (solely for the purpose of such interest determination) the relevant Interest Period had been shortened accordingly.

#### 4B.05 *Screen Rate Determination – SOFR*

If “**Screen Rate Determination**” is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined and the Final Terms specify that the Reference Rate is SOFR, the Rate of Interest for each Interest Period will be calculated in accordance with Condition 4B.05(A) or Condition 4B.05(B) below, subject to the provisions of Condition 4B.05(D):

- (A) Where the Calculation Method is specified in the relevant Final Terms as being “SOFR Arithmetic Mean”, the Rate of Interest for each Interest Period will be the SOFR Arithmetic Mean plus or minus (as indicated in the relevant Final Terms) the Margin (if any), all as determined by the Determination Agent as at the relevant Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards.
- (B) Where the Calculation Method is specified in the relevant Final Terms as being “SOFR Compound”, the Rate of Interest for each Interest Period will be the Compounded Daily SOFR on the relevant Interest Determination Date plus or minus (as indicated in the relevant Final Terms) the Margin (if any), all as determined by the Determination Agent with the resulting percentage being rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards.
- (C) The following definitions shall apply for the purpose of this Condition 4B.05:

“**Bloomberg Screen SOFRRATE Page**” means the Bloomberg screen designated “SOFRRATE” or any successor page or service;

“**Compounded Daily SOFR**” means with respect to an Interest Period, an amount equal to the rate of return for each calendar day during the Interest Period, compounded daily, calculated by the Determination Agent on the Interest Determination Date, as follows:

- (i) if “SOFR Compound with Lookback” is specified in the relevant Final Terms:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{\text{SOFR}_{i-\text{pUSBD}} \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

Where:

“**d**” means, in respect of an Interest Period, the number of calendar days in such Interest Period;

“**d<sub>0</sub>**” means, in respect of an Interest Period, the number of U.S. Government Securities Business Days in the relevant Interest Period;

“**i**” means a series of whole numbers from one to d<sub>0</sub>, each representing the relevant U.S. Government Securities Business Days in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant Interest Period;

“**Lookback Period**” or “**p**” means five U.S. Government Securities Business Days or such larger number of days as specified in the relevant Final Terms;

“**n<sub>i</sub>**” means, in respect of a U.S. Government Securities Business Day<sub>i</sub>, in the relevant Observation Period, the number of calendar days from, and including, such U.S. Government Securities Business Day<sub>i</sub> up to, but excluding, the following U.S. Government Securities Business Day;

“**SOFR<sub>i</sub>**” means, in respect of each U.S. Government Securities Business Day<sub>i</sub>, in the relevant Observation Period, the SOFR in respect of such U.S. Government Securities Business Day; and

“**SOFR<sub>i-pUSBD</sub>**” means, in respect of a U.S. Government Securities Business Day<sub>i</sub>, SOFR<sub>i</sub> in respect of the U.S. Government Securities Business Day falling the number of U.S. Government Securities Business Days equal to the Lookback Period prior to such U.S. Government Securities Business Day<sub>i</sub> (“**pUSBD**”), provided that, unless SOFR Cut-Off Date is specified as not applicable in the relevant Final Terms, SOFR<sub>i</sub> in respect of each U.S. Government Securities Business Day<sub>i</sub> in the period from, and including, the SOFR Cut-Off Date to, but excluding, the next occurring Interest Period End Date, will be SOFR<sub>i</sub> in respect of the SOFR Cut-Off Date for such Interest Period;

- (ii) if “SOFR Compound with Observation Period Shift” is specified in the relevant Final Terms:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{\text{SOFR}_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

Where:

“**d**” means, in respect of an Observation Period, the number of calendar days in such Observation Period;

“**d<sub>0</sub>**” means, in respect of an Observation Period, the number of U.S. Government Securities Business Days in the relevant Observation Period;

“**i**” means a series of whole numbers from one to d<sub>0</sub>, each representing the relevant U.S. Government Securities Business Days in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant Observation Period;

“**n<sub>i</sub>**” means, in respect of a U.S. Government Securities Business Day<sub>i</sub>, the number of calendar days from, and including, such U.S. Government Securities Business Day<sub>i</sub> up to, but excluding, the following U.S. Government Securities Business Day;

“**Observation Period**” means, in respect of an Interest Period, the period from, and including, the date falling the number of Observation Shift Days prior to the first day of such Interest Period and ending on, but excluding, the date that is the number of Observation Shift Days prior to the next occurring Interest Period End Date for such Interest Period;

“**Observation Shift Days**” means five U.S. Government Securities Business Days or such other number of days as specified in the relevant Final Terms; and

“**SOFR<sub>i</sub>**” means, in respect of each U.S. Government Securities Business Day<sub>i</sub>, the SOFR in respect of such U.S. Government Securities Business Day;

- (iii) if “SOFR Compound with Payment Delay” is specified in the relevant Final Terms:



$$\left[ \left( \prod_{i=1}^{d_0} \left( 1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right) \times \frac{360}{d} \right]$$

Where:

“**d**” means, in respect of an Interest Period, the number of calendar days in such Interest Period;

“**d<sub>0</sub>**” means, in respect of an Interest Period, the number of U.S. Government Securities Business Days in the relevant Interest Period;

“**i**” means a series of whole numbers from one to d<sub>0</sub>, each representing the relevant U.S. Government Securities Business Days in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant Interest Period;

“**Interest Period End Dates**” shall have the meaning specified in the relevant Final Terms;

“**Interest Payment Dates**” shall be the dates occurring the number of Business Days equal to the Interest Payment Delay following each Interest Period End Date; provided that the Interest Payment Date with respect to the final Interest Period will be the Maturity Date or, if the Notes are to be redeemed prior to the Maturity Date, such earlier date on which the Notes become due and payable;

“**Interest Payment Delay**” means the number of U.S. Government Securities Business Days specified in the relevant Final Terms;

“**Interest Determination Date**” shall be the Interest Period End Date at the end of each Interest Period; provided that the Interest Determination Date with respect to the final Interest Period will be the SOFR Cut-Off Date;

“**n<sub>i</sub>**” means, in respect of a U.S. Government Securities Business Day<sub>i</sub> the number of calendar days from, and including, such U.S. Government Securities Business Day<sub>i</sub> up to, but excluding, the following U.S. Government Securities Business Day<sub>i</sub>; and

“**SOFR<sub>i</sub>**” means, for any U.S. Government Securities Business Day<sub>i</sub> in the relevant Interest Period, the SOFR in respect of such U.S. Government Securities Business Day<sub>i</sub>.

For purposes of calculating SOFR Compound with Payment Delay with respect to the final Interest Period, the level of SOFR for each U.S. Government Securities Business Day in the period from and including the SOFR Cut-Off Date to but excluding the Maturity Date or any earlier date on which the Notes become due and payable, as applicable, shall be the level of SOFR in respect of such SOFR Cut-Off Date.

- (iv) if “SOFR Index with Observation Shift” is specified in the relevant Final Terms:

$$\left( \frac{SOFR\ Index\ Final}{SOFR\ Index\ Initial} - 1 \right) \times \frac{360}{d_c}$$

Where:

“**d<sub>c</sub>**” means, the number of calendar days from (and including) the day in relation to which SOFR Index<sub>Initial</sub> is determined to (but excluding) the day in relation to which SOFR Index<sub>Final</sub> is determined;

“**Interest Period End Dates**” shall have the meaning specified in the relevant Final Terms;

“**Observation Shift Days**” means five U.S. Government Securities Business Days or such other number of days as specified in the relevant Final Terms;

“**SOFR Index**” means with respect to any U.S. Government Securities Business Day, (i) the SOFR Index value as published by the NY Federal Reserve as such index appears on the NY Federal Reserve's Website at the SOFR Determination Time; or (ii)



if the SOFR Index specified in (i) above does not so appear, unless both a SOFR Transition Event and its related SOFR Replacement Date have occurred, the SOFR Index as published in respect of the first preceding U.S. Government Securities Business Day for which the SOFR Index was published on the NY Federal Reserve's Website;

**"SOFR Index<sub>Final</sub>"** means, in respect of an Interest Period, the value of the SOFR Index on the date falling the number of U.S. Government Securities Business Days equal to the Observation Shift Days prior to the next occurring Interest Period End Date for such Interest Period;

**"SOFR Index<sub>Initial</sub>"** means, in respect of an Interest Period, the value of the SOFR Index on the date falling the number of U.S. Government Securities Business Days equal to the Observation Shift Days prior to the first day of such Interest Period (or, in the case of the first Interest Period, the Interest Commencement Date);

**"NY Federal Reserve"** means the Federal Reserve Bank of New York;

**"NY Federal Reserve's Website"** means the website of the NY Federal Reserve, currently at [www.newyorkfed.org](http://www.newyorkfed.org), or any successor website of the NY Federal Reserve or the website of any successor administrator of SOFR;

**"Reuters Page USDSOFR="** means the Reuters page designated "USDSOFR=" or any successor page or service;

**"SOFR"** means the rate determined by the Determination Agent in respect of a U.S. Government Securities Business Day, in accordance with the following provisions:

- (i) the Secured Overnight Financing Rate in respect of such U.S. Government Securities Business Day that appears at approximately 3:00 p.m. (New York City time) (the **"SOFR Determination Time"**) on the NY Federal Reserve's Website on such U.S. Government Securities Business Day; or
- (ii) if the rate specified in (a) above does not so appear and the Determination Agent determines that a SOFR Transition Event has not occurred, the Secured Overnight Financing Rate published on the NY Federal Reserve's Website for the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the NY Federal Reserve's Website;

**"SOFR Arithmetic Mean"** means, with respect to an Interest Period, the arithmetic mean of SOFR for each calendar day during such Interest Period, as calculated by the Determination Agent, provided that, SOFR in respect of each calendar day during the period from, and including, the SOFR Cut-Off Date to, but excluding, the next occurring Interest Period End Date will be SOFR on the SOFR Cut-Off Date. For these purposes, SOFR in respect of any calendar day which is not a U.S. Government Securities Business Day shall, subject to the preceding proviso, be deemed to be SOFR in respect of the U.S. Government Securities Business Day immediately preceding such calendar day;

**"SOFR Cut-Off Date"** means, unless specified as not applicable in the relevant Final Terms, in respect of an Interest Period, the fourth U.S. Government Securities Business Day prior to the next occurring Interest Period End Date for such Interest Period (or such other number of U.S. Government Securities Business Days specified in the relevant Final Terms); and

**"U.S. Government Securities Business Day"** means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association (SIFMA) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

Notwithstanding Conditions 4B.05(A) to 4B.05(C) above, if the Determination Agent determines on or prior to the SOFR Determination Time, that a SOFR Transition Event and its related SOFR Replacement Date have occurred with respect to the relevant SOFR Benchmark (as defined below), then the provisions set forth in

Condition 4B.05(D) (*SOFR Replacement Provisions*) below will apply to all determinations of the Rate of Interest for each Interest Period thereafter.

(D) SOFR Replacement Provisions

If the Determination Agent, failing which the Issuer, determines at any time prior to the SOFR Determination Time on any U.S. Government Securities Business Day that a SOFR Transition Event and the related SOFR Replacement Date have occurred, the Determination Agent will appoint an agent (the “**Replacement Rate Determination Agent**”) which will determine the SOFR Replacement. The Replacement Rate Determination Agent may be (x) a leading bank, broker-dealer or benchmark agent in the principal financial centre of the Specified Currency as appointed by the Determination Agent, (y) the Issuer, (z) an affiliate of the Issuer or the Determination Agent or (zz) such other entity that the Determination Agent determines to be competent to carry out such role.

In connection with the determination of the SOFR Replacement, the Replacement Rate Determination Agent will determine appropriate SOFR Replacement Conforming Changes.

Any determination, decision or election that may be made by the Determination Agent or Replacement Rate Determination Agent (as the case may be) pursuant to these provisions, will (in the absence of manifest error) be conclusive and binding on the Issuer, the Determination Agent, the Issue and Paying Agent and the Holders.

Following the designation of a SOFR Replacement, the Determination Agent may subsequently determine that a SOFR Transition Event and a related SOFR Replacement Date have occurred in respect of such SOFR Replacement, provided that the SOFR Benchmark has already been substituted by the SOFR Replacement and any SOFR Replacement Conforming Changes in connection with such substitution have been applied. In such circumstances, the SOFR Replacement shall be deemed to be the SOFR Benchmark and all relevant definitions shall be construed accordingly.

In connection with the SOFR Replacement provisions above, the following definitions shall apply:

“**2006 ISDA Definitions**” means, in relation to a Series of Notes, the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;(as supplemented, amended and updated as at the Issue Date of the first Tranche of Notes of the relevant Series) as published by ISDA (copies of which may be obtained from ISDA at [www.isda.org](http://www.isda.org));

“**2021 ISDA Definitions**” means, in relation to a Series of Notes, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (including each Matrix (and any successor Matrix thereto), as defined in such 2021 ISDA Interest Rate Derivatives Definitions) as at the Issue Date of the first Tranche of Notes of the relevant Series, as published by ISDA on its website ([www.isda.org](http://www.isda.org));

“**ISDA Definitions**” has the meaning given in the relevant Final Terms;

“**ISDA Fallback Adjustment**” means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the 2006 ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to SOFR for the applicable tenor;

“**ISDA Fallback Rate**” means the rate that would apply for derivatives transactions referencing the 2006 ISDA Definitions to be effective upon the occurrence of a SOFR Transition Event with respect to SOFR for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

“**Relevant Governmental Body**” means the Board of Governors of the Federal Reserve System and/or the NY Federal Reserve or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System and/or the NY Federal Reserve or any successor thereto;

“**SOFR Benchmark**” means (a) (unless “SOFR Index with Observation Shift” is specified in the relevant Final Terms) SOFR or (b) SOFR Index (each as defined in Condition 4B.05(C) above);

“**SOFR Replacement**” means any one (or more) of the SOFR Replacement Alternatives to be determined by the Replacement Rate Determination Agent as of the SOFR Replacement Date if the Determination Agent failing which the Issuer, determines that a SOFR Transition Event and its related SOFR Replacement Date have occurred on or prior to the SOFR Determination Time in respect of any determination of the SOFR Benchmark on any U.S. Government Securities Business Day in accordance with:

- (a) the order of priority specified SOFR Replacement Alternatives Priority in the relevant Final Terms; or
- (b) if no such order of priority is specified, in accordance with the priority set forth below:
  - (i) Relevant Governmental Body Replacement;
  - (ii) ISDA Fallback Replacement; and
  - (iii) Industry Replacement,

provided that, in each case, if the Replacement Rate Determination Agent is unable to determine the SOFR Replacement in accordance with the first SOFR Replacement Alternative listed, it shall attempt to determine the SOFR Replacement in accordance with each subsequent SOFR Replacement Alternative until a SOFR Replacement is determined. The SOFR Replacement will replace the then-current SOFR Benchmark for the purpose of determining the relevant Rate of Interest in respect of the relevant Interest Period and each subsequent Interest Period, subject to the occurrence of a subsequent SOFR Transition Event and related SOFR Replacement Date;

“**SOFR Replacement Alternatives**” means:

- (a) the sum of: (i) the alternative rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current SOFR Benchmark for the relevant Interest Period and (ii) the SOFR Replacement Adjustment (the “**Relevant Governmental Body Replacement**”);
- (b) the sum of: (i) the ISDA Fallback Rate and (ii) the SOFR Replacement Adjustment (the “**ISDA Fallback Replacement**”); or
- (c) the sum of: (i) the alternative rate that has been selected by the Replacement Rate Determination Agent as the replacement for the then-current SOFR Benchmark for the relevant Interest Period giving due consideration to any industry-accepted rate as a replacement for the then-current SOFR Benchmark for U.S. dollar-denominated floating rate securities at such time and (ii) the SOFR Replacement Adjustment (the “**Industry Replacement**”);

“**SOFR Replacement Adjustment**” means the first alternative set forth in the order below that can be determined by the Replacement Rate Determination Agent as of the applicable SOFR Replacement Date:

- (a) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted SOFR Replacement;
- (b) if the applicable Unadjusted SOFR Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (c) the spread adjustment (which may be a positive or negative value or zero) determined by the Replacement Rate Determination Agent giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current SOFR Benchmark with the applicable Unadjusted SOFR Replacement for U.S. dollar-denominated floating rate securities at such time;

**“SOFR Replacement Conforming Changes”** means, with respect to any SOFR Replacement, any technical, administrative or operational changes (including, but not limited to, changes to timing and frequency of determining rates with respect to each interest period and making payments of interest, rounding of amounts or tenors, day count fractions, business day convention and other administrative matters) that the Replacement Rate Determination Agent decides may be appropriate to reflect the adoption of such SOFR Replacement in a manner substantially consistent with market practice (or, if the Replacement Rate Determination Agent determines that adoption of any portion of such market practice is not administratively feasible or if the Replacement Rate Determination Agent determines that no market practice for use of the SOFR Replacement exists, in such other manner as the Replacement Rate Determination Agent or the Determination Agent, as the case may be, determines is reasonably necessary, acting in good faith and in a commercially reasonable manner); and

**“SOFR Replacement Date”** means the earliest to occur of the following events with respect to the then-current SOFR Benchmark (including the daily published component used in the calculation thereof):

- (a) in the case of sub-paragraphs (a) or (b) of the definition of “SOFR Transition Event” the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of the SOFR Benchmark permanently or indefinitely ceases to provide the SOFR Benchmark (or such component); or
- (b) in the case of sub-paragraph (c) of the definition of “SOFR Transition Event” the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the SOFR Replacement Date occurs on the same day as, but earlier than, the SOFR Determination Time in respect of any determination, the SOFR Replacement Date will be deemed to have occurred prior to the SOFR Determination Time for such determination.

**“SOFR Transition Event”** means the occurrence of any one or more of the following events with respect to the then-current SOFR Benchmark (including the daily published component used in the calculation thereof):

- (a) a public statement or publication of information by or on behalf of the administrator of the SOFR Benchmark (or such component, if relevant) announcing that such administrator has ceased or will cease to provide the SOFR Benchmark (or such component, if relevant), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the SOFR Benchmark (or such component, if relevant);
- (b) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component, if relevant), the central bank for the currency of the SOFR Benchmark (or such component, if relevant), an insolvency official with jurisdiction over the administrator for the SOFR Benchmark (or such component, if relevant), a resolution authority with jurisdiction over the administrator for SOFR Benchmark (or such component, if relevant) or a court or an entity with similar insolvency or resolution authority over the administrator for the SOFR Benchmark (or such component, if relevant), which states that the administrator of the SOFR Benchmark (or such component, if relevant) has ceased or will cease to provide the SOFR Benchmark (or such component, if relevant) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the SOFR Benchmark (or such component, if relevant); or
- (c) a public statement or publication of information by the regulatory supervisor for the administrator of the SOFR Benchmark (or such component, if relevant) announcing that the SOFR Benchmark (or such component, if relevant) is no longer representative; and

“**Unadjusted SOFR Replacement**” means the SOFR Replacement prior to the application of any SOFR Replacement Adjustment.

#### 4B.06 *Screen Rate Determination – €STR*

If “**Screen Rate Determination**” is specified in the relevant Final Terms as the manner in which the Rate of Interest (the “**Screen Rate**”) is to be determined and the Final Terms specify that the Reference Rate is €STR, the Rate of Interest for each Interest Period will be calculated in accordance with Condition 4B.06(A), Condition 4B.06(B) or Condition 4B.06(C) below, subject to the provisions of Condition 4B.06(E) and Condition 4B.06(F) below, as applicable:

- (A) Where the Calculation Method is specified in the relevant Final Terms as being “€STR Compounded Daily”, the Rate of Interest for each Interest Period will be the Compounded Daily €STR plus or minus (as indicated in the relevant Final Terms) the Margin (if any), all as determined by the Determination Agent on the Interest Determination Date and the resulting percentage being rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards.
- (B) Where the Calculation Method is specified in the relevant Final Terms as being “€STR Index Compounded Daily”, the Rate of Interest for each Interest Period will be the Compounded Daily €STR Index plus or minus (as indicated in the relevant Final Terms) the Margin (if any), all as determined by the Determination Agent on the Interest Determination Date and the resulting percentage being rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards.
- (C) Where the Calculation Method is specified in the relevant Final Terms as being “€STR Weighted Average”, the Rate of Interest for each Interest Period will be the Weighted Average €STR plus or minus (as indicated in the relevant Final Terms) the Margin (if any), all as determined by the Determination Agent on the Interest Determination Date and the resulting percentage being rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards.
- (D) The following definitions shall apply for the purpose of this Condition 4B.06:

“**Compounded Daily €STR**” means with respect to an Interest Period, the rate of return of a daily compound interest investment in euro (with the daily euro short-term rate (€STR) as reference rate for the calculation of interest) and will be calculated as follows:

(x) if “Lag” or “Lock-out” is specified as the Observation Method in the relevant Final Terms in accordance with the following formula:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{\text{€STR}_{i-pTBD} \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

(y) if “Shift” is specified as the Observation Method in the relevant Final Terms, in accordance with the following formula:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{\text{€STR}_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

Where, in each case:

“**d**” is the number of calendar days in (x) if “Lag” or “Lock-out” is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period, or (y) if “Shift” is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

“**d<sub>0</sub>**” means (x) if “Lag” or “Lock-out” is specified as the Observation Method in the relevant Final Terms, in respect of an Interest Period, the number of TARGET Business Days in the relevant Interest Period, or (y) if “Shift” is specified as the Observation Method in the relevant Final Terms, in respect of an Observation Period, the number of TARGET Business Days in the relevant Observation Period;

the “**€STR reference rate**”, means, in respect of any TARGET Business Day, a reference rate equal to the daily euro short-term rate as provided by the European

Central Bank, as the administrator of such rate (or any successor administrator of such rate) on the website of the European Central Bank (or any successor administrator of such rate) or any successor source, in each case, at the time specified by, or determined in accordance with, the applicable methodology, policies or guidelines, of the administrator of such rate on the TARGET Business Day immediately following such TARGET Business Day;

“**€STR<sub>i</sub>**” means, in respect of any TARGET Business Day<sub>i</sub>:

(x) if “Lag” is specified as the Observation Method in the relevant Final Terms, the €STR reference rate in respect of pTBD in respect of such TARGET Business Day<sub>i</sub>; or

(y) if “Lock-out” is specified as the Observation Method in the relevant Final Terms:

- (1) in respect of any TARGET Business Day<sub>i</sub> that is a Reference Day, the €STR reference rate in respect of the TARGET Business Day immediately preceding such Reference Day; otherwise
- (2) the €STR reference rate in respect of the TARGET Business Day immediately preceding the Interest Determination Date for the relevant Interest Period;

(z) if “Shift” is specified as the Observation Method in the relevant Final Terms, the €STR reference rate for such TARGET Business Day<sub>i</sub>;

“**€STR<sub>i-pTBD</sub>**” means:

(x) if “Lag” is specified as the Observation Method in the relevant Final Terms, in respect of a TARGET Business Day<sub>i</sub>, €STR<sub>i</sub> in respect of the TARGET Business Day falling p TARGET Business Days prior to such TARGET Business Day<sub>i</sub> (“**pLBD**”); or

(y) if “Lock-out” is specified as the Observation Method in the relevant Final Terms, in respect of a TARGET Business<sub>i</sub>, €STR<sub>i</sub> in respect of such TARGET Business<sub>i</sub>;

“**i**” is a series of whole numbers from one to d<sub>0</sub>, each representing the relevant TARGET Business Day in chronological order from, and including, the first TARGET Business Day (x) if “Lag” or “Lock-out” is specified as the Observation Method in the relevant Final Terms, in the relevant Interest Period or (y) if “Shift” is specified as the Observation Method in the relevant Final Terms, in the relevant Observation Period;

“**Interest Period End Date**” shall have the meaning specified in the relevant Final Terms;

“**Lock-out Period**” means, in respect of an Interest Period, the period from and including the day following the Interest Determination Date to, but excluding, the Interest Period End Date falling at the end of such Interest Period;

“**n<sub>i</sub>**”, for any TARGET Business Day<sub>i</sub>, means the number of calendar days from and including such TARGET Business Day<sub>i</sub> up to but excluding the following TARGET Business Day;

“**Observation Period**” means the period from and including the date falling “p” TARGET Business Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling “p” TARGET Business Days prior to the Interest Period End Date for such Interest Period (or the date falling “p” TARGET Business Days prior to such earlier date, if any, on which the Notes become due and payable);

“**p**” means, in respect of an Interest Period (x) where “Lag” or “Shift” is specified as the Observation Method in the relevant Final Terms, five TARGET Business Days or such larger number of days as specified in the relevant Final Terms and (y) where “Lock-out” is specified as the Observation Method in the relevant Final Terms, zero;

“**Reference Day**” means each TARGET Business Day in the relevant Interest Period that is not a TARGET Business Day falling in the Lock-out Period;

“**T2**” means the Trans-European Automated Realtime Gross settlement Express Transfer system which was launched on 20 March 2023 or any successor thereto;

“**TARGET Business Day**” or “**TBD**” means any day on which the T2 is open;

“**Compounded Daily €STR Index**” means with respect to an Interest Period, the rate of return of a daily compound interest investment in euro (with the euro short-term rate (€STR) as a reference rate for the calculation of interest) by reference to the screen rate or index for compounded daily €STR rates administered by the European Central Bank, as the administrator of such rate (or any successor administrator of such rate) that is published or displayed on the website of the European Central Bank (or any successor administrator of such rate) or any successor source from time to time on the relevant Interest Determination Date, as further specified in the relevant Final Terms (the “**€STR Compounded Index**”) and will be calculated as follows:

$$\left( \frac{\text{€STR Compounded Index}_{\text{End}}}{\text{€STR Compounded Index}_{\text{start}}} - 1 \right) \times \frac{360}{d}$$

Where, in each case:

“**d**” is the number of calendar days from (and including) the day in relation to which €STR Compounded Index<sub>start</sub> is determined to (but excluding) the day in relation to which €STR Compounded Index<sub>End</sub> is determined;

“**p**” means five TARGET Business Days or such larger number of days as specified in the relevant Final Terms;

“**€STR Compounded Index<sub>start</sub>**” means, with respect to an Interest Period, the €STR Compounded Index determined in relation to the day falling “p” TARGET Business Days prior to the first day of such Interest Period;

“**€STR Compounded Index<sub>End</sub>**” means with respect to an Interest Period, the €STR Compounded Index determined in relation to the day falling “p” TARGET Business Days prior to the Interest Period End Date for such Interest Period (or the date falling “p” TARGET Business Days prior to such earlier date, if any, on which the Notes become due and payable);

“**T2**” means the Trans-European Automated Realtime Gross settlement Express Transfer system which was launched on 20 March 2023 or any successor thereto;

“**TARGET Business Day**” or “**TBD**” means any day on which the T2 is open; and

“**Weighted Average €STR**” means:

(x) where “Lag” is specified as the Observation Method in the relevant Final Terms, the sum of the €STR reference rate in respect of each calendar day during the relevant Observation Period divided by the number of calendar days during such Observation Period. For these purposes, the €STR reference rate in respect of any calendar day which is not a TARGET Business Day shall be deemed to be the €STR reference rate in respect of the TARGET Business immediately preceding such calendar day; or

(y) where “Lock-out” is specified as the Observation Method in the relevant Final Terms, the sum of the €STR reference rate in respect of each calendar day during the relevant Interest Period divided by the number of calendar days in the relevant Interest Period, provided that, for any calendar day of such Interest Period falling in the Lock-out Period for the relevant Interest Period, the €STR reference rate for such calendar day will be deemed to be the €STR reference rate in respect of the TARGET Business Day immediately preceding the first day of such Lock-out Period. For these purposes, the €STR reference rate in respect of any calendar day which is not a TARGET Business Day shall, subject to the preceding proviso, be deemed to be the €STR reference rate in respect of the TARGET Business Day immediately preceding such calendar day.

- (E) Where the Rate of Interest for each Interest Period is calculated in accordance with Condition 4B.06(B), if the relevant €STR Compounded Index is not published or displayed by the European Central Bank (or any successor administrator of such rate) reference rate or other information service by 5.00 p.m. (Frankfurt time) (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the European Central

Bank (or any successor administrator of €STR) on the relevant Interest Determination Date, the Rate of Interest shall be calculated for the Interest Period for which the €STR Compounded Index is not available in accordance with Condition 4B.06(A) above and for these purposes the “Observation Method” shall be deemed to be “Shift”.

- (F) Where “€STR” is specified as the relevant Reference Rate in the relevant Final Terms, if, in respect of any TARGET Business Day, €STR is not available, such Reference Rate shall be the €STR reference rate for the first preceding TARGET Business Day on which the €STR reference rate was published by the European Central Bank, as the administrator of the €STR reference rate (or any successor administrator of the €STR reference rate) on the website of the European Central Bank (or of any successor administrator of such rate), and “r” shall be interpreted accordingly.
- (G) If the relevant Series of Notes become due and payable in accordance with Condition 6, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the relevant Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Notes remains outstanding, be that determined on such date and as if (solely for the purpose of such interest determination) the relevant Interest Period had been shortened accordingly.

#### 4B.07 *Screen Rate Determination – SARON*

If “**Screen Rate Determination**” is specified in the relevant Final Terms as the manner in which the Rate of Interest (the “**Screen Rate**”) is to be determined and the Final Terms specify that the Reference Rate is SARON, the Rate of Interest for each Interest Period will be calculated in accordance with Condition 4B.07(A), Condition 4B.07(B) or Condition 4B.07(C) below, subject to the provisions of Condition 4B.07(E), Condition 4B.07(F) and Condition 4B.07(G) below, as applicable:

- (A) Where the Calculation Method is specified in the relevant Final Terms as being “SARON Compounded Daily”, the Rate of Interest for each Interest Period will be the Compounded Daily SARON plus or minus (as indicated in the relevant Final Terms) the Margin (if any), all as determined by the Determination Agent on the Interest Determination Date and the resulting percentage being rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards.
- (B) Where the Calculation Method is specified in the relevant Final Terms as being “SARON Index Compounded Daily”, the Rate of Interest for each Interest Period will be the Compounded Daily SARON Index plus or minus (as indicated in the relevant Final Terms) the Margin (if any), all as determined by the Determination Agent on the Interest Determination Date and the resulting percentage being rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards.
- (C) Where the Calculation Method is specified in the relevant Final Terms as being “SARON Weighted Average”, the Rate of Interest for each Interest Period will be the Weighted Average SARON plus or minus (as indicated in the relevant Final Terms) the Margin (if any), all as determined by the Determination Agent on the Interest Determination Date and the resulting percentage being rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards.
- (D) The following definitions shall apply for the purpose of this Condition 4B.07:

“**Compounded Daily SARON**” means with respect to an Interest Period, the rate of return of a daily compound interest investment in Swiss franc (with the daily Swiss Average Rate Overnight (SARON) as reference rate for the calculation of interest) and will be calculated as follows:

(x) if “Lag” or “Lock-out” is specified as the Observation Method in the relevant Final Terms in accordance with the following formula:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SARON_{i-pZBD} \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$



(y) if “Shift” is specified as the Observation Method in the relevant Final Terms, in accordance with the following formula:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SARON_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

Where, in each case:

“**d**” is the number of calendar days in (x) if “Lag” or “Lock-out” is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period, or (y) if “Shift” is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

“**d<sub>0</sub>**” means (x) if “Lag” or “Lock-out” is specified as the Observation Method in the relevant Final Terms, in respect of an Interest Period, the number of Zurich Banking Days in the relevant Interest Period, or (y) if “Shift” is specified as the Observation Method in the relevant Final Terms, in respect of an Observation Period, the number of Zurich Banking Days in the relevant Observation Period;

“**i**” is a series of whole numbers from one to d<sub>0</sub>, each representing the relevant Zurich Banking Day in chronological order from, and including, the first Zurich Banking Day (x) if “Lag” or “Lock-out” is specified as the Observation Method in the relevant Final Terms, in the relevant Interest Period or (y) if “Shift” is specified as the Observation Method in the relevant Final Terms, in the relevant Observation Period;

“**Interest Period End Date**” shall have the meaning specified in the relevant Final Terms;

“**Lock-out Period**” means, in respect of an Interest Period, the period from and including the day following the Interest Determination Date to, but excluding, the Interest Period End Date falling at the end of such Interest Period;

“**n<sub>i</sub>**”, for any Zurich Banking Day<sub>i</sub>, means the number of calendar days from and including such Zurich Banking Day<sub>i</sub> up to but excluding the following Zurich Banking Day;

“**Observation Period**” means the period from and including the date falling “p” Zurich Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling “p” Zurich Banking Days prior to the Interest Period End Date for such Interest Period (or the date falling “p” Zurich Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

“**p**” means, in respect of an Interest Period (x) where “Lag” or “Shift” is specified as the Observation Method in the relevant Final Terms, five Zurich Banking Days or such larger number of days as specified in the relevant Final Terms and (y) where “Lock-out” is specified as the Observation Method in the relevant Final Terms, zero;

“**Reference Day**” means each Zurich Banking Day in the relevant Interest Period that is not a Zurich Banking Day falling in the Lock-out Period;

the “**SARON reference rate**”, means, in respect of any Zurich Banking Day, a reference rate equal to the Swiss Average Rate Overnight (SARON) rate for such Zurich Banking Day as published by the SARON Administrator on the Relevant Screen Page at the Relevant Time on such Zurich Banking Day;

“**SARON<sub>i</sub>**” means, in respect of any Zurich Banking Day<sub>i</sub>:

(x) if “Lag” is specified as the Observation Method in the relevant Final Terms, the SARON reference rate in respect of pZBD in respect of such Zurich Banking Day<sub>i</sub>; or

(y) if “Lock-out” is specified as the Observation Method in the relevant Final Terms:

- (1) in respect of any Zurich Banking Day<sub>i</sub> that is a Reference Day, the SARON reference rate in respect of the SARON Banking Day immediately preceding such Reference Day; otherwise

- (2) the SARON reference rate in respect of the SARON Banking Day immediately preceding the Interest Determination Date for the relevant Interest Period;
- (z) if “Shift” is specified as the Observation Method in the relevant Final Terms, the SARON reference rate for such Zurich Banking Day;

“**SARON<sub>i-pZBD</sub>**” means:

- (x) if “Lag” is specified as the Observation Method in the relevant Final Terms, in respect of a Zurich Banking Day<sub>i</sub>, SARON<sub>i</sub> in respect of the Zurich Banking Day falling p Zurich Banking Days prior to such Zurich Banking Day<sub>i</sub> (“**pZBD**”); or
- (y) if “Lock-out” is specified as the Observation Method in the relevant Final Terms, in respect of a Zurich Banking Day<sub>i</sub>, SARON<sub>i</sub> in respect of such Zurich Banking Day;

“**Zurich Banking Day**” or “**ZBD**” means a day on which banks are open in Zurich for the settlement of payments and of foreign exchange transactions;

“**Compounded Daily SARON Index**” means with respect to an Interest Period, the rate of return of a daily compound interest investment in Swiss franc (with the daily Swiss Average Rate Overnight (SARON) as a reference rate for the calculation of interest) by reference to the screen rate or index for compounded daily SARON rates administered by the SARON Administrator that is published or displayed by the SARON Administrator or other information service from time to time on the relevant Interest Determination Date, as further specified in the relevant Final Terms (the “**SARON Compounded Index**”) and will be calculated as follows:

$$\left( \frac{SARON\ Compounded\ Index_{End}}{SARON\ Compounded\ Index_{Start}} - 1 \right) \times \frac{360}{d}$$

Where, in each case:

“**d**” is the number of calendar days from (and including) the day in relation to which SARON Compounded Index<sub>Start</sub> is determined to (but excluding) the day in relation to which SARON Compounded Index<sub>End</sub> is determined;

“**p**” means five Zurich Banking Days or such larger number of days as specified in the relevant Final Terms;

“**SARON Compounded Index<sub>Start</sub>**” means, with respect to an Interest Period, the SARON Compounded Index determined in relation to the day falling “p” Zurich Banking Days prior to the first day of such Interest Period;

“**SARON Compounded Index<sub>End</sub>**” means with respect to an Interest Period, the SARON Compounded Index determined in relation to the day falling “p” Zurich Banking Days prior to the Interest Period End Date for such Interest Period (or the date falling “p” Zurich Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

“**Zurich Banking Day**” or “**ZBD**” means a day on which banks are open in Zurich for the settlement of payments and of foreign exchange transactions; and

“**Weighted Average SARON**” means:

(x) where “Lag” is specified as the Observation Method in the relevant Final Terms, the sum of the SARON reference rate in respect of each calendar day during the relevant Observation Period divided by the number of calendar days during such Observation Period. For these purposes, the SARON reference rate in respect of any calendar day which is not a Zurich Banking Day shall be deemed to be the SARON reference rate in respect of the Zurich Banking Day immediately preceding such calendar day; or

(y) where “Lock-out” is specified as the Observation Method in the relevant Final Terms, the sum of the SARON reference rate in respect of each calendar day during the relevant Interest Period divided by the number of calendar days in the relevant Interest Period, provided that, for any calendar day of such Interest Period falling in the Lock-out Period for the relevant Interest Period, the SARON reference rate for such calendar day will be deemed to be the SARON reference rate in respect of the Zurich Banking Day immediately preceding the first day of such Lock-out Period. For these purposes,

the SARON reference rate in respect of any calendar day which is not a Zurich Banking Day shall, subject to the preceding proviso, be deemed to be the SARON reference rate in respect of the Zurich Banking Day immediately preceding such calendar day.

- (E) Where the Rate of Interest for each Interest Period is calculated in accordance with Condition 4B.07(B), if the relevant SARON Compounded Index is not published or displayed by the SARON Administrator or other information service by 5.00 p.m. (Zurich time) (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the SARON Administrator or of such other information service, as the case may be) on the relevant Interest Determination Date, the Rate of Interest shall be calculated for the Interest Period for which the SARON Compounded Index is not available in accordance with Condition 4B.07(A) above and for these purposes the “Observation Method” shall be deemed to be “Shift”.
- (F) If the SARON reference rate is not published on the Relevant Screen Page (the “**SARON Screen Page**”) at the Relevant Time on the relevant Zurich Banking Day and a SARON Index Cessation Event and a SARON Index Cessation Effective Date have not both occurred on or prior to the Relevant Time on the relevant Zurich Banking Day, the SARON reference rate for such Zurich Banking Day shall be the rate equal to the Swiss Average Rate Overnight published by the SARON Administrator on the SARON Administrator Website for the last preceding Zurich Banking Day on which the Swiss Average Rate Overnight was published by the SARON Administrator on the SARON Administrator Website.
- (G) If the SARON reference rate is not published on the Relevant Screen Page at the Relevant Time on the relevant Zurich Banking Day and both a SARON Index Cessation Event and a SARON Index Cessation Effective Date have occurred on or prior to the Relevant Time on the relevant Zurich Banking Day, the Reference Rate shall be:
  - (i) if there is a SARON Recommended Replacement Rate within one Zurich Banking Day of the SARON Index Cessation Effective Date, the SARON Recommended Replacement Rate for such Zurich Banking Day, giving effect to the SARON Recommended Adjustment Spread, if any, published on such Zurich Banking Day; or
  - (ii) if there is no SARON Recommended Replacement Rate within one Zurich Banking Day of the SARON Index Cessation Effective Date, the policy rate of the Swiss National Bank (the “**SNB Policy Rate**”) for such Zurich Banking Day, giving effect to the SNB Adjustment Spread, if any.

Any substitution of the SARON reference rate by the SARON Recommended Replacement Rate or the SNB Policy Rate as specified above (the “**SARON Replacement Rate**”) will remain effective for the remaining term to maturity of the Notes.

Notwithstanding any other provision of this paragraph (F), if (i) the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Determination Agent, or (ii) the Issuer determines that (a) the replacement of then-current SARON reference rate by the SARON Replacement Rate or any other amendments to the terms of the Notes necessary to implement such replacement would result in an TLAC/MREL Disqualification Event or (in the case of Tier 2 Subordinated Notes only) a Capital Disqualification Event, or (b) could reasonably result in the Relevant Resolution Authority treating any future Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date, no SARON Replacement Rate will be adopted by the Determination Agent, and the SARON Replacement Rate for the relevant Interest Period will be equal to the last SARON available on the SARON Screen Page as determined by the Determination Agent. Notwithstanding the above, if the provisions of this paragraph fail to provide a means of determining the Rate of Interest, Condition 4G below shall apply.

In connection with the SARON reference rate provisions above, the following definitions apply:

**“SARON Administrator”** means SIX Swiss Exchange or any successor administrator of the Swiss Average Rate Overnight;

**“SARON Administrator Website”** means the website of the SARON Administrator;

**“SARON Index Cessation Effective Date”** means the earliest of:

- (i) in the case of the occurrence of a SARON Index Cessation Event described in sub-paragraph (i) of the definition thereof, the date on which the SARON Administrator ceases to provide the Swiss Average Rate Overnight;
- (ii) in the case of the occurrence of a SARON Index Cessation Event described in sub-section (ii)(x) of the definition thereof, the latest of: (x) the date of such statement or publication, (y) the date, if any, specified in such statement or publication as the date on which the Swiss Average Rate Overnight will no longer be representative, and (z) if a SARON Index Cessation Event described in sub-section (ii)(y) of the definition thereof has occurred on or prior to either or both dates specified in subclauses (x) and (y) of this sub-paragraph (ii), the date as of which the Swiss Average Rate Overnight may no longer be used; and
- (iii) in the case of the occurrence of a SARON Index Cessation Event described in sub-section (ii)(y) of the definition thereof, the date as of which the Swiss Average Rate Overnight may no longer be used;

**“SARON Index Cessation Event”** means the occurrence of one or more of the following events:

- (i) a public statement or publication of information by or on behalf of the SARON Administrator, or by any competent authority, announcing or confirming that the SARON Administrator has ceased or will cease to provide the Swiss Average Rate Overnight permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Swiss Average Rate Overnight; or
- (ii) a public statement or publication of information by the SARON Administrator or any competent authority announcing that (x) the Swiss Average Rate Overnight is no longer representative or will as of a certain date no longer be representative, or (y) the Swiss Average Rate Overnight may no longer be used after a certain date, which statement, in the case of sub-section (y), is applicable to (but not necessarily limited to) fixed income securities and derivatives;

**“SARON Recommended Adjustment Spread”** means, with respect to any SARON Recommended Replacement Rate, the spread (which may be positive, negative or zero), or formula or methodology for calculating such a spread,

- (i) that the SARON Recommending Body has recommended be applied to such SARON Recommended Replacement Rate in the case of fixed income securities with respect to which such SARON Recommended Replacement Rate has replaced the Swiss Average Rate Overnight as the reference rate for purposes of determining the applicable rate of interest thereon; or
- (ii) if the SARON Recommending Body has not recommended such a spread, formula or methodology as described in sub-paragraph (ii) above, to be applied to such SARON Recommended Replacement Rate in order to reduce or eliminate, to the extent reasonably practicable under the circumstances, any economic prejudice or benefit (as applicable) to Holders as a result of the replacement of the Swiss Average Rate Overnight with such SARON Recommended Replacement Rate for purposes of determining SARON, which spread will be determined by the Determination Agent, acting in good faith and a commercially reasonable manner, and be consistent with industry-accepted practices for fixed income securities with respect to which such SARON Recommended Replacement Rate has replaced the Swiss Average Rate Overnight as the reference rate for purposes of determining the applicable rate of interest thereon;

**“SARON Recommended Replacement Rate”** means the rate that has been recommended as the replacement for the Swiss Average Rate Overnight by any working group or committee in Switzerland organised in the same or a similar manner as the National Working Group on Swiss Franc Reference Rates that was founded in 2013 for purposes of, among other things, considering proposals to reform reference interest rates in Switzerland (any such working group or committee, the **“SARON Recommending Body”**);

**“SIX Swiss Exchange”** means SIX Swiss Exchange AG and any successor thereto; and

**“SNB Adjustment Spread”** means, with respect to the SNB Policy Rate, the spread to be applied to the SNB Policy Rate in order to reduce or eliminate, to the extent reasonably practicable under the circumstances, any economic prejudice or benefit (as applicable) to Holders as a result of the replacement of the Swiss Average Rate Overnight with the SNB Policy Rate for purposes of determining SARON, which spread will be determined by the Determination Agent, acting in good faith and a commercially reasonable manner, taking into account the historical median between the Swiss Average Rate Overnight and the SNB Policy Rate during the two year period ending on the date on which the SARON Index Cessation Event occurred (or, if more than one SARON Index Cessation Event has occurred, the date on which the first of such events occurred).

- (H) If the relevant Series of Notes become due and payable in accordance with Condition 6, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the relevant Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Notes remains outstanding, be that determined on such date and as if (solely for the purpose of such interest determination) the relevant Interest Period had been shortened accordingly.

#### **4B.08 Screen Rate Determination – TONA**

If **“Screen Rate Determination”** is specified in the relevant Final Terms as the manner in which the Rate of Interest (the **“Screen Rate”**) is to be determined and the Final Terms specify that the Reference Rate is TONA, the Rate of Interest for each Interest Period will be calculated in accordance with Condition 4B.08(A), Condition 4B.08(B) or Condition 4B.08(C) below, subject to the provisions of Condition 4B.08(E) and Condition 4B.08(F) below, as applicable:

- (A) Where the Calculation Method is specified in the relevant Final Terms as being **“TONA Compounded Daily”**, the Rate of Interest for each Interest Period will be the Compounded Daily TONA plus or minus (as indicated in the relevant Final Terms) the Margin (if any), all as determined by the Determination Agent on the Interest Determination Date and the resulting percentage being rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards.
- (B) Where the Calculation Method is specified in the relevant Final Terms as being **“TONA Index Compounded Daily”**, the Rate of Interest for each Interest Period will be the Compounded Daily TONA Index plus or minus (as indicated in the relevant Final Terms) the Margin (if any), all as determined by the Determination Agent on the Interest Determination Date and the resulting percentage being rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards.
- (C) Where the Calculation Method is specified in the relevant Final Terms as being **“TONA Weighted Average”**, the Rate of Interest for each Interest Period will be the Weighted Average TONA plus or minus (as indicated in the relevant Final Terms) the Margin (if any), all as determined by the Determination Agent on the Interest Determination Date and the resulting percentage being rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards.
- (D) The following definitions shall apply for the purpose of this Condition 4B.08:

**“Compounded Daily TONA”** means with respect to an Interest Period, the rate of return of a daily compound interest investment in Japanese Yen (with the daily Tokyo Overnight Average (TONA) as reference rate for the calculation of interest) and will be calculated as follows:

(x) if “Lag” or “Lock-out” is specified as the Observation Method in the relevant Final Terms in accordance with the following formula:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{TONA_{i-pTBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

(y) if “Shift” is specified as the Observation Method in the relevant Final Terms, in accordance with the following formula:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{TONA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

Where, in each case:

“**d**” is the number of calendar days in (x) if “Lag” or “Lock-out” is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period, or (y) if “Shift” is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

“**d<sub>0</sub>**” means (x) if “Lag” or “Lock-out” is specified as the Observation Method in the relevant Final Terms, in respect of an Interest Period, the number of Tokyo Banking Days in the relevant Interest Period, or (y) if “Shift” is specified as the Observation Method in the relevant Final Terms, in respect of an Observation Period, the number of Tokyo Banking Days in the relevant Observation Period;

“**i**” is a series of whole numbers from one to d<sub>0</sub>, each representing the relevant Tokyo Banking Day in chronological order from, and including, the first Tokyo Banking Day (x) if “Lag” or “Lock-out” is specified as the Observation Method in the relevant Final Terms, in the relevant Interest Period or (y) if “Shift” is specified as the Observation Method in the relevant Final Terms, in the relevant Observation Period;

“**Interest Period End Date**” shall have the meaning specified in the relevant Final Terms;

“**Lock-out Period**” means, in respect of an Interest Period, the period from and including the day following the Interest Determination Date to, but excluding, the Interest Period End Date falling at the end of such Interest Period;

“**n<sub>i</sub>**”, for any Tokyo Banking Day<sub>i</sub>, means the number of calendar days from and including such Tokyo Banking Day<sub>i</sub> up to but excluding the following Tokyo Banking Day;

“**Observation Period**” means the period from and including the date falling “p” Tokyo Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling “p” Tokyo Banking Days prior to the Interest Period End Date for such Interest Period (or the date falling “p” Tokyo Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

“**p**” means, in respect of an Interest Period (x) where “Lag” or “Shift” is specified as the Observation Method in the relevant Final Terms, five Tokyo Banking Days or such larger number of days as specified in the relevant Final Terms and (y) where “Lock-out” is specified as the Observation Method in the relevant Final Terms, zero;

“**Reference Day**” means each Tokyo Banking Day in the relevant Interest Period that is not a Tokyo Banking Day falling in the Lock-out Period;

“**Tokyo Banking Day**” or “**TBD**” means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in Tokyo;

the “**TONA reference rate**”, means, in respect of any Tokyo Banking Day, a reference rate equal to the daily Tokyo Overnight Average (TONA) rate for such Tokyo Banking

Day as provided by the a Bank of Japan and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (in each case on the Tokyo Banking Day immediately following such Tokyo Banking Day);

“**TONA<sub>i</sub>**” means, in respect of any Tokyo Banking Day<sub>i</sub>:

(x) if “Lag” is specified as the Observation Method in the relevant Final Terms, the TONA reference rate in respect of pTBD in respect of such Tokyo Banking Day<sub>i</sub>; or

(y) if “Lock-out” is specified as the Observation Method in the relevant Final Terms:

(1) in respect of any Tokyo Banking Day<sub>i</sub> that is a Reference Day, the TONA reference rate in respect of the Tokyo Banking Day immediately preceding such Reference Day; otherwise

(2) the TONA reference rate in respect of the Tokyo Banking Day immediately preceding the Interest Determination Date for the relevant Interest Period;

(z) if “Shift” is specified as the Observation Method in the relevant Final Terms, the TONA reference rate for such Tokyo Banking Day<sub>i</sub>; and

“**TONA<sub>i-pTBD</sub>**” means:

(x) if “Lag” is specified as the Observation Method in the relevant Final Terms, in respect of a Tokyo Banking Day<sub>i</sub>, TONA<sub>i</sub> in respect of the Tokyo Banking Day falling p Tokyo Banking Days prior to such Tokyo Banking Day<sub>i</sub> (“**pTBD**”); or

(y) if “Lock-out” is specified as the Observation Method in the relevant Final Terms, in respect of a Tokyo Banking Day<sub>i</sub>, TONA<sub>i</sub> in respect of such Tokyo Banking Day<sub>i</sub>; and

“**Compounded Daily TONA Index**” means with respect to an Interest Period, the rate of return of a daily compound interest investment in Japanese Yen (with the daily Tokyo Overnight Average (TONA) as a reference rate for the calculation of interest) by reference to the screen rate or index for compounded daily TONA rates administered by the administrator of the TONA reference rate that is published or displayed by such administrator or other information service from time to time on the relevant Interest Determination Date, as further specified in the relevant Final Terms (the “**TONA Compounded Index**”) and will be calculated as follows:

$$\left( \frac{TONA \text{ Compounded Index}_{End}}{TONA \text{ Compounded Index}_{Start}} - 1 \right) \times \frac{365}{d}$$

Where, in each case:

“**d**” is the number of calendar days from (and including) the day in relation to which TONA Compounded Index<sub>Start</sub> is determined to (but excluding) the day in relation to which TONA Compounded Index<sub>End</sub> is determined;

“**p**” means five Tokyo Banking Days or such larger number of days as specified in the relevant Final Terms;

“**Tokyo Banking Day**” or “**TBD**” means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in Tokyo;

“**TONA Compounded Index<sub>Start</sub>**” means, with respect to an Interest Period, the TONA Compounded Index determined in relation to the day falling “p” Tokyo Banking Days prior to the first day of such Interest Period;

“**TONA Compounded Index<sub>End</sub>**” means with respect to an Interest Period, the SONIA Compounded Index determined in relation to the day falling “p” Tokyo Banking Days prior to the Interest Period End Date for such Interest Period (or the date falling “p” Tokyo Banking Days prior to such earlier date, if any, on which the Notes become due and payable); and

“**Weighted Average TONA**” means:

(x) where “Lag” is specified as the Observation Method in the relevant Final Terms, the sum of the TONA reference rate in respect of each calendar day during the relevant Observation Period divided by the number of calendar days during such Observation Period. For these purposes, the TONA reference rate in respect of any calendar day which is not a Tokyo Banking Day shall be deemed to be the TONA reference rate in respect of the Tokyo Banking Day immediately preceding such calendar day; or

(y) where “Lock-out” is specified as the Observation Method in the relevant Final Terms, the sum of the TONA reference rate in respect of each calendar day during the relevant Interest Period divided by the number of calendar days in the relevant Interest Period, provided that, for any calendar day of such Interest Period falling in the Lock-out Period for the relevant Interest Period, the TONA reference rate for such calendar day will be deemed to be the TONA reference rate in respect of the Tokyo Banking Day immediately preceding the first day of such Lock-out Period. For these purposes, the TONA reference rate in respect of any calendar day which is not a Tokyo Banking Day shall, subject to the preceding proviso, be deemed to be the TONA reference rate in respect of the Tokyo Banking Day immediately preceding such calendar day.

- (E) Where the Rate of Interest for each Interest Period is calculated in accordance with Condition 4B.08(B), if the relevant TONA Compounded Index is not published or displayed by the administrator of the TONA reference rate or other information service by 5.00 p.m. (Tokyo time) (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the Bank of Japan (or any successor administrator) on the relevant Interest Determination Date, the Rate of Interest shall be calculated for the Interest Period for which the TONA Compounded Index is not available in accordance with Condition 4B.08(A) above and for these purposes the “Observation Method” shall be deemed to be “Shift”.
- (F) If the TONA reference rate is not published on the Relevant Screen Page at the Relevant Time on the relevant Tokyo Banking Day, the TONA reference rate for such Tokyo Banking Day shall be the rate equal to the Tokyo Overnight Average published by the administrator of the TONA reference rate on the Relevant Screen Page for the last preceding Tokyo Banking Day on which the Tokyo Overnight Average was published by the administrator of TONA on the Relevant Screen Page.
- (G) If the relevant Series of Notes become due and payable in accordance with Condition 6, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the relevant Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date and as if (solely for the purpose of such interest determination) the relevant Interest Period had been shortened accordingly.

#### **4B.09 ISDA Determination**

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “**ISDA Rate**” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) 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:

- a) If the relevant Final Terms specify either “2006 ISDA Definitions” or “2021 ISDA Definitions” as the applicable ISDA Definitions:
  - (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), if applicable, is a period specified in the relevant Final Terms;



- (iii) the relevant Reset Date (as defined in the ISDA Definitions) unless otherwise specified in the relevant Final Terms has the meaning given in the ISDA Definitions; and
- (iv) if the specified Floating Rate Option is an Overnight Floating Rate Option (as defined in the ISDA Definitions), Compounding is specified to be applicable in the relevant Final Terms and:
  - (a) Compounding with Lookback is specified as the Overnight Rate Compounding Method in the relevant Final Terms, then (a) Compounding with Lookback is the Overnight Rate Compounding Method and (b) Lookback is the number of Applicable Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms;
  - (b) Compounding with Observation Period Shift is specified as the Overnight Rate Compounding Method in the relevant Final Terms, then (a) Compounding with Observation Period Shift is the Overnight Rate Compounding Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms, and (c) Observation Period Shift Additional Business Days (as defined in the ISDA Definitions), if applicable, are the days specified in the relevant Final Terms; or
  - (c) Compounding with Lock-out is specified as the Overnight Rate Compounding Method in the relevant Final Terms, then (a) Compounding with Lock-out is the Overnight Rate Compounding Method, (b) Lock-out is the number of Lock-out Period Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms, and (c) Lock-out Period Business Days, if applicable, are the days specified in the relevant Final Terms;
- (v) if the specified Floating Rate Option is an Overnight Floating Rate Option (as defined in the ISDA Definitions), Averaging is specified to be applicable in the relevant Final Terms and:
  - (a) Averaging with Lookback is specified as the Overnight Rate Averaging Method in the relevant Final Terms, then (a) Averaging with Lookback is the Overnight Rate Averaging Method, and (b) Lookback is the number of Applicable Business Days (as defined in the ISDA Definitions) as specified in the relevant Final Terms;
  - (b) Averaging with Observation Period Shift is specified as the Overnight Rate Averaging Method in the relevant Final Terms, then (a) Averaging with Observation Period Shift is the Overnight Rate Averaging Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms, and (c) Observation Period Shift Additional Business Days (as defined in the ISDA Definitions), if applicable, are the days specified in the relevant Final Terms; or
  - (c) Averaging with Lock-out is specified as the Overnight Rate Averaging Method in the relevant Final Terms, then (a) Averaging with Lock-out is the Overnight Rate Averaging Method, (b) Lock-out is the number of Lock-out Period Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms, and (c) Lock-out Period Business Days, if applicable, are the days specified in the relevant Final Terms; and
- (vi) if the specified Floating Rate Option is an Index Floating Rate Option (as defined in the ISDA Definitions) and Index Provisions are specified to be applicable in the relevant Final Terms, the Compounded Index Method with Observation Period Shift shall be applicable and, (a) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms and (b) Observation Period Shift Additional Business Days (as defined in the ISDA Definitions), if applicable, are the days specified in the relevant Final Terms.

- b) in connection with any Compounding/ Averaging Method or Index Method specified in the relevant Final Terms, references in the ISDA Definitions to:
  - (i) “Confirmation” shall be references to the relevant Final Terms;
  - (ii) “Calculation Period” shall be references to the relevant Interest Period;
  - (iii) “Termination Date” shall be references to the final Interest Period End Date; and
  - (iv) “Effective Date” shall be references to the Interest Commencement Date.
- c) If the Final Terms specify “2021 ISDA Definitions” as the applicable ISDA Definitions,
  - (i) “Administrator/ Benchmark Event” shall be disapplied; and
  - (ii) if the Temporary Non-Publication Fallback in respect of any specified Floating Rate Option is specified to be “Temporary Non-Publication Fallback – Alternative Rate” in the Floating Rate Matrix of the 2021 ISDA Definitions, the reference to “Determination Agent Alternative Rate Determination” in the definition of “Temporary Non-Publication Fallback – Alternative Rate” shall be replaced by “Temporary Non-Publication Fallback – Previous Day’s Rate”.

#### 4B.10 *Determination of Rates*

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

The Interest Amount will be calculated as follows:

- (i) If “Margin Plus Rate” is specified as applicable in the applicable Final Terms, the Rate of Interest will be equal to the Margin plus the Screen Rate or ISDA Rate, as applicable;
- (ii) If “Specified Percentage Multiplied by Rate” is specified in the applicable Final Terms, the Rate of Interest will be equal to the Specified Percentage multiplied by the Screen Rate or ISDA Rate, as applicable; or
- (iii) If “Difference in Rates” is specified in the applicable Final Terms, the Rate of Interest will be equal to the Specified Percentage multiplied by the difference between Rate 1 and Rate 2, each of Rate 1 and Rate 2 to be determined in accordance with Condition 4B.03, 4B.04, 4B.05 or with Condition 4B.06 as specified in the relevant Final Terms.

**4B.11 CMS-Linked Interest Provisions:** If the CMS-Linked Interest Notes provisions are specified in the relevant Final Terms as being applicable, the Rate of Interest applicable to the Notes for each Interest Period will be calculated by reference to a constant maturity swap rate specified in the relevant Final Terms and the relevant provisions of this Condition 4B will apply as though references to Floating Rate Notes were references to CMS-Linked Notes where “Screen Rate Determination” and “Margin Plus Rate” are applicable.

**4B.12 Maximum or Minimum Rate of Interest:** If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then, subject to Condition 4F.01, the Rate of Interest shall in no event be greater than the Maximum Rate of Interest or be less than the Minimum Rate of Interest so specified. Where the Rate of Interest is determined to be higher than the Maximum Rate of Interest or lower than the Minimum Rate of Interest, such higher rate shall be deemed to be equal to such Maximum Rate of Interest and such lower rate shall be deemed to be equal to such Minimum Rate of Interest, as applicable.

#### **4C Interest — Zero Coupon Notes**

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

Notes in relation to which this Condition 4C applies and the relevant Final Terms specifies as being applicable shall not bear interest. Where such Zero Coupon Note is repayable prior to the Maturity Date (as such term is defined below) and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount (Zero Coupon) (as defined in Condition

5.06). As from the Maturity Date, the Rate of Interest for any overdue principal of such an Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5.06).

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

#### **4D Interest — Reset Notes**

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

##### ***Rates of Interest and Interest Payment Dates***

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

- (i) from (and including) their Issue Date or from such other date as may be specified in the relevant Final Terms until (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest;
- (ii) from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and
- (iii) for each Subsequent Reset Period thereafter (if any), at the rate per annum equal to the relevant Subsequent Reset Rate of Interest,

the relevant Rate of Interest being payable, in each case, on each Interest Payment Date specified in the relevant Final Terms and on the Maturity Date. The Interest Amount in respect of a period of less than one year will be calculated on such basis as may be specified in Condition 4F.02 and the relevant Final Terms.

The provisions of this Condition 4D shall apply, as applicable, in respect of any determination by the Determination Agent of the Rate of Interest for a Reset Period in accordance with this Condition 4D as if the Reset Notes were Floating Rate Notes. The Rate of Interest for each Reset Period shall otherwise be determined by the Determination Agent on the relevant Reset Determination Date in accordance with the provisions of this Condition 4D. Once the Rate of Interest is determined for a Reset Period, the provisions of Condition 4A (*Interest — Fixed Rate*) shall apply to Reset Notes, as applicable, as if the Reset Notes were Fixed Rate Notes.

For the purposes of these Terms and Conditions:

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

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

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

“**First Reset Rate of Interest**” means, in respect of the First Reset Period, the rate of interest determined by the Determination Agent on the relevant Reset Determination Date as the sum of the relevant Reset Reference Rate, as may be adjusted in the applicable Final Terms, and the First Margin;

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

“**Mid-Swap Rate**” means, in relation to a Reset Determination Date, either:

- (i) if Single Mid-Swap Rate is specified in the applicable Final Terms, the rate for swaps in the Specified Currency:
  - (A) with a term equal to the relevant Reset Period; and
  - (B) commencing on the relevant Reset Date,

which appears on the Relevant Screen Page (as defined in Condition 8B.02) or such replacement page on that service which displays the information; or

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

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

(B) commencing on the relevant Reset Date,

which appear on the Relevant Screen Page (as defined in Condition 8B.02) or such replacement page on that service which displays the information,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date, all as determined by the Determination Agent, provided that, unless otherwise agreed in the Final Terms, if no such Mid-Swap Rate is observable on the Relevant Screen Page on the Reset Determination Date, the Mid-Swap Rate will be the last observable Mid-Swap Rate which appears on the Relevant Screen Page at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on any date falling on or after the most recent Reset Determination Date or, if none, the Issue Date, as determined by the Issuer. If no such Mid-Swap Rate is observable on the Relevant Screen Page on any day falling on or after the Issue Date, the Mid-Swap Rate will be, unless otherwise agreed in the Final Terms, the Initial Reference Rate;

**“Non-Sterling Reference Bond Rate”** means, with respect to any Reset Period and related Reset Determination Date, the rate per annum equal to the yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reset Reference Bond, assuming a price for the Reset Reference Bond (expressed as a percentage of its principal amount) equal to the Reset Reference Bond Price for such Reset Determination Date;

**“Reference Government Bond Dealer”** means each of five banks selected by the Issuer (following, where practicable, consultation with an investment bank or financial institution of international repute determined to be appropriate by the Issuer, or the affiliates of such banks, which are (i) primary government securities dealers, and their respective successors, or (ii) market makers in pricing corporate bond issues;

**“Reference Government Bond Dealer Quotations”** means, with respect to each Reference Government Bond Dealer and any Reset Determination Date, the arithmetic average (as determined by the Determination Agent), of the bid and offered prices for the Reset Reference Bond (expressed in each case as a percentage of its principal amount) as at the Reset Determination Time on such Reset Determination Date and, if relevant, on a dealing basis for settlement that is customarily used at such time and quoted in writing to the Determination Agent by such Reference Government Bond Dealer;

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

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

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

**“Reset Reference Bond”** means for any Reset Period a government security or securities issued by the government of the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany) selected by the Issuer (after consultation with an investment bank or financial institution of international repute determined to be appropriate by the Issuer) as having the nearest actual or interpolated maturity comparable with the relevant Reset Period and that (in the opinion of the Issuer) would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issuances of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the relevant Reset Period;

**“Reset Reference Bond Price”** means, with respect to any Reset Determination Date:

- (A) the arithmetic average (as determined by the Determination Agent) of the Reference Government Bond Dealer Quotations for such Reset Determination Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations; or
- (B) if fewer than five but more than one such Reference Government Bond Dealer Quotations are received, the arithmetic average (as determined by the Determination Agent) of all such quotations; or
- (C) if only one Reference Government Bond Dealer Quotation is received, such quotation; or
- (D) if no Reference Government Bond Dealer Quotations are received when U.S. Treasury Rate does not apply, in the case of the First Reset Rate of Interest, the Initial Reference Rate and, in the case of any Subsequent Reset Rate of Interest, the Reset Reference Rate as at the last preceding Reset Date, or when U.S. Treasury Rate does apply, the U.S. Treasury Rate shall be determined in accordance with the second paragraph in the definition of U.S. Treasury Rate;

**“Reset Reference Rate”** means one of the (i) Mid-Swap Rate, (ii) the Sterling Reference Bond Rate, (iii) the Non-Sterling Reference Bond Rate or (iv) the U.S. Treasury Rate, as specified in the applicable Final Terms;

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

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

**“Sterling Reference Bond Rate”** means, with respect to any Reset Period and related Reset Determination Date, the gross redemption yield in respect of the Reset Reference Bond expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields", page 5, Section One: Price/Yield Formulae "Conventional Gilts; Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (published on 8 June 1998 and updated on 15 January 2002 and 16 March 2005, and as further amended, updated, supplemented or replaced from time to time) or, if such basis is no longer in customary market usage at such time, a gross redemption yield calculated in accordance with generally accepted market practice at such time as determined by the Issuer following consultation with an investment bank or financial institution of international repute determined to be appropriate by the Issuer, on an annual or semi-annual (as the case may be) compounding basis (rounded up (if necessary) to four decimal places) of the Reset Reference Bond in respect of that Reset Period, assuming a price for the Reset Reference Bond (expressed as a percentage of its principal amount) equal to the Reset Reference Bond Price for such Reset Determination Date;

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

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

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

**“Subsequent Reset Rate of Interest”** means, in respect of any Subsequent Reset Period, the rate of interest determined by the Determination Agent on the relevant Reset Determination Date as the sum of the relevant Reset Reference Rate, as may be adjusted in the applicable Final Terms and the relevant Subsequent Margin; and

**“U.S. Treasury Rate”** means, with respect to any Reset Period and related Reset Determination Date, the rate per annum calculated by the Determination Agent equal to: (1) the average of the yields on actively traded U.S. Treasury securities adjusted to constant maturity, for a maturity comparable with the Reset Period, for the five business days immediately prior to the Reset Determination Date and appearing under the caption “Treasury constant maturities” at the Reset Determination Time on the Reset Determination Date in the applicable most recently published statistical release designated “H.15 Daily Update”, or any successor publication that is published by the Board of Governors of the Federal Reserve System that establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity, under the caption “Treasury Constant Maturities”,

for a maturity comparable with the Reset Period; or (2) if such release (or any successor release) is not published during the week immediately prior to the Reset Determination Date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Reset Reference Bond, calculated using a price for the Reset Reference Bond (expressed as a percentage of its principal amount) equal to the Reset Reference Bond Price for such Reset Determination Date; If the U.S. Treasury Rate cannot be determined, for whatever reason, as described under (1) or (2) above, “U.S. Treasury Rate” means the rate in percentage per annum as notified by the Determination Agent to the Issuer equal to the yield on U.S. Treasury securities having a maturity comparable with the Reset Period as set forth in the most recently published statistical release designated “H.15 Daily Update” under the caption “Treasury constant maturities” (or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption “Treasury constant maturities” for the maturity comparable with the Reset Period) and as at the Reset Determination Time on the last available date preceding the Reset Determination Date on which such rate was set forth in such release (or any successor release).

***Maximum or Minimum Rate of Interest***

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

**4E Interest — Supplemental Provision**

***Interest Payment Date Conventions and other Calculations***

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

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

- (i) the “**FRN Convention**”, in which case interest shall be payable in arrear on each date (each an “**Interest Payment Date**”) which numerically corresponds to their date of issue or such other date as may be specified in the relevant Final Terms or, as the case may be, the preceding Interest Payment Date in the calendar month which is the number of months specified in the relevant Final Terms after the calendar month in which such date of issue or such other date as aforesaid or, as the case may be, the preceding Interest Payment Date occurred **provided that:**
  - (A) if there is no such numerically corresponding day in the calendar month in which an Interest Payment Date should occur, then the relevant Interest Payment Date will be the last day which is a Business Day (as defined in Condition 8B.02) in that calendar month;
  - (B) if an Interest Payment Date would otherwise fall on a day which is not a Business Day, then the relevant Interest Payment Date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (C) if such date of issue or such other date as aforesaid or the preceding Interest Payment Date occurred on the last day in a calendar month which was a Business Day, then all subsequent Interest Payment Dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which such date of issue or such other date as aforesaid or, as the case may be, the preceding Interest Payment Date occurred;

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

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

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” 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 D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

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

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” 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 D<sub>2</sub> will be 30.

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

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” 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 D<sub>1</sub> will be 30; and

“D<sub>2</sub>” 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 D<sub>2</sub> will be 30.

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

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

4E.02 The Determination Agent will cause each Rate of Interest, floating rate, Interest Payment Date, final day of a calculation period, Interest Amount, floating amount or other item, as the case may be, determined or calculated by it to be notified to the Issuer and the Issue and Paying Agent. The Issue



and Paying Agent will cause all such determination or calculations to be notified to the other Issue and Paying Agents (from whose respective specified offices such information will be available) and to the Holders in accordance with Condition 13 (*Notices*) as soon as practicable after such determination or calculation but in any event not later than the fourth London Banking Day thereafter or, if earlier, in the case of notification to any listing authority, stock exchange and/or quotation system, the time required by the rules of any such listing authority, stock exchange and/or quotation system. The Determination Agent will be entitled to amend any Interest Amount, floating amount, Interest Payment Date or final day of a calculation period (or to make appropriate alternative arrangements by way of adjustment) without prior notice in the event of the extension or abbreviation of any relevant Interest Period or calculation period and such amendment will be notified in accordance with the first two sentences of this Condition 4E.02.

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

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

#### ***Accrual of Interest***

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

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

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

- (i) subject to paragraph (iii) below, from and including the first Interest Payment Date following the date a Step Down Rating Change occurs, the rate of interest payable on the Ordinary Senior Notes shall be the Initial Interest Rate. For the avoidance of doubt, the rate of interest payable on the Ordinary Senior Notes shall remain at the Initial Interest Rate notwithstanding any further increase in the rating assigned to the Senior Notes above BBB-/Baa3 (or equivalent);
- (ii) subject to paragraph (iii) below, from and including the first Interest Payment Date following the date a Step Up Rating Change occurs, the rate of interest payable on the Ordinary Senior Notes shall be the Initial Interest Rate plus the applicable Step Up Margin specified in the relevant Final Terms (together, the “**Increased Rate of Interest**”). For the avoidance of doubt, the rate of interest payable on the Ordinary Senior Note shall remain at the Increased Rate of Interest notwithstanding any further decrease in the rating of the Senior Notes below BB+/Ba1 (or equivalent); and
- (iii) if, within the same Interest Period, at least one Step Up Rating Change and at least one Step Down Rating Change occurs (A) where the majority of Rating Agencies announce a Step Down Rating Change, paragraph (i) above shall apply, (B) where the majority of Rating Agencies announce a Step Up Rating Change, paragraph (ii) above

shall apply and (C) otherwise, the rate of interest payable on the Ordinary Senior Note shall neither be increased nor decreased.

- (b) Notwithstanding any other provision of this Condition 4F.01, there shall be no adjustment in the rate of interest applicable to the Ordinary Senior Notes (1) on the basis of any rating assigned to the Senior Note by any rating agency other than on a basis solicited by or on behalf of the Issuer even if at the relevant time such rating is the only rating then assigned to the Ordinary Senior Notes and (2) at any time after notice of redemption has been given pursuant to Conditions 5.07 or 5.08.
- (c) There shall be no limit on the number of times that adjustments to the rate of interest payable on the Senior Notes may be made pursuant to this Condition 4F.01 during the term of the Ordinary Senior Notes, provided always that at no time during the term of the Ordinary Senior Notes will the rate of interest payable on the Ordinary Senior Notes be less than the Initial Interest Rate or more than the Increased Rate of Interest.
- (d) In the event the rate of interest payable on the Ordinary Senior Notes is the (ii) Increased Rate of Interest, any Maximum Rate of Interest or Minimum Rate of Interest specified hereon shall be increased by the Step Up Margin specified hereon and (ii) Initial Interest Rate as a result of a Step Down Rating Change, the Maximum Rate of Interest and the Minimum Rate of Interest shall be restored to the Maximum Rate of Interest and the Minimum Rate of Interest specified hereon.
- (e) If the rating designations employed by any of Moody's, Fitch or S&P are changed from those which are described in this Condition 4F.01, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine, the rating designations of Moody's, Fitch or S&P or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's, Fitch or S&P and this Condition 4F.01 shall be read accordingly.
- (f) The Issuer will cause the occurrence of an event giving rise to an adjustment in the rate of interest payable on the Ordinary Senior Notes pursuant to this Condition 4F.01 to be notified to the Issue and Paying Agent and notice thereof to be given in accordance with Condition 13 as soon as possible after the occurrence of the relevant event.

In these Terms and Conditions:

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

**"Fitch"** means Fitch Ratings Ireland Limited or any of its affiliates or successor;

**"Moody's"** means Moody's Investors Service España, S.A. or any of its affiliates or successor;

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

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

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

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

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

provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

In this condition 4F.02:

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

#### **4G Interest - Benchmark discontinuation:**

##### ***Independent Adviser***

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

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

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4G.01 prior to the relevant Reset Determination Date or Interest Determination Date, as applicable, the Rate of Interest applicable to the next succeeding Reset Period or Interest Period, as applicable, shall be calculated by reference to the reference rate last determined in relation to the Notes in respect of the immediately preceding Reset Period or Interest Period, respectively. If there has not been a first Interest Payment Date, the Rate of Interest shall be calculated by reference to the Initial Reference Rate. For the avoidance of doubt, where a different First Margin, Subsequent Margin, Margin Plus Rate, Specified Percentage Multiplied by Rate, Difference in Rates or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Reset Period or Interest Period, as applicable, from that which applied to the last preceding Reset Period or Interest Period, respectively, the First Margin, Subsequent Margin, Margin Plus Rate, Specified Percentage Multiplied by Rate, Difference in Rates or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Reset Period or Interest Period, respectively, shall be substituted in place of the First Margin, Subsequent Margin, Margin Plus Rate, Specified Percentage Multiplied by Rate, Difference in Rates or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Reset Period or Interest Period, respectively. For the avoidance of doubt, this Condition 4G.01 shall apply to the relevant next succeeding Reset Period or Interest Period only and any subsequent Reset Periods or Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4G.01. However, the Issuer intends that, in circumstances where it has been unable to determine a Successor Rate or Alternative Rate (as applicable) and (in either case) Adjustment Spread pursuant to Condition 4G, it will elect to re-apply the provisions of Condition 4G if and when, in its sole determination, there have been such subsequent developments (whether in applicable law, market practice or otherwise) as would enable it successfully to apply such provisions and determine a Successor Rate or Alternative Rate (as applicable) and (in either case) the applicable Adjustment Spread and the applicable Benchmark Amendments (if any).

##### ***Successor Rate or Alternative Rate***

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

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

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

#### ***Adjustment Spread***

4G.03 The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread), if any, shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Issuer, following consultation with the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or the Alternative Rate (as applicable) will apply without an Adjustment Spread).

#### ***Benchmark Amendments***

4G.04 If any Successor Rate, Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4G and the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these Terms and Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “Benchmark Amendments”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4F.05, without any requirement for the consent or approval of Holders, vary these Terms and Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Notwithstanding any other provision of this Condition 4G, the Determination Agent or any Paying Agent is not obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 4G.04 to which, in the sole opinion of the Determination Agent or the relevant Paying Agent, as the case may be, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Determination Agent or the relevant Paying Agent (as applicable) in the Issue and Paying Agency Agreement and/or these Conditions.

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

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

Notwithstanding any other provision of this Condition 4G, in the case of Senior Non Preferred Notes and Ordinary Senior Notes constituting TLAC/MREL-Eligible Notes only, no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Regulator treating the next Interest Payment Date or Reset Date, as the case may be, as the effective maturity of the Notes, rather than the relevant Maturity Date.

#### ***Notices, etc.***

4G.05 Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4G will be notified promptly by the Issuer to the Determination Agent, the Paying Agents and, in accordance with Condition 13, the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Holders of the same, the Issuer shall deliver to the Issue and Paying Agent and the Determination Agent a certificate signed by two authorised signatories of the Issuer:

- (i) confirming (a) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread and (iv) the specific

terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4G; and

- (ii) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Issue and Paying Agent shall make such certificate available for inspection at its offices by the Holders at all reasonable times during normal business hours or may be provided by email to the Noteholders following their prior written request to the Issue and Paying Agent and provision of proof of holding and identity (in a form satisfactory to the Issue and Paying Agent).

Each of the Issue and Paying Agent and the Determination Agent shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Issue and Paying Agent's or the Determination Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Issue and Paying Agent, the Determination Agent and the Holders.

Notwithstanding any other provision of this Condition 4G, if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Determination Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 4G, the Determination Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Determination Agent in writing as to which alternative course of action to adopt. If the Determination Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Determination Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

#### ***Survival of Original Reference Rate***

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

#### ***Definitions:***

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

**“Adjustment Spread”** means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in each case, to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (ii) the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Issuer determines that no such spread is customarily applied);
- (iii) the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or (if the Issuer determines that no such industry standard is recognised or acknowledged);

- (iv) if no such spread, formula or methodology can be determined in accordance with (i) to (iii) above, the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines to be appropriate, having regard to the objective, so far as is reasonably practicable in the circumstances and solely for the purposes of this subclause (iv) only, of reducing or eliminating any economic prejudice or benefit (as the case may be) to the Holders.

**“Alternative Rate”** means an alternative benchmark or screen rate which the Issuer following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines in accordance with Condition 4G.02 is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

**“Benchmark Amendments”** has the meaning given to it in Condition 4G.02.

**“Benchmark Event”** means:

- (i) the Original Reference Rate ceasing to exist or ceasing to be published for a period of at least 5 Business Days in relation to a Rate of Interest of Floating Rate Notes or CMS-Linked Notes or 5 Reset Business Days in relation to a Reset Notes; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (v) the making of a public statement by or on behalf of the supervisor of the administrator of the Original Reference Rate that (a) the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market, and (b) such representativeness will not be restored (as determined by such supervisor); or
- (vi) it has become unlawful for any Paying Agent, the Determination Agent, the Issuer or other party to calculate any payments due to be made to any Holder using the Original Reference Rate.

***provided that*** the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Issue and Paying Agent and the Determination Agent. For the avoidance of doubt, neither the Issue and Paying Agent nor the Determination Agent shall have any responsibility for making such determination.

**“Independent Adviser”** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise in international debt capital markets appointed by the Issuer.

**“Original Reference Rate”** means (i) the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof), as applicable, on the Notes, or (ii) any Successor Rate or Alternative Rate which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of this Condition 4G, as applicable.

**“Relevant Nominating Body”** means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

## 5 Redemption and Purchase

### *Redemption at Maturity*

- 5.01 Unless previously redeemed, or purchased and cancelled, each Note shall be redeemed at its maturity redemption amount (the “**Maturity Redemption Amount**”) (which shall be its principal amount) (or, in the case of Instalment Notes, in such number of instalments and in such amounts as may be specified in the relevant Final Terms) on the date or dates (or, in the case of Notes which bear interest at a floating rate of interest, on the date or dates upon which interest is payable) specified in the relevant Final Terms. Tier 2 Subordinated Notes qualifying as regulatory capital (*recursos propios*) in accordance with applicable capital adequacy requirements will have a maturity of not less than five years or as otherwise permitted by applicable laws or Applicable Banking Regulations.

Senior Non Preferred Notes will have an original maturity of at least one year from their date of effective disbursement or such minimum or maximum maturity as may be permitted or required from time to time by Applicable Banking Regulations.

### *Early Redemption for Taxation Reasons*

- 5.02 If, in relation to any Series of Notes, (i) as a result of any change in the laws or regulations of Spain or in either case of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or application of any such laws or regulations which becomes effective on or after the date of issue of such Notes or any earlier date specified in the relevant Final Terms, (a) the Issuer would be required to pay additional amounts as provided in Condition 7 (*Taxation*), or (b) in the case of Subordinated Notes and Senior Non Preferred Notes, the Issuer is no longer entitled to claim a deduction in respect of any payments in relation to the Subordinated Notes or the Senior Non Preferred Notes in computing its taxation liabilities or the value of such deduction to the Issuer would be materially reduced, and (ii) such circumstances are evidenced by the delivery by the Issuer to the Issue and Paying Agent of a certificate signed by two Authorised Signatories of the Issuer stating that the said circumstances prevail and describing the facts leading thereto, an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail and, in the case of Subordinated Notes and Senior Non Preferred Notes a copy of the Relevant Resolution Authority consent to the redemption (when required at the time by Applicable Banking Regulations), the Issuer may, at its option and having given no less than 15 nor more than 30 calendar days’ notice (or such lesser period as may be specified in the relevant Final Terms) (ending, in the case of Notes which bear interest at a floating rate, on a day upon which interest is payable) to the Holders of the Notes in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes comprising the relevant Series at their early tax redemption amount (the “**Early Redemption Amount (Tax)**”) (which shall be their principal amount or at such other Early Redemption Amount (Tax) as may be specified in the relevant Final Terms) less, in the case of any Instalment Note, the aggregate amount of all instalments that shall have become due and payable in respect of such Note prior to the date fixed for redemption under any other Condition (which amount, if and to the extent not then paid, remains due and payable), together with accrued interest (if any) thereon **provided, however, that** (i) no such notice of redemption may be given earlier than 90 days (or, in the case of Notes which bear interest at a floating rate a number of days which is equal to the aggregate of the number of days falling within the then current interest period applicable to the Notes plus 60 days) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due, and (ii) in the case of Subordinated Notes, Senior Non Preferred

Notes and Ordinary Senior Notes constituting TLAC/MREL-Eligible Notes, that the Regulator and/or Relevant Resolution Authority consents to redemption of the relevant Notes.

For the purposes of these Terms and Conditions:

“**Relevant Resolution Authority**” means the FROB, the SRB or any other entity with the authority to exercise any of the resolutions tools and powers contained in the Applicable Banking Regulations;

“**FROB**” means the Steering Committee of the Spanish banking resolution authority or *Fondo de Resolución Ordenada Bancaria*; and

“**SRB**” means the Single Resolution Board or *Junta Única de Resolución*.

#### **Early Redemption due to Capital Disqualification Event**

- 5.03 If, in the case of Tier 2 Subordinated Notes only, a Capital Disqualification Event occurs as a result of a change (or any pending change which the Regulator considers sufficiently certain) in Spanish law or Applicable Banking Regulations becoming effective on or after the Issue Date, the Issuer may, at its option and having given not less than 15 nor more than 30 calendar days’ notice (or such lesser period as may be specified in the relevant Final Terms) to the Issue and Paying Agent and, in accordance with Condition 13, the Holders of the Tier 2 Subordinated Notes (which notice shall be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions all, but not some only, of the Tier 2 Subordinated Notes.

Tier 2 Subordinated Notes redeemed pursuant to this Condition 5.03 will be redeemed at their early redemption amount (the “**Early Redemption Amount (Capital Disqualification Event)**”) (which shall be their principal amount or a such other Early Redemption Amount (Capital Disqualification Event) as may be specified in the relevant Final Terms) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Redemption of Tier 2 Subordinated Notes for regulatory reasons pursuant to this Condition 5.03 is subject to the prior consent of the Regulator and/or the Relevant Resolution Authority if and as required therefor under Applicable Banking Regulations and may only take place in accordance with Applicable Banking Regulations in force at the relevant time.

For the purposes of these Terms and Conditions:

“**Consumer Group**” means the Issuer and the companies whose accounts are consolidated with those of the Issuer;

“**Capital Disqualification Event**” means a change in the Applicable Banking Regulations, in any other regulations applicable in the Kingdom of Spain or in the application or official interpretation thereof that results or is likely to result in any of the outstanding aggregate nominal amount of the relevant Tier 2 Subordinated Notes ceasing to be included in, or counting towards, the Consumer Group’s or the Issuer’s Tier 2 Capital;

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

“**SRM Regulation**” means Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the Single Resolution Mechanism and the Single Resolution Fund and amending Regulation (EU) No. 1093/2010, as amended or replaced from time to time (including by the SRM Regulation II);

“**SRM Regulation II**” means Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 806/2014 as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms;



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

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

“**BRRD II**” means Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC;

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

“**CRD IV**” means the CRD IV Directive, the CRR and any CRD IV Implementing Measures;

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

“**CRD V Directive**” means Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures;

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

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

“**CRR II**” means Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012.

#### ***Early Redemption due to TLAC/MREL Disqualification Event***

- 5.04 If, in the case of Notes where TLAC/MREL Disqualification Event has been specified as applicable in the relevant Final Terms, a TLAC/MREL Disqualification Event has occurred and is continuing, the Issuer may, at its option and having given not less than 15 nor more than 30 calendar days’ notice (or such lesser period as may be specified in the relevant Final Terms) to the Issue and Paying Agent and, in accordance with Condition 13, the Holders of the relevant Notes (as applicable) (which notice shall be irrevocable and shall specify the date for redemption), elect to redeem in accordance with these Conditions all, but not some only, of the relevant Notes (as applicable). Upon the expiry of such notice, the Issuer shall redeem the relevant Notes (as applicable).

Notes redeemed pursuant to this Condition 5.04 will be redeemed at their early redemption amount (the “**Early Redemption Amount (TLAC/MREL Disqualification Event)**”) (which shall be their principal amount or such other Early Redemption Amount (TLAC/MREL Disqualification Event) as may be specified in or determined in accordance with the relevant Final Terms) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Redemption of Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes where the TLAC/MREL Disqualification Event has been specified as applicable in the relevant Final Terms, for regulatory reasons pursuant to this Condition 5.04 will be subject to the prior consent of the Regulator and/or Relevant Resolution Authority if and as required therefor under Applicable Banking Regulations and may only take place in accordance with Applicable Banking Regulations in force at the relevant time. Redemption of Tier 2 Subordinated Notes where the TLAC/MREL Disqualification Event has been specified as applicable in the relevant Final Terms may be made pursuant to a TLAC/MREL Disqualification Event only after five years from their date of issuance or any other minimum period permitted by the Applicable Banking Regulations.

For the purposes of these Terms and Conditions:

**“EU Banking Reforms”** means the directives and regulations amending and supplementing certain provisions of the CRD IV Directive, the CRR, the SRM Regulation and the BRRD adopted and published in the Official Journal of the EU on 7 June 2019, namely:

- (i) Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012;
- (ii) Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 806/2014 as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms;
- (iii) Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures; and
- (iv) Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC.

**“MREL”** means the “minimum requirement for own funds and eligible liabilities” for credit institutions under the BRRD, set in accordance with Article 45 of the BRRD (as transposed in Spain), Commission Delegated Regulation (EU) 2016/1450 of 23 May 2016, supplementing Directive 2014/59/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible liabilities, and any other Applicable Banking Regulations;

**“TLAC”** means the “total loss-absorbing capacity” requirement for global systemically important institutions under the CRR, set in accordance with Article 92a of the CRR and any other Applicable Banking Regulations;

**“TLAC/MREL Disqualification Event”** means at any time that all or part of the outstanding nominal amount of the Subordinated Notes, the Senior Non Preferred Notes or the Ordinary Senior Notes (as applicable) does not fully qualify as TLAC/MREL-Eligible Notes of the Issuer and/or the Consumer Group, except where such non-qualification (i) is due solely to the remaining maturity of the relevant Notes (as applicable) being less than any period prescribed for TLAC/MREL-Eligible Notes by the Applicable Banking Regulations as at the Issue Date or (ii) is as a result of the relevant Notes (as applicable) being bought back by or on behalf of the Issuer or a buy back of the relevant Notes which is funded by or on behalf of the Issuer; and

**“TLAC/MREL-Eligible Note”** means an instrument that is eligible to be counted towards the TLAC and/or MREL, and for the avoidance of doubt irrespective of the quantum limitation that may be applicable to certain types of instruments by the Applicable Banking Regulations.

***Early redemption at the option of the Issuer (Clean-Up Redemption)***

- 5.05 If the Clean-Up Redemption Option is specified in the relevant Final Terms as being applicable, and if 75% or any higher percentage specified in the relevant Final Terms (the **“Clean-Up Percentage”**) of the initial aggregate nominal amount of the Notes of the same Series (which for the avoidance of doubt includes, any additional Notes issued subsequently and forming a single series with the first Tranche of a particular Series of Notes) have been redeemed or purchased by, or on behalf of, the

Issuer and cancelled, the Issuer may, on any date that is an Interest Payment Date, as its option and having given not less than 15 nor more than 30 calendar days' notice (or such lesser period as may be specified in the relevant Final Terms) (the "**Clean-Up Redemption Notice**"), to the Issue and Paying Agent and, in accordance with Condition 13, to the Holders of the Notes, (which notice shall be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Terms and Conditions, all but not some only, of the relevant Notes.

Notes redeemed pursuant to this Condition 5.05 will be redeemed at their early redemption amount (the "**Early Redemption Amount (Clean-Up Call)**") (which shall be their principal amount or such other Early Redemption Amount (Clean-Up Call) as may be specified in or determined in accordance with the relevant Final Terms) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

In the case of Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes constituting TLAC/MREL-Eligible Notes, where the Clean-Up Redemption Option has been specified as applicable in the relevant Final Terms, redemption pursuant to this Condition 5.05 will be subject to the prior consent of the Regulator and/or the Relevant Resolution Authority if and as required therefor under Applicable Banking Regulations and may only take place in accordance with Applicable Banking Regulations (including, without limitation, in accordance with Articles 77 and 78 of the CRR, where applicable) in force at the relevant time. Redemption of Tier 2 Subordinated Notes where the Clean-Up Redemption Option has been specified as applicable in the relevant Final Terms may be made pursuant to a Clean-Up Redemption Option only after five years from their date of issuance or any other minimum period permitted by the Applicable Banking Regulations.

#### **5.06 Early Redemption (Zero Coupon Notes)**

- (a) The early redemption amount payable in respect of any Zero Coupon Note (the "**Early Redemption Amount (Zero Coupon)**") upon redemption of such Note pursuant to Condition 5.02, Condition 5.03, Condition 5.04, Condition 5.05, Condition 5.07 or Condition 5.10 or upon it becoming due and payable as provided in Condition 6 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (b) Subject to the provisions of sub-paragraph (c) below, the "**Amortised Face Amount**" of any such Note shall be the scheduled Maturity Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is set out in the relevant Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (c) If the Early Redemption Amount (Zero Coupon) payable in respect of any such Note upon its redemption pursuant to Condition 5.02, Condition 5.03, Condition 5.04, Condition 5.05, Condition 5.07 or Condition 5.10 or upon it becoming due and payable as provided in Condition 6 is not paid when due, the Early Redemption Amount (Zero Coupon) due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (b) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgement) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Maturity Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4E.

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

#### **Optional Early Redemption (Call)**

- 5.07 If this Condition 5.07 is specified in the relevant Final Terms as being applicable, then the Issuer may, having given not less than 15 calendar days' notice (or such lesser period as may be specified in the relevant Final Terms) to the Issue and Paying Agent and, in accordance with Condition 13, the Holders of the Notes 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, on the Early Redemption Date(s) specified in the relevant Final Terms, at their call early redemption amount (the "**Early Redemption Amount (Call)**") (which shall be their principal amount or such other Early Redemption Amount

(Call) as may be specified in the relevant Final Terms) less, in the case of any Instalment Note, the aggregate amount of all instalments that shall have become due and payable under any other Condition (which amount, if and to the extent not then paid, remains due and payable), together with accrued interest (if any) thereon.

In the case of Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes constituting TLAC/MREL-Eligible Notes, redemption at the option of the Issuer pursuant to this Condition 5.07 will be subject to the prior consent of the Regulator and/or the Relevant Resolution Authority if and as required therefor under Applicable Banking Regulations and may only take place in accordance with Applicable Banking Regulations in force at the relevant time.

5.08 The appropriate notice referred to in Condition 5.07 is a notice given by the Issuer to the Issue and Paying Agent and the Holders of the Notes of the relevant Series, which notice shall be signed by two duly authorised officers of the Issuer and shall specify:

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

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

#### ***Partial Redemption***

5.09 If the Notes of a Series are to be redeemed in part only on any date in accordance with Condition 5.07, the Notes to be redeemed shall be drawn by lot, with the intervention of the relevant Commissioner and before a Notary Public who will take the minutes, in such European city as the Issue and Paying Agent may specify, or identified in such other manner or in such other place as the Issue and Paying Agent may approve and deem appropriate and fair subject always to compliance with all applicable laws and the requirements of any listing authority, stock exchange and/or quotation system on which the relevant Notes may be listed and/or quoted.

In connection with an exercise of the option contained in Condition 5.07 (*Optional Early Redemption (Call)*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

In the case of Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes constituting TLAC/MREL-Eligible Notes, redemption at the option of the Issuer pursuant to this Condition 5.09 will be subject to the prior consent of the Regulator and/or the Relevant Resolution Authority if and as required therefor under Applicable Banking Regulations and may only take place in accordance with Applicable Banking Regulations in force at the relevant time.

#### ***Optional Early Redemption (Put) – Senior Notes***

5.10 If this Condition 5.10 is specified in the relevant Final Terms as being applicable to the Senior Notes, then the Issuer shall, upon the exercise of the relevant option by the Holder of any Note of the relevant Series, redeem such Note on the date or the dates specified in the relevant Final Terms at its put early redemption amount (the “**Early Redemption Amount (Put)**”) (which shall be its principal amount or such other Early Redemption Amount (Put) as may be specified in the relevant Final Terms) less, in the case of any Instalment Note, the aggregate amount of all instalments that shall have become due and payable in respect of such Note under any other Condition prior to the date fixed for redemption (which amount, if and to the extent not then paid, remains due and payable), together with accrued interest (if any) thereon. In order to exercise such option, the Holder must, not more than 90 days nor 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 Note (together, in the case of a Definitive Note, with any unmatured Coupons appertaining thereto) with any Paying Agent together with a duly completed redemption notice in the form which is available from the specified office of any of the Issue and Paying Agents. No Note so deposited and option exercised may be withdrawn. Not less than 15 nor more than 45 calendar days' notice of the commencement of the period for the deposit of the relevant Note for redemption pursuant to this Condition 5.10 shall be given to the Holders.

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

The Holder of a Note may not exercise such option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under either Condition 5.02, 5.03, 5.04 5.05 or 5.06.

#### ***Purchase of Notes***

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

In the case of (i) Subordinated Notes and Senior Non Preferred Notes which qualify as regulatory capital (*recursos propios*) and TLAC/MREL instruments, and (ii) Ordinary Senior Notes constituting TLAC/MREL-Eligible Notes, the purchase of the Notes by the Issuer or any of its subsidiaries shall take place in accordance with the requirements of the Applicable Banking Regulations and will be subject to the prior consent of the Regulator and/or the Relevant Resolution Authority, if and as required.

#### ***Cancellation of Redeemed and Purchased Notes***

- 5.12 All unmatured Notes and Coupons and unexchanged Talons redeemed or purchased otherwise than in the ordinary course of business of dealing in securities or as a nominee in accordance with this Condition 5 will be cancelled forthwith and may not be reissued or resold.

#### ***Further Provisions applicable to Redemption Amount and Instalment Amounts***

- 5.13 The provisions of Condition 4E.02 shall apply to any determination or calculation of the Redemption Amount or any Instalment Amount required by the Final Terms to be made by the Determination Agent.
- 5.14 References herein to “**Redemption Amount**” shall mean, as appropriate, the Maturity Redemption Amount, the final Instalment Amount, Early Redemption Amount (Tax), Early Redemption Amount (TLAC/MREL Disqualification Event), Early Redemption Amount (Zero Coupon), Early Redemption Amount (Call), Early Redemption Amount (Put) and Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in the Final Terms.

#### ***Notices***

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

#### ***Notification to Euronext Dublin***

- 5.15 The Issuer shall notify Euronext Dublin of any early redemption (whether full or partial) of Notes.

### **6 Events of Default**

#### ***Events of Default for Ordinary Senior Notes***

- 6.01 If so specified in the relevant Final Terms, if, in the case of Ordinary Senior Notes, any of the following events occurs and is continuing (each an “**Event of Default**” solely in respect of Ordinary Senior Notes), such Event of Default shall be an acceleration event in relation to the Ordinary Senior Notes of any Series, namely:
- (i) *Non-payment*: if default is made in the payment of any interest or principal due in respect of the Ordinary Senior Notes of the relevant Series and such default continues for a period of seven days (or such other period as may be specified in the relevant Final Terms); or

- (ii) *Breach of other obligations*: if the Issuer fails to perform or observe any of its other obligations under or in respect of the Ordinary Senior Notes, the Issue and Paying Agency Agreement and (except in any case where such failure is incapable of remedy when no such continuation as is hereinafter mentioned will be required) the failure continues for a period of 30 days following the service by the relevant Commissioner (as defined in Condition 12 below) on the Issuer of a notice requiring the same to be remedied; or
- (iii) *Winding up*: if any order is made by any competent court or resolution passed for the winding up or liquidation of the Issuer; or
- (iv) *Cessation of business*: if the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of a reorganisation (except in any such case for the purpose of a reconstruction or a merger or amalgamation which has been previously approved by a resolution of the relevant Syndicate of Holders of the Ordinary Senior Notes or a merger with another financial institution in this case even without being approved by a resolution of the relevant Syndicate of Holders of the Ordinary Senior Notes a merger, spin-off or any other structural modification (*modificación estructural*), provided that any entity that survives or is created as a result of such merger reconstruction, merger, spin-off or other structural modification is given a rating by an internationally recognised rating agency at least equal to the then current rating of the Issuer, as the case may be, at the time of such merger transaction), or the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class thereof) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (v) *Insolvency proceedings*: if (a) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or in relation to the whole or a part of the undertaking or assets of it, or an encumbrancer takes possession of the whole or a part of the undertaking or assets of either of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a part of the undertaking or assets or any of them, and (b) in any case is not discharged within 14 days; or
- (vi) *Arrangements with creditors*: if the Issuer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors).

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

***No Events of Default for Subordinated Notes, Senior Non Preferred Notes and certain Ordinary Senior Notes***

- 6.03 Save as provided below, there are no events of default under the Subordinated Notes and the Senior Non Preferred Notes and, to the extent Conditions 6.01 and 6.02 have not been so specified in the relevant Final Terms as applicable, the Ordinary Senior Notes, which could lead to an acceleration of the relevant Subordinated Notes, Senior Non Preferred Notes or Ordinary Senior Notes.

However, if an order is made by any competent court commencing insolvency proceedings against the Issuer or if any order is made by any competent court or resolution passed for the insolvency, winding up or liquidation of the Issuer and such order is continuing, then any Note may, unless there has been a resolution to the contrary by the Syndicate of Holders of Notes, by written notice addressed by the Holder thereof to the Issuer and delivered to the Issuer or to the specified office of the Issue and Paying Agent, be declared immediately due and payable, whereupon the principal amount of such Notes together with any accrued and unpaid interest thereon to the date of payment shall become immediately due and payable without further action or formality.

Notwithstanding the above, if default is made in the payment of any interest or principal due in respect of the Notes and such default continues for a period of seven days then, (i) the Commissioner, acting upon a resolution of the Syndicate of Holders of Notes, in respect of all Subordinated Notes, Senior Non Preferred Notes or Ordinary Senior Notes, as the case may be, or (ii) unless there has been a resolution to the contrary by the Syndicate of Holders of Notes (which resolution shall be binding on all Holders), any Holder in respect of the Subordinated Notes, Senior Non Preferred Notes or Ordinary Senior Notes, as the case may be, held by such Holder, may institute proceedings for the insolvency, winding up or liquidation of the Issuer but may take no further or other action in respect of such default.

In addition, (i) the Commissioner, acting upon a resolution of the Syndicate of Holders of Notes, or (ii) unless there has been a resolution to the contrary by the Syndicate of Holders of Notes (which resolution shall be binding on all Holders), any Holder in respect of the Notes held by such Holder, may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Notes, provided that the Issuer shall not as a consequence of such proceedings be obliged to pay any sum or sums representing or measured by reference to principal or interest in respect of the Notes sooner than the same would otherwise have been payable by it or any damages.

Neither a cancellation of the Notes, a reduction, in part or in full, of the principal amount of the Notes or any accrued and unpaid interest on the Notes, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the Bail-in Power by the Relevant Resolution Authority with respect to the Issuer, nor the exercise of any Bail-in Power by the Relevant Resolution Authority with respect to the Notes will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Holders to any remedies (including equitable remedies), which are hereby expressly waived.

**7. Taxation**

- 7.01 All amounts payable (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Notes, the Receipts and the Coupons by the Issuer will be made free and clear of, and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by, within or on behalf of Spain or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges (“**Taxes**”) is required by law. In that event, the Issuer shall pay such additional amounts (in the case of Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes qualifying as TLAC/MREL-Eligible Notes and/or Coupons of Subordinated Notes, Senior Non Preferred Notes and Ordinary Senior Notes qualifying as TLAC/MREL-Eligible Notes, in respect of the payment of any interest only (but not in respect of the payment of any principal)) as will result in receipt by the holder or beneficial owner of any interest herein or rights of any Note, Receipt or Coupon (each, a “**Beneficial Owner**”) of such amounts as would have been received by them had no such withholding or deduction been required.
- 7.02 The Issuer shall not be required to pay any additional amounts as referred to in Condition 7.01 in relation to any payment in respect of any Note, Receipt or Coupon:

- (i) to, or to a third party on behalf of, a Beneficial Owner of a Note, Receipt or Coupon who is liable for such Taxes in respect of such Note, Receipt or Coupon by reason of his having some connection with Spain other than the mere holding of such Note, Receipt or Coupon; or
- (ii) to, or to a third party on behalf of, a Beneficial Owner if the Issuer does not receive the information in respect of the notes as may be required in order to comply with the applicable Spanish tax reporting obligations; or
- (iii) presented for payment more than thirty days after the Relevant Date, except to the extent that the relevant Beneficial Owner would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of thirty days; or
- (iv) to, or to a third party on behalf of, individuals resident for tax purposes in the Kingdom of Spain; or
- (v) to, or to a third party on behalf of, a Spanish-resident legal entity subject to Spanish corporation tax if the Spanish tax authorities determine that the Notes do not comply with exemption requirements specified in the Reply to a Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 and require a withholding to be made.

In addition, additional amounts as referred to in Condition 7 will not be payable with respect to any Taxes that are imposed in respect of any combination of the items set forth above.

See “Taxation” for a fuller description of certain tax considerations relating to the Notes.

Notwithstanding any other provision of these Terms and Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer, will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

- 7.03 For the purposes of these Terms and Conditions, the “**Relevant Date**” means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Issue and Paying Agent on or prior to such due date, it means the first date on which, the full amount of such moneys having been so received and being available for payment to Holders of Notes, Receipts and Coupons, notice to that effect shall have been duly given to the Holders of the Notes of the relevant Series in accordance with Condition 13 (*Notices*).
- 7.04 Unless the context otherwise requires, any reference in these Terms and Conditions to “**principal**” shall include any premium payable in respect of a Note, any Instalment Amount or Redemption Amount and any other amounts in the nature of principal payable pursuant to these Terms and Conditions and “**interest**” shall include all amounts payable pursuant to Condition 4 (*Interest*) and any other amounts in the nature of interest payable to these Terms and Conditions.

## 8. Payments

### 8A Payments

8A.01 Payment of amounts (other than interest) due in respect of Bearer Notes will be made against presentation and (save in the case of a partial redemption which includes, in the case of an Instalment Note, payment of any instalment other than the final instalment) surrender of the relevant Bearer Notes at the specified office of any of the Issue and Paying Agents.

8A.02 Payment of amounts in respect of interest on Bearer Notes will be made:

- (i) in the case of a Temporary Global Note or Permanent Global Note, against presentation of the relevant Temporary Global Note or Permanent Global Note at the specified office of any of the Issue and Paying Agents outside (unless Condition 8A.03 applies) the United States and, in the case of a Temporary Global Note, upon due certification as required therein;



- (ii) in the case of Definitive Notes without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Definitive Notes at the specified office of any of the Issue and Paying Agents outside (unless Condition 8A.03 applies) the United States; and
- (iii) in the case of Definitive Notes delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons or, in the case of interest due otherwise than on a scheduled date for the payment of interest, against presentation of the relevant Definitive Notes, in either case at the specified office of any of the Issue and Paying Agents outside (unless Condition 8A.04 applies) the United States.

8A.03 Payments of amounts due in respect of interest on the Bearer Notes and exchanges of Talons for Coupon sheets in accordance with Condition 8A.03 will not be made at the specified office of any Paying Agent in the United States (as defined in the United States Internal Revenue Code and Regulations thereunder) unless (a) payment in full of amounts due in respect of interest on such Notes when due or, as the case may be, the exchange of Talons at all the specified offices of the Issue and Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions, and (b) such payment or exchange is permitted by applicable United States law. If parts (a) and (b) of the previous sentence apply, the Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City.

8A.04 If the due date for payment of any amount due in respect of any Bearer Note is not a Relevant Financial Centre Day (as defined in Condition 8B.02) and (in the case of Definitive Notes only) a local banking day (as defined in Condition 8B.02), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day (or as otherwise specified in the relevant Final Terms) and, thereafter will be entitled to receive payment on a Relevant Financial Centre Day and (in the case of Definitive Notes only) a local banking day and no further payment on account of interest or otherwise shall be due in respect of such delay or adjustment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 4E.04.

8A.05 Each Definitive Note initially delivered with Coupons attached thereto should be presented and, save in the case of partial payment which includes, in the case of an Instalment Note, payment of any instalment other than the final instalment, surrendered for final redemption together with all unmatured Coupons and Talons appertaining thereto, failing which:

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

The provisions of paragraph (i) of this Condition 8A.05 notwithstanding, if any Definitive Notes which bear interest at a fixed rate or rates should be issued with a maturity date and a fixed rate or fixed rates such that, on the presentation for payment of any such Definitive Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required by paragraph (i) to be deducted would be greater than the amount otherwise due for payment, then, upon the due date for redemption of any such Definitive Note, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon application of the provisions of paragraph (i) in respect of such Coupons as have not so become void, the amount required by paragraph (i) to be deducted would not be greater than the amount

otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Definitive Note to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

8A.06 In relation to Definitive Notes initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside (unless Condition 8A.03 applies) the United States in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 9 (*Prescription*) below. Each Talon shall, for the purpose of these Conditions, be deemed to mature on the due date for the payment of interest on which the final Coupon comprised in the relative Coupon sheet matures.

8A.07 For the purposes of these Terms and Conditions, the “**United States**” means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

## **8B Payments — General Provisions**

8B.01 Payments of amounts due (whether principal, redemption amount, interest or otherwise) in respect of Notes not denominated in Renminbi will be made in the currency in which such amount is due by (a) cheque or (b) at the option of the payee, transfer to an account denominated in the relevant currency specified by the payee.

Payments of amounts due (whether principal, redemption amount, interest or otherwise) in respect of Notes denominated in Renminbi will be made in Renminbi by transfer to an account denominated in Renminbi in Hong Kong specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto.

8B.02 For the purposes of these Terms and Conditions, save as otherwise defined, the following terms shall have the meaning set out below:

“**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;

“**Calculation Amount**” has the meaning given in the relevant Final Terms;

“**Instalment Amount**” has the meaning given in the relevant Final Terms;

“**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;

“**Reference Rate**” means one of (i) the Euro Interbank Offered Rate (“**EURIBOR**”), (ii) the Sterling Overnight Interbank Average Rate (“**SONIA**”), (iii) the Secured Overnight Financing Rate (“**SOFR**”), (iv) the euro short-term rate (“**€STR**”), (v) the daily Swiss Average Rate Overnight (“**SARON**”), (vi) the Tokyo Overnight Average (“**TONA**”) or (vii) such other rate, in each case, as specified in the relevant Final Terms;

“**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;

“**Relevant Financial Centre Day**” means, in the case of any currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the Relevant Financial Centre (which in the case of Australian dollars shall be Melbourne, in the case of New Zealand dollars shall be Wellington and which in the case of Renminbi shall be Hong Kong) and in any other place specified in the relevant Final Terms and in the case of payment in euro, a day which is a TARGET Business Day;

“**Relevant Screen Page**” means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

“**T2**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as T2) payment system which was launched on 20 March 2023 or any successor thereto; and

“**TARGET Business Day**” means any day on which the T2, or any successor thereto, is open for the settlement of payments in euro.

## **9. Prescription**

- 9.01 In relation to Definitive Notes initially delivered with Talons attached thereto, there shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue pursuant to Condition 8A.05 or the due date for the payment of which would fall after the due date for the redemption of the relevant Note or which would be void pursuant to this Condition 9 or any Talon the maturity date of which would fall after the due date for redemption of the relevant Note.

### **9A English law**

- 9A.01 If English law is specified as the governing law of the Notes in the relevant Final Terms, the provisions of Condition 9A shall apply to the Notes.

- 9A.02 Claims against the Issuer for payment of principal and interest in respect of Notes will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date for payment thereof.

### **9B Spanish law**

- 9B.01 If Spanish law is specified as the governing law of the Notes in the relevant Final Terms, the provisions of Condition 9B shall apply to the Notes.

- 9B.02 Prescription (*prescripción*) of claims against the Issuer for payment of principal and interest in respect of Notes will be five years after the date on which such payment becomes due and payable.

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

- 10.01 The initial Issue and Paying Agents and their respective initial specified offices are specified below. The Determination Agent in respect of any Notes shall be specified in the Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Issue and Paying Agent) or the Determination Agent and to appoint additional or other Issue and Paying Agents or another Determination Agent provided that it will at all times maintain (i) an Issue and Paying Agent, (ii) a Paying Agent (which may be the Issue and Paying Agent) with a specified office in a continental European city, (iii) so long as the Notes are listed on Euronext Dublin and/or any other listing authority, stock exchange and/or quotation system, a Paying Agent (which may be the Issue and Paying Agent) with a specified office in such place as may be required by the rules of such other listing authority, stock exchange and/or quotation system, (iv) in the circumstances described in Condition 8A.03, a Paying Agent with a specified office in New York City, and (v) a Determination Agent where required by the Terms and Conditions applicable to any Notes (in the case of (i), (ii) and (v) with a specified office located in such place (if any) as may be required by the Terms and Conditions). The Issue and Paying Agents and the Determination Agent reserve the right at any time to change their respective offices to some other specified office in the same city.

Notice of all changes in the identities or specified offices of the Issue and Paying Agents or the Determination Agent will be given promptly by the Issuer to the Holders of the Notes in accordance with Condition 13 (*Notices*).

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

## 11. Replacement of Notes

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

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

The Holders of the Notes of the relevant Series shall meet in accordance with the regulations governing the relevant Syndicate of Holders of the Notes (the “**Regulations**”). The Regulations contain the rules governing the functioning of each Syndicate of Holders of the Notes, including the provisions for meetings of such Syndicate to take place, and the rules governing its relationship with the Issuer and shall be attached to the relevant Public Deed of Issuance. A set of pro forma Regulations is included in this Base Prospectus and in the Issue and Paying Agency Agreement.

A Commissioner will be appointed for each Syndicate and will be specified in the relevant Final Terms.

The Issuer may, with the consent of the Issue and Paying Agent and the relevant Commissioner, but without the consent of the Holders of the Notes of any Series or Coupons, amend these Terms and Conditions, the Notes, the Coupons, the Talons, the Deed of Covenant and the Issue and Paying Agency Agreement, insofar as they may apply to such Notes to correct a manifest error or to make any modification that is of a minor, formal or technical nature or to comply with a mandatory provision of law. Subject as aforesaid, no other modification may be made to these Terms and Conditions, the Notes, the Coupons, the Talons, the Deed of Covenant or the Issue and Paying Agency Agreement except with the sanction of a resolution of the relevant Syndicate of Holders of Notes.

For the purposes of these Terms and Conditions,

- (i) “**Commissioner**” means the trustee (*comisario*) as this term is defined under the Consolidated Text of Law on Limited Liability Companies approved by Legislative Royal Decree 1/2010 dated 2 July (*Texto Refundido de la Ley de Sociedades de Capital*) (“**Spanish Companies Law**”) of each Syndicate of Holders of the Notes; and
- (ii) “**Syndicate**” means the syndicate (*sindicato*) as this term is described under the Spanish Companies Law.

## 13. Notices

- 13.01 Notices to Holders of Notes will, save where another means of effective communication has been specified herein or in the relevant Final Terms, be deemed to be validly given if published in an English language daily newspaper in London (which is expected to be the *Financial Times*) or on the website of Euronext Dublin if the Notes are listed on Euronext Dublin (so long as such Notes are listed on Euronext Dublin and the rules of that exchange so require), in a leading newspaper having general circulation in Ireland or, in either case if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe or, in the case of a Temporary Global Note or Permanent Global Note, if delivered to Euroclear and Clearstream, Luxembourg and any other relevant clearing system for communication by them to the

persons shown in their respective records as having interests therein provided that, in the case of Notes admitted to listing on any listing authority, stock exchange and/or quotation system, the requirements of such listing authority, stock exchange and/or quotation system, have been complied with. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the first date on which publication is made) or, as the case may be, on the fourth day after the date of such delivery to Euroclear and Clearstream, Luxembourg and any other relevant clearing system. Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Bearer Notes in accordance with this Condition.

***To Commissioners***

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

**14. Further Issues**

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

**15. Currency Indemnity**

The currency in which the Notes are denominated or, if different, payable, as specified in the relevant Final Terms (the “**Contractual Currency**”) is the sole currency of account and payment for all sums payable by the Issuer in respect of the Notes, including damages. Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgement 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 judgement, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Notes or any judgement or order. Any such loss aforesaid shall be deemed to constitute a loss suffered by the relevant Holder of a Note or Coupon and no proof or evidence of any actual loss will be required by the Issuer.

**16. Waiver and Remedies**

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

**17. Law and Jurisdiction**

The governing law and jurisdiction of the Notes will be specified in Part A of the relevant Final Terms.

**17A English law**

If English law is specified as the governing law of the Notes in the relevant Final Terms, the provisions of this Condition 17A shall apply to the Notes.

***Governing Law***

17A.01 The issue of the Notes, including their legal nature (*obligaciones*), the status of the Notes, the capacity of the Issuer, the relevant corporate resolutions, the appointment of the Commissioner and the constitution of the Syndicates of Holders of the Notes are governed by Spanish law. The terms and conditions of the Notes (other than Condition 3 (*Status of the Notes*), and Condition 12 (*Syndicate of Holders of the Notes and Modification*) which are governed by Spanish law), the Issue and Paying Agency Agreement and the Deed of Covenant and all non-contractual obligations arising out of or in connection with the terms and conditions of the Notes, the Issue and Paying Agency Agreement and the Deed of Covenant, are governed by, and shall be construed in accordance with, English law.

#### ***Jurisdiction***

17A.02 The courts of England have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising from or in connection with the Notes including a dispute regarding the existence, validity or termination of the Notes or any non-contractual obligation arising out of or in connection with the Notes) or the consequences of their nullity.

Notwithstanding the above, the Courts of the city of Madrid (Spain) are to have exclusive jurisdiction to settle any dispute that may arise out of or in connection with the exercise of the Bail-in Power by the Relevant Resolution Authority (a “**Bail-in Dispute**”) and accordingly, each of the Issuer and any Holders in relation to any Bail-In Dispute submits to the exclusive jurisdiction of such Courts. Each of the Issuer and any Holders in relation to any Bail-In Dispute further waives any objection to the Courts of the city of Madrid (Spain) on the ground that they are an inconvenient or inappropriate forum to settle a Bail-in Dispute.

17A.03 The Issuer irrevocably waives any objection which they might now or hereafter have to the courts of England being nominated as the forum to hear and determine any proceedings and to settle any Disputes and agrees not to claim that any such court is not a convenient or appropriate forum.

17A.04 Without prejudice to any other mode of service allowed under any relevant law, the Issuer irrevocably (a) appoints Banco Santander S.A., London Branch at 2 Triton Square, Regent’s Place, London NW1 3AN, United Kingdom as its agent for service of process in relation to any Proceedings or, if different, at any other address of the Issuer in Great Britain at which service of process may from time to time be served on it and (b) agrees that failure by an agent for service of process to notify the Issuer of the process will not invalidate the Proceedings concerned. If the appointment of the person mentioned in this Condition 17A.04 ceases to be effective, the Issuer shall forthwith appoint a further person in England to accept service of process on its behalf in England and notify the name and address of such person to the Issue and Paying Agent and, failing such appointment within fifteen days, any Holder of Notes shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Issue and Paying Agent. Nothing contained herein shall affect the right of any Holder of Notes to serve process in any other manner permitted by law. This condition applies to proceedings in England and to proceedings elsewhere.

17A.05 The submission to the exclusive jurisdiction of the courts of England is for the benefit of the Holders of the Notes only and therefore shall not (and shall not be construed so as to) limit the right of the Holders of the Notes or any of them to take proceedings in any other court of competent jurisdiction nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

#### **17B Spanish law**

If Spanish law is specified as the governing law of the Notes in the relevant Final Terms, the provisions of this Condition 17B shall apply to the Notes.

#### ***Governing Law***

17B.01 The Notes, any non-contractual obligations arising out of or in connection with the Notes shall be governed by, and shall be construed in accordance with, Spanish law.

#### ***Jurisdiction***

17B.02 The Issuer hereby irrevocably agrees for the benefit of each of the Holders that the Courts of the city of Madrid (Spain) are to have jurisdiction to settle any disputes which may arise out of or in connection with any Notes (including a dispute relating to any non-contractual obligations arising

out of or in connection with the Notes) and that accordingly any suit, action or proceedings arising out of or in connection with the Notes (together referred to as “**Proceedings**”) may be brought in such courts.

17B.03 The Issuer irrevocably waives any objection which it may have now or hereinafter to the laying of the venue of any Proceedings in the courts of the city of Madrid (Spain). To the extent permitted by law, nothing contained in this Condition 17B shall limit any rights of any Holders (other than in relation to a Bail-in Dispute) to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other competent jurisdictions, whether concurrently or not.

17B.04 In addition, the Courts of the city of Madrid (Spain) have exclusive jurisdiction to settle any Bail-in Dispute and accordingly each of the Issuer and any Holders in relation to any Bail-in Dispute submits to the exclusive jurisdiction of the Courts of the city of Madrid (Spain). Each of the Issuer and any Holders in relation to any Bail-in Dispute further waives any objection to the Courts of the city of Madrid (Spain) on the ground that they are an inconvenient or inappropriate forum to settle any Bail-in Dispute.

## **18. Rights of Third Parties**

In the case of English law Notes, no person shall have any right to enforce any term or condition of any Series of Notes under the Contracts (Rights of Third Parties) Act 1999.

## **19. Recognition of Stay Powers**

Notwithstanding any other term of the Notes or any other agreements, arrangements, or understanding between the Issuer and the Noteholders, by its subscription and/or purchase and holding of the Notes, each Noteholder (which for the purposes of this Condition 19, includes each holder of a beneficial interest in the Notes) acknowledges, accepts, consents to and agrees that it may be subject to the exercise of Stay Powers by the Relevant Resolution Authority, and acknowledges, accepts, and agrees to be bound by:

- (a) the effect of the exercise of Stay Powers by the Relevant Resolution Authority in relation to an obligation of the Issuer to each of the Noteholders and/or a right of the Issuer and the Noteholders, as applicable, under the Notes, that (without limitation) may include and result in any of the following, or some combination thereof:
  - (i) the suspension of any payment or delivery obligation if the Issuer is failing or likely to fail or under resolution;
  - (ii) the restriction of enforcement of security interests if the Issuer is under resolution; and
  - (iii) the temporary suspension of termination rights if the Issuer is under resolution; and
- (b) the fact that the exercise of Stay Powers by the Relevant Resolution Authority shall not constitute nonperformance of a contractual obligation and therefore deemed to be an enforcement event within the meaning of Directive 2002/47/EC or as insolvency proceedings within the meaning of Directive 98/26/EC implemented in Spain through Royal Decree-law 5/2005 and Law 41/1999, respectively.

For the purposes of this Condition 19:

**"Stay Powers"** means any suspension of obligations or restriction of rights in accordance with Articles 33a, 69, 70 and 71 of BRRD, implemented in Spain through Articles 66 and 70 to 70 ter of Law 11/2015.

## **20. Bail-in**

### **Acknowledgement**

20.01 Notwithstanding any other term of the Notes or any other agreement, arrangement or understanding between the Issuer and the Holders, by its subscription and/or purchase and holding of the Notes, each Holder (which for the purposes of this Condition 20 includes each holder of a beneficial interest in the Notes) acknowledges, accepts, consents to and agrees:

- (a) to be bound by the effect of the exercise of the Bail-in Power by the Relevant Resolution Authority, which may include and result in any of the following, or some combination thereof:

- the reduction of all, or a portion, of the Amounts Due (as defined below) on a permanent basis;
  - the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or another person (and the issue to the Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes, in which case the Holder agrees to accept in lieu of its rights under the Notes any such shares, other securities or other obligations of the Issuer or another person;
  - the cancellation of the Notes or Amounts Due; and
  - the amendment or alteration of the maturity of the Notes or amendment of the Interest Amount payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and
- (b) that the terms of the Notes are subject to, and may be varied, if necessary, to give effect to, the exercise of the Bail-in Power by the Relevant Resolution Authority.

For the purposes of this Condition 20:

“**Amounts Due**” means the principal amount or outstanding amount, together with any accrued but unpaid interest, and additional amounts, if any, due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of the Bail-in Power by the Relevant Resolution Authority.

#### **Payment of Interest and Other Outstanding Amounts Due**

20.02 No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Bail-in Power by the Relevant Resolution Authority with respect to the Issuer unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer under the laws and regulations in effect in the Kingdom of Spain and the EU applicable to the Issuer or other members of the Consumer Group.

#### **Notice to Holders**

20.03 Upon the exercise of any Bail-in Power by the Relevant Resolution Authority with respect to the Notes, the Issuer will make available a written notice to the Holders as soon as practicable regarding such exercise of the Bail-in Power. The Issuer will also deliver a copy of such notice to the Agents for information purposes. Any delay or failure to give notice to the Holders will not affect the validity or enforceability of the Bail-in Power.

#### **Duties of the Agents**

20.04 Upon the exercise of any Bail-in Power by the Relevant Resolution Authority, (a) the Agents shall not be required to take any directions from Holders, and (b) the Issue and Paying Agency Agreement shall impose no duties upon any of the Agents whatsoever, in each case with respect to the exercise of any Bail-in Power by the Relevant Resolution Authority.

#### **Proration**

20.05 If the Relevant Resolution Authority exercises the Bail-in Power with respect to less than the total Amounts Due, unless any of the Agents is otherwise instructed by the Issuer or the Relevant Resolution Authority, any cancellation, write-off or conversion made in respect of the Notes pursuant to the Bail-in Power will be made on a pro-rata basis.

#### **Conditions Exhaustive**

20.06 The matters set forth in this Condition 20 shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer and any holder of a Note.

#### **21. Waiver of Set-off**

If this Condition 21 is specified in the relevant Final Terms as being applicable to the Notes, no Holder may at any time exercise or claim any Waived Set-Off Rights against any right, claim, or liability the Issuer has or may have or acquire against such Holder, directly or indirectly, howsoever arising (and, for the avoidance of doubt, including all such rights, claims and liabilities arising under



or in relation to any and all agreements or other instruments of any sort, whether or not relating to such Notes) and each Holder shall be deemed to have waived all Waived Set-Off Rights to the fullest extent permitted by applicable law in relation to all such actual and potential rights, claims and liabilities. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Issuer in respect of, or arising under or in connection with the Notes is discharged by set-off, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer and accordingly any such discharge shall be deemed not to have taken place.

For the avoidance of doubt, nothing in this Condition is intended to provide, or shall be construed as acknowledging, any right of deduction, set-off, netting, compensation, retention or counterclaim or that any such right is or would be available to any Holder of any Notes but for this Condition.

For the purposes of these Terms and Conditions:

**“Waived Set-Off Rights”** means any and all rights of or claims of any Holder for deduction, set-off, netting, compensation, retention or counterclaim arising directly or indirectly under or in connection with any Note.

## **22. Substitution and Variation**

If this Condition 22 is specified in the relevant Final Terms as being applicable to the Notes, and a Capital Disqualification Event, a TLAC/MREL Disqualification Event or a circumstance giving rise to the right of the Issuer to redeem the Notes for taxation reasons under Condition 5.02 occurs and is continuing, the Issuer may substitute all (but not some only) of the Notes (as the case may be) or modify the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Holders, so that they are substituted for, or varied to, become, or remain, Qualifying Notes, subject to having given not less than 15 nor more than 60 calendar days’ notice to the Holders in accordance with Condition 13, the Issue and Paying Agent (which notice shall be irrevocable and shall specify the date for substitution or, as applicable, variation), and subject to obtaining the prior consent of the Regulator and/or the Relevant Resolution Authority if and as required therefor under Applicable Banking Regulations and in accordance with Applicable Banking Regulations in force at the relevant time.

Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Holders can inspect or obtain copies of the new terms and conditions of the Notes. Such substitution or variation will be effected without any cost or charge to the Holders.

Holders shall, by virtue of subscribing and/or purchasing and holding any Notes, be deemed to accept the substitution or variation of the terms of such Notes and to grant to the Issuer full power and authority to take any action and/or to execute and deliver any document in the name and/or on behalf of the Holders which is necessary or convenient to complete the substitution or variation of the terms of the Notes.

In these Terms and Conditions:

**“Qualifying Notes”** means, at any time, any securities denominated in the Specified Currency and issued directly by the Issuer, other than in respect of the effectiveness and enforceability of Condition 20, that have terms not otherwise materially less favourable to the Holders than the terms of the Notes provided that the Issuer shall have delivered a certificate signed by two authorised signatories to that effect to the Issue and Paying Agent and the Commissioner not less than five Business Days prior to (x) in the case of a substitution of the Notes pursuant to this Condition 22, the issue date of the relevant securities or (y) in the case of a variation of the Notes pursuant to this Condition 22, the date such variation becomes effective, provided that such securities shall:

- (a) (i) in the case of Notes constituting TLAC/MREL-Eligible Notes, contain terms which comply with the then current requirements for TLAC/MREL-Eligible Notes as embodied in the Applicable Banking Regulations, and (ii) in the case of Tier 2 Subordinated Notes, contain terms which comply with the then current requirements for their inclusion in the Tier 2 Capital of the Issuer; and
- (b) carry the same rate of interest as the Notes prior to the relevant substitution or variation pursuant to this Condition 22; and

- (c) have the same denomination and aggregate outstanding principal amount as the Notes prior to the relevant substitution or variation pursuant to this Condition 22; and
- (d) have the same date of maturity and the same dates for payment of interest as the Notes prior to the relevant substitution or variation pursuant to this Condition 22; and
- (e) have at least the same ranking as set out in Condition 3; and
- (f) not, immediately following such substitution or variation, be subject to a Capital Disqualification Event, a TLAC/MREL Disqualification Event and/or an early redemption right for taxation reasons according to Condition 5.02, as applicable; and
- (g) be listed or admitted to trading on any stock exchange as selected by the Issuer, if the Notes were listed or admitted to trading on a stock exchange immediately prior to the relevant substitution or variation pursuant to this Condition 22.

For the avoidance of doubt, (i) any change in the governing law of the Notes from English law to Spanish law so that the English Notes become again or remain Qualifying Notes shall not be subject to the requirement not to be materially less favourable to the interests of the Holders of the English law Notes; and (ii) any variation in the ranking of the relevant Notes as set out in Condition 3 resulting from any such substitution or modification shall be deemed not to be materially less favourable to the interests of the Holders of the Notes where the ranking of such Notes following such substitution or modification is at least the same ranking as is applicable to such Notes under Condition 3 on the issue date of such Notes.

### 23. Direct Rights

If any Global Note representing all or part of a Tranche of Notes becomes void in accordance with its terms, each Accountholder shall have against the Issuer all rights granted under (i) this Condition 23, (ii) in the case of Spanish law Notes, the provisions of the Global Notes, and (iii) in the case of English law Notes, the provisions of the Deed of Covenant (“**Direct Rights**”) which such Accountholder would have had in respect of the Notes if, immediately before the Determination Date in relation to that Global Note, it had been the holder of Definitive Notes of that Tranche, duly executed, authenticated and issued, in an aggregate principal amount equal to the Principal Amount of such Accountholder’s Entries relating to such Global Note including (without limitation) the right to receive all payments due at any time in respect of such Definitive Notes as if such Definitive Notes had (where required by these Conditions) been duly presented and (where required by these Conditions) surrendered on the due date in accordance with these Conditions. Anything which might prevent the issuance of Definitive Notes in an aggregate principal amount equal to the Principal Amount of any Entry of any Accountholder shall be disregarded for the purposes of this Condition 23, but without prejudice to its effectiveness for any other purpose.

No further action shall be required on the part of the Issuer or any other person:

- *Direct Rights*: for the Accountholders to enjoy the Direct Rights; or
- *Benefit of the Conditions*: for each Accountholder to have the benefit of the Conditions as if they had been incorporated *mutatis mutandis* into the Deed of Covenant (in the case of English law Notes) or the Global Notes (in the case of Spanish law Notes),

*provided, however, that* nothing herein shall entitle any Accountholder to receive any payment in respect of any Global Note which has already been made.

The Direct Rights are subject to the limitations contained in the Spanish Companies Law (as defined above).

In this Condition 23:

“**Accountholder**” means a holder of a securities account, except for a Clearing System or a Custodian to the extent that any securities, or rights in respect of securities, credited to such Clearing System or Custodian’s securities account are held by such Clearing System or Custodian for the account or benefit of a holder of a securities account with that Clearing System or Custodian;

“**Clearing System**” means Clearstream, Luxembourg, Euroclear or any other clearing system as may be specified in the relevant Final Terms;

**“Custodian”** means a person who acknowledges to a Clearing System (or to a Custodian and therefore indirectly to a Clearing System) that it holds securities, or rights in respect of securities, for the account or benefit of that Clearing System (or Custodian);

**“Determination Date”** means, in relation to any Global Note, the date on which such Global Note becomes void in accordance with its terms;

**“Entry”** means, in relation to a Global Note, any entry which is made in the securities account of any Accountholder with a Clearing System in respect of Notes represented by such Global Note;

**“Global Notes”** means a global instrument (whether in temporary or permanent form) issued pursuant to the Issue and Paying Agency Agreement; and

**“Principal Amount”** means, in respect of any Entry, the aggregate principal amount of the Notes to which such Entry relates.

## **PART A - PRO FORMA REGULATIONS OF THE SYNDICATE OF THE HOLDERS OF THE NOTES**

### **Part 1**

#### **Pro Forma Regulations**

*The following is an English translation of the pro forma Regulations as attached to the relevant public deed of issuance in respect of each issue. In the event of any discrepancies between this translation and the Spanish language original, the Spanish version of these Regulations shall prevail.*

### **REGULATIONS OF THE SYNDICATE OF HOLDERS FOR THE ISSUE OF NOTES BY SANTANDER CONSUMER FINANCE, S.A.**

#### **CHAPTER I**

**Article 1. Object.** – The object of this Syndicate is to protect the legitimate interests of Noteholders as against Santander Consumer Finance, S.A. (the “**Issuer**”), in accordance with current law and these Regulations, by using and preserving such interests collectively and through the representation determined by these Regulations.

**Article 2. Address.** – The address of the Syndicate shall be Boadilla del Monte, Ciudad Grupo Santander, Avenida de Cantabria s/n, 28660 Madrid. The General Meeting may, however, take place at any other location in Madrid for reasons of convenience or, even by way of conference call or by use of a videoconference platform, and such location or way to hold the General Meeting shall be specified in the relevant notice of meeting.

**Article 3. Duration.** – The Syndicate shall exist until the rights of Noteholders to principal, interest and any other right shall have been fulfilled. The Syndicate shall be automatically dissolved upon the fulfilment of all such rights.

#### **CHAPTER II**

##### **Governance of Syndicate**

**Article 4. Governance.** The governance of the Syndicate lies with the General Meeting and the Commissioner.

#### **CHAPTER III**

##### **General Meeting**

**Article 5. Legal Nature.** - A duly convened and constituted General Meeting is the body that expresses the will of the Syndicate and its resolutions, approved in accordance with these Regulations, binding all Noteholders in the manner established by current law.

**Article 6. Convening General Meetings.** - The General Meeting shall be convened by the board of directors of Santander Consumer Finance, S.A. or by the Commissioner, whenever they consider it appropriate. However, the Commissioner shall convene a General Meeting whenever the Noteholders, representing at least one-twentieth of the Notes outstanding, request a General Meeting in writing and specify in such request the aim of such a meeting. In this case, the General Meeting shall be held within thirty days following the date on which the Commissioner receives such a request.

**Article 7. Method of Convening General Meetings.** - The General Meeting shall be convened (i) by publication in an English language newspaper in London (which is expected to be the Financial Times) and so long as any Note is listed on Euronext Dublin and Euronext Dublin so requires, by publication on the website of Euronext Dublin (<https://live.euronext.com/>); (ii) by mail or e-mail to Euroclear Bank SA/NV as Euroclear system operator, Clearstream Banking, S.A. Luxembourg, or any other relevant clearing system; (iii) by publication of an announcement, in the Official Bulletin of the Mercantile Registry (*Boletín Oficial del Registro Mercantil*); and (iv) in one of the daily newspapers of greatest circulation in Madrid; in each case not less than fifteen (15) days in advance.

**Article 8. Right of Attendance.** - All Noteholders who have registered their name in the relevant securities account of at least one outstanding Note not less than 5 days prior to the date of the General Meeting shall be entitled to attend such meeting. The Directors of Santander Consumer Finance, S.A. shall be entitled to attend the General Meeting, even if they are not given notice.

The Commissioner or the Issuer may approve the attendance of such experts or other advisers as it may deem necessary. The Commissioner must assist to the General Meeting even if had not been convened by the latter.

**Article 9. Proxies.** - All Noteholders with a right to attend the General Meeting shall be entitled to delegate their representation in any manner permitted by the Spanish Companies Law. The right to represent shall be conferred in writing for each General Meeting.

**Article 10. Resolutions of the General Meeting.** - The General Meeting shall approve valid resolutions with the absolute majority of votes cast. By way of exception, amendments to term of the Notes or conditions for the redemption of the nominal value of the Notes, to the Notes conversion or its exchange will require the vote of two thirds of outstanding Notes.

The resolutions approved according to this article shall be binding on all Noteholders, including those that do not attend or those that dissent.

**Article 11. Chairperson.** - The General Meeting shall be chaired by the Commissioner, who shall direct debates, deem discussions to be ended, as appropriate, and rule, in each case, whenever matters should be subject to a vote.

**Article 12. General Meeting.** - The General Meeting shall be held in Madrid, at the place and on the date set out in the announcement or, if the board of directors of the Issuer or the Commissioner, as the case may be, deemed to be appropriate, by way of conference call or by use of a videoconference platform as set out in the announcement.

**Article 13. Attendance List.** - Before starting the agenda, the Commissioner shall make a list of attendees describing the nature or form of representation of each attendee and the number of Notes owned or held on behalf of another in respect of each attendee, totalling at the end of the list the number of Notes in attendance or represented, as well as the number of Notes in circulation.

**Article 14. Right to Vote.** - Each Note shall confer the Noteholder with a voting right proportionate to the outstanding nominal value of the Notes owned by such Noteholder.

**Article 15. Powers of the General Meeting.** - The General Meeting may approve resolutions necessary for the better protection of the legitimate interests of the Noteholders as against the Issuer; modify, in agreement with the Issuer and with the relevant prior official authority, the terms and conditions of the Notes and adopt decisions on other similar matters; remove and appoint the Commissioner; exercise any corresponding judicial proceedings; and approve the expenses incurred in the protection of common interests.

**Article 16. Challenges to Resolutions.** - Resolutions of the General Meeting may be challenged by Noteholders in the circumstances set out in the Spanish Companies Law.

**Article 17. Minutes.** - Minutes of a General Meeting may be approved by the General Meeting itself immediately after the meeting, or otherwise within fifteen days following the date of the General Meeting, by the Commissioner and two Noteholders assigned such responsibility by the General Meeting.

**Article 18. Certification.** - The certification of the minute book shall be expedited by the Commissioner.

## **CHAPTER IV**

### **The Commissioner**

**Article 19. Legal Nature of the Commissioner.** - The Commissioner is concerned with the legal representation of the Syndicate and to act as the relationship body between the Syndicate and the Issuer.

**Article 20. Appointment and Duration of Post.** - The Commissioner shall be appointed by the General Meeting and shall exercise his post until substituted at a General Meeting.

**Article 21. Powers.** - The powers of the Commissioner shall be:

1. Protecting the common interests of the Noteholders.
2. Calling and chairing General Meetings.
3. Ability to attend, with the right to speak but not vote, the deliberations and meetings of the General Shareholders' Meetings of Santander Consumer Finance, S.A.
4. Informing the Issuer of the resolutions of the Syndicate.

5. Requiring from the Issuer the reports that either himself or the General Meeting determine to be of interest to the Noteholders.
6. Supervising the payment of interest and principal.
7. Execution of resolutions of the General Meeting.
8. When the Issuer, by a reason imputable to it, postpones for more than six months the redemption of principal and payment of interest, the Commissioner shall have the power to propose to the Board the suspension of any of the directors and to call a General Shareholders' Meeting, if it has not already been called, when it considers that the directors should be substituted.

**Article 22. Responsibility.** - The Commissioner shall be responsible against the Noteholders and, if applicable, against the Issuer for all damages caused by lack of the required professional diligence in the performance of its duties.

## **CHAPTER V**

### **General Arrangements**

**Article 23. Syndicate Expenses.** - Ordinary expenses resulting from the maintenance of the Syndicate shall be for the account of Santander Consumer Finance, S.A., but they will not, in any case, exceed 2% of the gross annual interest accrued by the issued Notes.

**Article 24. Accounts.** - The Commissioner shall be responsible for keeping the accounts of the Syndicate and will submit them for approval to the General Meeting and to the Board Meeting of Santander Consumer Finance, S.A.

**Article 25. Dissolution of the Syndicate.** - If the Syndicate is dissolved for one of the reasons given in Article 3, the Commissioner in charge at the time shall continue with his duties until the dissolution of the Syndicate and shall produce final accounts to the last General Meeting and to the board of directors of Santander Consumer Finance, S.A.

**Article 26. Jurisdiction.** - For the purposes of any issues arising from these Regulations, the Noteholders, by reason only of being such, expressly renounce their own jurisdiction for that of the courts of Madrid.

**Article 27. (Additional).** - The current applicable legislation shall apply to matters for which no provision is made in these Regulations.

## **PART B - PROVISIONS FOR MEETINGS OF NOTEHOLDERS**

1. (A) **As used in this Schedule, the following expressions shall have the following meanings unless the context otherwise requires:**

- (1) **“voting certificate”** shall mean a certificate in the English language issued by any Paying Agent and dated, in which it is stated:

- (a) that on the date thereof outstanding Notes of any Series (not being Notes in respect of which a block voting instruction (as defined below) has been issued and is outstanding in respect of the meeting specified in such voting certificate or any adjournment thereof) bearing specified serial numbers have been deposited to the order of such Paying Agent and that no such Notes will be released until the first to occur of:
  - (i) the conclusion of the meeting specified in such certificate or any adjournment thereof; and
  - (ii) the surrender of the certificate to such Paying Agent; and
- (b) that the bearer thereof or his duly appointed representative is entitled to attend and vote at such meeting or any adjournment thereof in respect of the Notes represented by such certificate; and

- (2) **“block voting instruction”** shall mean a document in the English language issued by any Paying Agent and dated, in which:

- (a) it is certified that outstanding Notes of any Series (not being Notes in respect of which a voting certificate has been issued and is outstanding in respect of the meeting specified in such block voting instruction or any adjournment thereof) have been deposited to the order of such Paying Agent and that no such Notes will be released until the first to occur of:
      - (i) the conclusion of the meeting specified in such document or any adjournment thereof; and
      - (ii) the surrender, not less than 5 days before the time for which such meeting or adjournment thereof is convened, of the receipt for each such deposited Note which has been deposited to the order of such Paying Agent, coupled with notice thereof being given by such Paying Agent to the Issuer; or
    - (b) it is certified that each depositor of such Notes or a duly authorised agent on his or its behalf has instructed the Paying Agent that the vote(s) attributable to his or its Notes so deposited should be cast in a particular way in relation to the resolution or resolutions to be put to such meeting or any adjournment thereof and that all such instructions are, during the period of 5 days prior to the time for which such meeting or adjourned meeting is convened, neither revocable nor subject to amendment;
    - (c) the total number, principal amount outstanding and the serial numbers and series numbers of the Notes so deposited are listed, distinguishing with regard to each such resolution between those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
    - (d) any person named in such document (hereinafter called a “**proxy**”) is authorised and instructed by the Paying Agent to cast the votes attributable to the Notes so listed in accordance with the instructions referred to in (b) and (c) above as set out in such document.
  - (B) Voting certificates and block voting instructions shall be valid for so long as the relevant Notes shall not have been released and during the validity thereof the holder of any such voting certificate or, as the case may be, the proxy shall, for all purposes in connection with any meeting of Noteholders, be deemed to be the Noteholder of the relevant Series to which such voting certificate, or block voting instructions relates and, in the case of Notes, the Paying Agent to the order of whom such Notes have been deposited.
2. Whenever the Issuer or the relevant Commissioner is about to convene any such meeting it shall forthwith give notice in writing to the Issue and Paying Agent of the day, time and place (or way to held the General Meeting) thereof and of the nature of the business to be transacted thereat. Every such meeting shall be held in Madrid (or by way of conference call or by use of a videoconference platform) at such time as the Issue and Paying Agent may approve.
  3. A copy of the notice shall be given to the Issuer unless the meeting is convened by the Issuer and a copy shall be given to the Issue and Paying Agent. Such notice shall be given in the manner provided in the Conditions and shall specify the terms of the resolutions to be proposed and shall include, *inter alia*, statements to the effect that Notes of the relevant Series may be deposited with (or to the order of) any Paying Agent for the purpose of obtaining voting certificates or appointing proxies until 5 days before the time fixed for the meeting but not thereafter.
  4. Subject to article 8 of the Syndicate Regulations, the Issue and Paying Agent and the Issuer (through their respective representatives and save as permitted by the provisions of the Dealer Agreement) and their respective financial and legal advisers shall be entitled to attend and speak at any meeting of the Noteholders. No person shall be entitled to attend (save as aforesaid) or vote at any meeting of the Noteholders or to join with others in requesting the convening of such a meeting unless that person is a Noteholder or a voting certificate or is a proxy.
  5. Each block voting instruction, together (if so required by the Issuer) with proof satisfactory to the Issuer of its due execution, shall be deposited at such place as the Issuer shall reasonably designate not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the proxy named in the block voting instruction proposes to vote and in default the block voting instruction shall not be treated as valid unless the Commissioner decides otherwise before

such meeting or adjourned meeting proceeds to business. A certified copy of each such block voting instruction shall, if required by the Issuer, be produced by the proxy at the meeting or adjourned meeting but the Issuer shall not thereby be obliged to investigate or be concerned with the validity of, or the authority of the proxy named in, any such block voting instruction.

6. Without prejudice to paragraph 1, any vote given in accordance with the terms of a block voting instruction shall be valid notwithstanding the previous revocation or amendment of the block voting instruction or of any of the Noteholders' instructions pursuant to which it was executed, provided that no intimation in writing of such revocation or amendment shall have been received by the Issuer or by the Commissioner, in each case not less than 24 hours before the commencement of the meeting or adjourned meeting at which the block voting instruction is used.
7. Minutes of all resolutions and proceedings at every such meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer.
8. Any Notes which have been purchased or are held by (or on behalf of) the Issuer or any of their respective subsidiaries but which have not been cancelled shall, unless or until resold, be deemed not to be outstanding for the purposes of this Schedule.
9. For the purposes of this Schedule, "**principal amount outstanding**" means, on any date, the principal amount of that Note on its date of issue (i) less, in respect of any Instalment Note any instalment of principal in respect of that Note that has become due and payable and either has been paid to the relevant Noteholder or in respect of which the Relevant Date (as defined in the Terms and Conditions) shall have occurred.



## FORM OF FINAL TERMS

### NOTES TO BE ADMITTED TO TRADING ONLY ON A REGULATED MARKET, OR A SPECIFIC SEGMENT OF A REGULATED MARKET, TO WHICH ONLY QUALIFIED INVESTORS HAVE ACCESS

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes which are Notes to be admitted to trading only on a regulated market, or a specific segment of a regulated market, to which only qualified investors (as defined in the Prospectus Regulation) have access.*

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

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Article 2 of the Regulation (EU) 2017/1129 (as amended, the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**EU PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

**[UK MiFIR product governance / target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. *[Consider any negative target market]*. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 [(“**EUWA**”)]; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of the domestic law of the United Kingdom by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No. 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

[Notification under Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”) – In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined the classification of the Notes to be [capital markets products other than] prescribed capital markets products (as defined in the CMP Regulations 2018)] and [Excluded]/ [Specified] Investment Products (as defined in the Monetary Authority of Singapore (the “MAS”) Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)<sup>5</sup>.

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

[As far as the Issuer is aware, the transitional provisions in Article 51 of the EU Benchmarks Regulation apply, such that [legal name of the benchmark administrator] is not currently required to obtain authorisation or registration (or, if located outside the EU, recognition, endorsement or equivalence).]

#### **Final Terms dated []**

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

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**

**under the EUR 25,000,000,000**

**Euro Medium Term Note Programme**

#### **PART A – CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the base prospectus dated 14 June 2023 [and the supplement(s) to it dated [insert date] which [together] constitute[s] a base prospectus (the “Base Prospectus”) for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of the EU of 14 June 2017, as amended (the Prospectus Regulation). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information.

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

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

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the base prospectus dated [[16 June 2022]/[17 June 2021]/[19 June 2020]/[18 June 2019]/[18 June 2018]] [and the supplement(s) to it dated [insert date] which are incorporated by reference in the Base Prospectus dated 14 June 2023. This document constitutes the Final Terms of the Notes described herein for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of the EU of 14 June 2017, as amended (the “Prospectus Regulation”) and must be read in conjunction with the Base Prospectus dated 14 June 2023 [and the supplement(s) to it dated [insert date], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the “Base Prospectus”), save in respect of the Conditions which are extracted from the Base Prospectus dated [[16 June 2022]/[17 June 2021]/[19 June 2020]/[18 June 2019]/[18 June 2018]] [and the supplement(s) to it dated [insert date] in order to obtain all the relevant information. The Base Prospectus is available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].]

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<sup>5</sup> Legend to be included on front of the Final Terms if the Notes do not constitute prescribed capital markets products as defined under the CMP Regulations 2018.

The expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129 of the European Parliament and of the Council of the EU of 14 June 2017.

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

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

1. Issuer: Santander Consumer Finance, S.A.
2. (i) Series Number: []  
[(ii)] Tranche Number: []  
[(iii)] Date on which the Notes become fungible: [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the *[insert description of the Series]* on *[insert date]*/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [24] 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: [] % of the Aggregate Principal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. Specified Denominations: []
7. Calculation Amount: [*the Specified Denomination*]
8. (i) Issue Date: []  
(ii) Trade Date: []  
(iii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
9. Maturity Date: [*Specify date or (for Floating Rate Notes or Renminbi denominated Notes if applicable) Interest Payment Date falling in the relevant month and year*]
10. Interest Basis: [[] % Fixed Rate]  
  
[EURIBOR/SONIA/SOFR]+/- [] % Floating Rate]  
  
[Reset Notes]  
  
[Floating Rate: [difference between] [EURIBOR] [and] [SONIA] [SOFR] [and] [€STR] [and]

- [SARON] [and] [TONA] [and] *[insert Floating Rate Option]* +/- [multiplied by] [ ] %]
- [Zero Coupon]
- [CMS-Linked: *[constant maturity swap rate appearing on the Relevant Screen Page]* +/- [ ] %]
- (further particulars specified below at paragraph[s] [15/16/17/18])
11. Redemption/Payment Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100% of their nominal amount.]
12. Change of Interest Basis or Redemption/Payment Basis: *[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]* [Not applicable]
13. Put/Call Options:
- [Investor Put]
- [Issuer Call]
- [Issuer Call – TLAC/MREL Disqualification Event]
- [Issuer Call – Clean-Up Redemption Option]
- (further particulars specified below at paragraph[s] [19/20/21/22])
14. [(i)] Status of the Notes: [Ordinary Senior Notes/Senior Non Preferred Notes/Subordinated Notes-Senior Subordinated Notes/Subordinated Notes-Tier 2 Subordinated Notes]
- [The Subordinated Notes-Tier 2 Subordinated Notes are intended to constitute Tier 2 Notes of the Issuer]
- [(ii)] [Date [Board] approval for issuance of Notes] obtained: *(N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

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

15. Fixed Rate Note Provisions: [Applicable/Applicable (in respect of period from (and including) [ ] to (but excluding ([ ])/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [ ] % per annum [payable [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [ ] in each year [adjusted in accordance with [specify Business Day Convention/not adjusted]]

- (iii) Fixed Coupon Amount[(s)]: ☐ per ☐ Principal Amount]/[The Fixed Coupon Amount shall be calculated by applying the Rate of Interest to the ☐ [Specified Denomination/Calculation Amount] for each Note, multiplying the product by the Day Count Fraction, rounding the resulting figure to the nearest unit of CNY (with halves being rounded up)].
- (iv) Day Count Fraction: ☐ [30/360]/[360/360]/[Bond Basis]  
☐ [30E/360]/ [EuroBond Basis]  
☐ [Actual/Actual]/ [Actual/Actual (ISDA)]  
☐ [Actual/365 (Fixed)]  
☐ [Actual/Actual (ICMA)]  
☐ [Actual/360]  
☐ [30E/360 (ISDA)]
- (v) Determination Dates: ☐ in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon).  
*(N.B. only relevant where Day Count Fraction is Actual/Actual ([ICMA])*
- (vi) Broken Amount(s): ☐ per Calculation Amount, payable on the Interest Payment Date falling [in/on] ☐
- 16.** Floating Rate and CMS-Linked Note Provisions: [Applicable/Applicable (in respect of period from (and including) ☐ ] to (but excluding (☐ ))/Not Applicable]  
*(If applicable, Condition 4B of the Terms and Conditions of the Notes will apply)*  
*(If not applicable delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): ☐ [, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable]]
- (ii) Interest Payment Date(s): ☐ in each year [adjusted in accordance with *[Business Day Convention]*]
- (iii) First Interest Payment Date: ☐
- (iv) Business Day Convention: ☐
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (vi) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Issue and Paying Agent]): ☐

- (vii) Margin Plus Rate: [Applicable] [Not Applicable]  
*(If Not Applicable delete the remaining sub-paragraphs of this paragraph)*
- (a) Margin: []
- (viii) Specified Percentage Multiplied by Rate: [Applicable] [Not Applicable]  
*(If Not Applicable delete the remaining sub-paragraphs of this paragraph)*
- (a) Specified Percentage: []
- (ix) Difference in Rates: [Applicable] [Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Rate 1: [Screen Rate Determination] [ISDA Determination]
- (b) Rate 2: [Screen Rate Determination] [ISDA Determination]
- (x) Screen Rate Determination
- (a) Reference Rate: [EURIBOR][SONIA] [SOFR] [€STR] [SARON] [TONA] [constant maturity swap rate]
- (b) Interest Determination Date(s): [ ]  
 [[ ] London Banking Days prior to each Interest Payment Date]  
*(Include where the Reference Rate is SONIA)*  
 [[ ] U.S. Government Securities Business Days prior to each Interest Payment Date]  
*(Include where the Reference Rate is SOFR)*  
 [[ ] TARGET Business Days prior to each Interest Payment Date]  
*(Include where the Reference Rate is €STR)*  
 [[ ] Zurich Banking Days prior to each Interest Payment Date]  
*(Include where the Reference Rate is SARON)*  
 [[ ] Tokyo Banking Days prior to each Interest Payment Date]  
*(Include where the Reference Rate is TONA)*
- (c) Relevant Screen Page: []  
*[Other examples: Reuters EURIBOR 01]*
- (d) [Calculation Method: *Include where the Reference Rate is SONIA:*  
 [SONIA Compounded Daily]/[SONIA Index Compounded Daily]/[SONIA Weighted Average]]  
*[Include where the Reference Rate is SOFR:*  
 [SOFR Arithmetic Mean]/[SOFR Compound:

- [SOFR Compound with Lookback]/[SOFR Compound with Observation Period Shift]/[SOFR Compound with Payment Delay]/[SOFR Index with Observation Shift]]
- Include where the Reference Rate is €STR: [€STR Compounded Daily]/[€STR Index Compounded Daily]/[€STR Weighted Average]]*
- Include where the Reference Rate is SARON: [SARON Compounded Daily]/[SARON Index Compounded Daily]/[SARON Weighted Average]]*
- Include where the Reference Rate is TONA: [TONA Compounded Daily]/[TONA Index Compounded Daily]/[TONA Weighted Average]]*
- (e) Observation Method: [Include where the Calculation Method is SONIA/€STR/SARON/TONA Compounded Daily: [Lag]/[Lock-out]/[Shift]]
- (f) “p”: [[specify] [London Banking Days]/[U.S. Government Securities Business Days]/[TARGET Business Days]/[Zurich Banking Days]/[Tokyo Banking Days]/[As per the Conditions]/[Not applicable]]
- (Include where the Reference Rate is SONIA, €STR, SARON, TONA or SOFR (where the Calculation Method is SOFR Compound: SOFR Compound with Lookback))
- (g) [Observation Shift Days: [[specify] U.S. Government Securities Business Days]/[As per the Conditions]/[Not applicable]]
- (Include where the Reference Rate is SOFR and the Calculation Method is SOFR Compound: SOFR with Observation Period Shift or SOFR Index with Observation Shift)*
- (h) Interest Payment Delay: [Not Applicable / [ ] U.S. Government Securities Business Day(s)]
- (Include where the Reference Rate is SOFR)*
- (i) Interest Period End Dates: [specify] [The Interest Payment Date for such Interest Period] [Not Applicable]
- (Include where the Reference Rate is SONIA, €STR, SARON or TONA and the Observation Method is “Shift” or SOFR and the Calculation Method is Compound with Payment Delay)*
- (j) [SOFR Cut-Off Date: [As per Conditions]/[[specify] U.S. Government Securities Business Days]/[ Not applicable]]
- (Include where the Reference Rate is SOFR. Must apply where the Calculation Method is SOFR Arithmetic Mean)*
- (k) [SOFR Replacement Alternatives Priority: [As per Conditions]/[specify order of priority of SOFR Replacement Alternatives listed in Condition 4B.05(D).]]

|                         |  |
|-------------------------|--|
| (l) Relevant Time:      | <input type="checkbox"/> /[Not applicable]   |
| (m) ISDA Determination: | [Applicable/Not Applicable] (If not applicable delete the remaining sub-paragraphs of this paragraph)  |
| — ISDA Definitions:     | [2006 ISDA Definitions]/[2021 ISDA Definitions]  |
| — Floating Rate Option: | <input type="checkbox"/>   |
| — Designated Maturity:  | <input type="checkbox"/>   |
| — Reset Date:           | <input type="checkbox"/>   |
| — Compounding:          | [Applicable/Not applicable] ( <i>if not applicable delete the remaining sub-paragraphs of this paragraph</i> )   |
| — [Compounding Method:  | [Compounding with Lookback<br>Lookback: <input type="checkbox"/> Applicable Business Days]<br>[Compounding with Observation Period Shift<br>Observation Period Shift: <input type="checkbox"/> Observation Period Shift Business Days<br>Observation Period Shift Additional Business Days: <input type="checkbox"/> /[Not Applicable]]<br>[Compounding with Lock-out<br>Lock-out: <input type="checkbox"/> Lock-out Period Business Days]<br>Lock-out Period Business Days: <input type="checkbox"/> /[Applicable Business Days]] |
| — Averaging:            | [Applicable/Not Applicable] ( <i>if not applicable delete the remaining sub-paragraphs of this paragraph</i> )   |
| — [Averaging Method:    | [Averaging with Lookback<br>Lookback: <input type="checkbox"/> Applicable Business Days]<br>[Averaging with Observation Period Shift<br>Observation Period Shift: <input type="checkbox"/> Observation Period Shift Business Days<br>Observation Period Shift Additional Business Days: <input type="checkbox"/> /[Not Applicable]]<br>[Averaging with Lock-out<br>Lock-out: <input type="checkbox"/> Lock-out Period Business Days<br>Lock-out Period Business Days: <input type="checkbox"/> /[Applicable Business Days]]        |
| — Index Provisions:     | [Applicable/Not Applicable] ( <i>if not applicable delete the remaining sub-paragraphs of this paragraph</i> )   |
| — [Index Method:        | Compounded Index Method with Observation Period Shift  |



|   |   |
|---|---|
|   | Observation Period Shift: [ ] Observation Period Shift Business Days  |
|   | Observation Period Shift Additional Business Days: [ ]/[Not Applicable]   |
| (n) Day Count Fraction:                                       | [30/360]/[360/360]/[Bond Basis]<br>[30E/360]/ [EuroBond Basis]<br>[Actual/Actual]/ [Actual/Actual (ISDA)]<br>[Actual/365 (Fixed)]<br>[Actual/Actual (ICMA)]<br>[Actual/360]<br>[30E/360 (ISDA)]   |
| (o) Constant maturity swap rate:                              | [ ]   |
| (p) Step Up Provisions:                                       | [Applicable/Not Applicable]   |
| — Step Up Margin:   | [ ] %   |
| (r) Initial Reference Rate:                                   | [ ] % per annum<br><i>(Include where the Reference Rate is EURIBOR. To be equal to Rate of Interest for initial Interest Period (disregarding the Margin))</i>  |
| <b>17.</b> Zero Coupon Note Provisions:                       | [Applicable/Not Applicable]<br><i>(If applicable, Condition 4C of the Terms and Conditions of the Notes will apply)</i><br><i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>  |
| (i) Amortisation Yield:                                       | [ ] % per annum   |
| (ii) Day Count Fraction relating to Early Redemption Amounts: | [30/360]/[360/360]/[Bond Basis]<br>[30E/360]/ [EuroBond Basis]<br>[Actual/Actual]/ [Actual/Actual (ISDA)]<br>[Actual/365 (Fixed)]<br>[Actual/Actual (ICMA)]<br>[Actual/360]<br>[30E/360 (ISDA)]   |
| <b>18.</b> Reset Note Provisions:                             | [Applicable/Not Applicable] (in respect of period from (and including) [ ] to (but excluding ([ ])/Not Applicable]<br><i>(If applicable, Condition 4D of the Terms and Conditions of the Notes will apply)</i><br><i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> |
| (i) Initial Rate of Interest:                                 | [ ] % per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]  |

- (ii) First Margin: ☐  $\pm$  ☐ % per annum
- (iii) Subsequent Margin: ☐  $\pm$  ☐ % per annum ☐ [Not Applicable]
- (iv) Interest Payment Date(s): ☐ in each year [adjusted in accordance with *Business Day Convention*]/[not adjusted].
- (v) Fixed Coupon Amount up to (but excluding) the First Reset Date: ☐ per ☐ specified denomination [for the ☐ Interest Period] *[repeat information if necessary]*
- (vi) First Reset Date: ☐ [adjusted in accordance with *Business Day Convention*]/[not adjusted].
- (vii) Second Reset Date: ☐/[Not Applicable] [adjusted in accordance with *Business Day Convention*]/[not adjusted].
- (viii) Subsequent Reset Date(s): ☐ [and ☐] [adjusted in accordance with *Business Day Convention*]/[not adjusted].
- (ix) Reset Reference Rate: [Mid-Swap Rate/Sterling Reference Bond Rate/Non-Sterling Reference Bond Rate/U.S. Treasury Rate]
- (x) Initial Reference Rate: ☐[•]/Not Applicable  
*(Select "Not Applicable" where Reset Reference Rate is specified to be "U.S. Treasury Rate")*
- (xi) Reset Determination Time: ☐[•]
- (xii) Relevant Screen Page: ☐
- (xiii) Mid-Swap Rate: [Single Mid-Swap Rate/Mean Mid-Swap Rate]
- (xiv) Minimum Rate of Interest: ☐ % per annum
- (xv) Maximum Rate of Interest: ☐ % per annum
- (xvi) Day Count Fraction: ☐[30/360]/☐[360/360]/☐[Bond Basis]  
☐[30E/360]/ ☐[EuroBond Basis]  
☐[Actual/Actual]/ ☐[Actual/Actual (ISDA)]  
☐[Actual/365 (Fixed)]  
☐[Actual/Actual (ICMA)]  
☐[Actual/360]  
☐[30E/360 (ISDA)]
- (xvii) 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).*
- (xviii) Reset Business Centre: ☐
- (xix) Party responsible for calculating the Rate of Interest and/or Interest Amount (if not the [Issue and Paying Agent]): ☐

- (xx) Step Up Provisions: [Applicable/Not Applicable]
- Step Up Margin: [] %

## PROVISIONS RELATING TO REDEMPTION

- 19.** Call Option (Condition 5.07): [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) Early Redemption Amount (Call) of each Note: [] per Note of [] specified denomination
- (ii) If redeemable in part:
- (a) Minimum Redemption Amount: []
- (b) Maximum Redemption Amount: []
- (iii) Notice period:<sup>6</sup> []
- (iv) Early Redemption Date(s): []
- 20.** Put Option (Condition 5.10): [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (Euroclear require a minimum of 5 business days' notice and Clearstream, Luxembourg require a minimum of 15 business days' notice if such an option is to be exercised)*
- (i) Optional Early Redemption Date(s): []
- (ii) Early Redemption Amount (Put) of each Note: [] per Note of [] specified denomination
- (iii) Notice period:<sup>7</sup> []

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<sup>6</sup> 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.

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

21. TLAC/MREL Disqualification Event [Applicable/Not Applicable]  
(Condition 5.04):
- (i) Notice period:<sup>8</sup> ☐
- (ii) Early Redemption Amount (TLAC/MREL Disqualification Event): ☐
22. Clean-Up Redemption Option (Condition 5.05): [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Clean-Up Percentage: ☐
- (ii) Early Redemption Amount(s) (Clean-Up Call) of each Note and method, if any, of calculation of such amount(s): ☐ per Note of ☐ Specified Denomination / ☐
23. Maturity Redemption Amount of each Note: ☐ per Note of ☐ specified denomination
24. [Early Termination Amount] [./and] ☐ per Note of ☐ specified denomination  
[Early Redemption Amount (Tax)] [and]  
[Early Redemption Amount (Capital Disqualification Event)]:
25. Ordinary Senior Notes optionality: [Applicable/Not Applicable]  
*(Only relevant for Ordinary Senior Notes. Include "Not Applicable" if issue is of Senior Non-Preferred Notes or Subordinated Notes and delete sub-paragraph (i) below)*
- (i) [Ordinary Senior Notes – Events of Default (Conditions 6.01 and 6.02): Conditions 6.01 and 6.02 [Applicable/Not Applicable]]  
*(Select "Applicable" for Ordinary Senior Notes not intended to be TLAC/MREL-Eligible Notes. Select "Not Applicable" for Ordinary Senior Notes intended to be TLAC/MREL-Eligible Notes)*
26. Tier 2 Subordinated Notes optionality: [Applicable/Not Applicable]  
*(Only relevant for Tier 2 Subordinated Notes. Include "Not Applicable" if issue is of Senior Notes or Senior Subordinated Notes and delete sub-paragraph (i) below)*
- (ii) [Tier 2 Subordinated Notes – Capital Disqualification Event – Notice period (Condition 5.03)<sup>9</sup>: ☐

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

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

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 27.** Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on ☐ calendar days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on ☐ calendar days' notice]
- [Permanent Global Note exchangeable for Definitive Notes on ☐ calendar days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
- [Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian law of 14th December, 2005]
- 28.** New Global Note: [Yes] [No]
- 29.** 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.]
- 30.** Business Day: [*Specify any additional financial centres necessary for the purposes of Condition 8B.02.*]
- 31.** Relevant Financial Centre: [*Specify any modification required.*]
- 32.** Relevant Financial Centre Day: [*Specify any additional financial centres necessary for the purposes of Condition 8B.02 or 8A.04.*]
- 33.** Details relating to Instalment Notes: [Applicable/Not applicable]
- (i) Instalment Amount(s): ☐
- (ii) Payment Date(s): ☐
- (iii) Number of Instalments: ☐
- 34.** Commissioner: ☐
- 35.** Waiver of Set-off: [Applicable/Not Applicable]
- 36.** Substitution and Variation: [Applicable/Not Applicable]
- 37.** Governing law: [English law/Spanish law]

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

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

By: .....

*Authorised Signatory*

Date

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

(i) Listing: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to listing on [the Official List of Euronext Dublin]/[any other regulated market]/[any other listing authority] [any other stock exchange] [any other quotation system].]

(ii) Admission to Trading: [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Regulated Market of Euronext Dublin]/[any other regulated market]/[any other listing authority]/[any other stock exchange]/[any other quotation system] with effect from [the Issue Date/[ ]].]

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

(iii) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

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

Ratings: [[S&P: [ ]]

[Moody's: [ ]]

[Fitch: [ ]]

[[Other]: [ ]]

[[These credit ratings have been issued by [S&P Global Ratings Europe Limited], [Moody's Investor Services España, S.A.] [and Fitch Ratings Ireland Limited] [other].

Each of [S&P Global Ratings Europe Limited], [Moody's Investor Services España, S.A.] [,][and] [Fitch Ratings Ireland Limited] [and] [Specify Other]] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”). As such each of [S&P Global Ratings Europe Limited], [Moody's Investor Services España, S.A.] [,][and] [Fitch Ratings Ireland Limited] [and] [Specify Other] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

[A list of rating agencies registered under the CRA Regulation can be found at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>]

[[Insert the legal name of the relevant credit rating agency entity] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”).

[Insert the legal name of relevant credit rating agency entity] is therefore not included in the list of credit rating agencies published by the European Securities and Market Authority on its website in accordance with such Regulation.]<sup>10</sup>

*(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 a conflict of interest, 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 respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. *(Amend as appropriate if there are other interests)*]

*[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)]*

### **4. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS**

[Reasons for the offer: ☐ [See “Use of Proceeds” in the Base Prospectus / Give details]

*(Use of proceeds if other than for general funding purposes of the Consumer Group.)*

The Notes are specified as being [“Green Bonds”][“Social Bonds”][“Sustainable Bonds”] and the net proceeds from the issuance of the Notes will be used as described in “Use of Proceeds” in the Base Prospectus.]

Estimated net proceeds: ☐

### **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]**

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<sup>10</sup> [For Notes that receive ratings only.]



- (i) Historic interest rates: Details of historic [EURIBOR/SONIA/SOFR/€STR/SARON/TONA] can be obtained from [Reuters].
- (ii) [Benchmarks: Amounts payable under the Notes will be calculated by reference to [] which is provided by []. As at [], [] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (as amended, the “**EU Benchmarks Regulation**”).
- [As at the date of these Final Terms, *[insert legal name(s) of the benchmark administrator(s)]* [is/are] [not] included in the register of administrators established and maintained by the Financial Conduct Authority pursuant to Article 36 of Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (as amended, the “**UK Benchmarks Regulation**”).]
- [As far as the Issuer is aware, *[specify benchmark(s) (as this term is defined in the UK Benchmarks Regulation)]* [does/do] not fall within the scope of the UK Benchmarks Regulation/the transitional provisions in Article 51 of the UK Benchmarks Regulation apply] such that *[insert legal name(s) of the benchmark administrator(s)]* [is/are] not currently required to obtain authorisation or registration (or, if located outside the UK, recognition, endorsement or equivalence).]

## 7. OPERATIONAL INFORMATION

- ISIN: []
- Common Code: []
- CUSIP number: []
- WKN: [] [Not applicable]
- Delivery: Delivery [against/free of] payment
- Any Clearing System other than Euroclear and Clearstream Banking S.A. and the relevant identification numbers: [] [Not Applicable]
- Names and addresses of additional Paying Agent(s) (if any): []

- [Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit

operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

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

## 8. DISTRIBUTION

- |       |                                       |   |
|-------|---------------------------------------|---|
| (i)   | Method of Distribution:               | [Syndicated/Non-syndicated]   |
| (ii)  | If syndicated:                        |   |
|       | (A) Names of Dealers:                 | [Not Applicable/ <i>give names</i> ]                                |
|       | (B) Stabilisation Manager(s), if any: | [Not Applicable/ <i>give names</i> ]                                |
| (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/TEFRA not applicable] |

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### Clearing System Accountholders

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

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

### Exchange of Temporary Global Notes

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

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

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and received by the Issue and Paying Agent against presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Issue and Paying Agent within 7 days of the bearer requesting such exchange.

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

If:

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

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such thirtieth

day (in the case of (b) above) or at 5.00 p.m. (London time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under a deed of covenant dated 14 June 2023 (the “**Deed of Covenant**”) executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

#### **Exchange of Permanent Global Notes**

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

If:

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

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

#### **Conditions applicable to Global Notes**

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

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

**Exercise of put option:** In order to exercise the option contained in Condition 5.10 (*Optional Early Redemption (Put)*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Issue and Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

**Partial exercise of call option:** In connection with an exercise of the option contained in Condition 5.07 (*Optional Early Redemption (Call)*) in relation to some only of the Notes, the Permanent Global Note may

be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

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

## DESCRIPTION OF THE ISSUER

### SANTANDER CONSUMER FINANCE, S.A.

#### History and Development

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

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

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

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

The authorised and paid up share capital of the Issuer as at 31 December 2022 was €5,638,638,516 divided into 1,879,546,172 ordinary shares having a face value of €3 each. All issued share capital is fully paid up.

The registered office of the Issuer is located at Ciudad Grupo Santander, Avenida de Cantabria, s/n, Boadilla del Monte (Madrid), Spain. The telephone number of the Issuer's registered office is +34 91 289 0000. The website of the Issuer is <https://www.santanderconsumer.com>. The information on this website does not form part of this Base Prospectus unless that information is explicitly incorporated by reference into this Base Prospectus.

#### Business Overview

##### *Principal Activities of the Issuer*

The Issuer's objective is to receive funds from the public in the form of deposits, loans, repos or other similar transactions entailing the obligation to refund them, and to use these funds for its own account to grant loans and credits or to perform similar transactions. In addition, the Issuer is the holding company of a finance group and handles the investments of its subsidiaries.

The Issuer is part of the Banco Santander Group (as described above), the parent entity of which (Banco Santander) had a 100% direct and indirect ownership interest in the share capital of the Issuer as at 31 December 2022. Banco Santander has its registered office at Paseo de Pereda 9-12, Santander.

The Consumer Group's primary activity is related to automobile financing, personal loan and credit card businesses. However, it also works at attracting customer funds. The Consumer Group has 250 branches located throughout Europe (49 of which are in Spain) and engages in finance leasing, financing of third party purchases of consumer goods of any kind, full-service leasing (“renting”) and other activities. Additionally, since December 2002, the Issuer has been the head of a European corporate group, consisting mainly of financial institutions, which engages in commercial banking, consumer finance, operating and finance leasing, full-service leasing and other activities in Germany, Italy, Austria, France, the Netherlands, Belgium, Greece, Norway, Finland, Denmark, Sweden, Switzerland, Portugal and United Kingdom. The role of the Issuer as head of the European Consumer Group can be summarized in four key points: (a) driving new agreements with auto and motorcycle manufacturers on an European level; (b) driving the progress towards a more digital and analytical consumer finance model; (c) promoting the implementation

of best practices; and (d) watching over the capital efficiency and promoting the measures needed in order to improve it.

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

Enjoying as it does a strong leadership position in the European consumer finance market, and specialising in auto finance, loans for the purchase of durable goods, personal loans and credit cards, the Consumer Group has displayed consistent profitability, reporting an attributable profit of €1,242.9 million in 2022 (Sources: internal SCF estimates based on information from competitors, local associations, magazines and market knowledge).

Loans and advances amounted to €106,909.5 million in 2022, up 6.7% for the year.

On the liability side, customer deposits rose 5.7% while a total of €41,327.2 million in wholesale funding was secured in the year, through senior issuances, securitisations and other long-term issues.

In 2022 attributable profit amounted to €1,242.9 million (5.8% with respect to 2021).

Operating expenses grew by 4.9% due to inflation and new strategic investments which will allow the increase of future income and reduce operational expenses; as well as business additions to the SCF perimeter. The efficiency ratio (cost to income) stood at 41.87%.

Loan loss provisions were 8.7% lower than the previous year thanks to portfolio sales and a solid credit evolution of the portfolio. Cost of credit reaching 0.42% compared to 0.50% in the previous year and an NPL ratio of 2.06% (0 bps). Coverage stood at 88.61%.

In short, the Consumer Group continued to prove that it can maintain high profitability and streamlined efficiency.

#### **New Business of the Issuer in 2022**

The volume of new loans at December 2022 was €45,725 million, up by 10.7% compared with the previous year. Mainly higher volumes due to Cars business which increased €2,004 million.

The area's strategy, penetration and diversification have achieved a Top 3 share in our main markets.

The units with higher productions in 2022 were Germany (36.1%), Nordics (20.7%), Spain (13.4%), France (10.8%) and Italy (9.4%).

The following table summarises new financing extended in 2022 by product line, compared with the previous year:

| <b>Unaudited</b>                    | <b>2022 financial year</b> | <b>Percentage of total activity</b> | <b>2021 financial year</b> | <b>Variation 2022/2021</b> |
|-------------------------------------|----------------------------|-------------------------------------|----------------------------|----------------------------|
| <i><b>New Business</b></i>          | (millions of euro)         | (%)                                 | (millions of euro)         | (%)                        |
| Cars                                | 32,607                     | 71.3%                               | 30,603                     | 6.5%                       |
| New cars                            | 19,128                     | 41.8%                               | 18,865                     | 1.4%                       |
| Used Cars                           | 13,479                     | 29.5%                               | 11,738                     | 14.8%                      |
| Consumer Financing and Credit Cards | 5,599                      | 12.2%                               | 5,045                      | 11.0%                      |
| Direct                              | 5,390                      | 11.8%                               | 4,369                      | 23.4%                      |
| Mortgages                           | 323                        | 0.7%                                | 293                        | 10.1%                      |
| Other                               | 1,806                      | 4.0%                                | 980                        | 84.2%                      |

|                |           |        |      |        |       |
|----------------|-----------|--------|------|--------|-------|
| Total activity | financing | 45,725 | 100% | 41,291 | 10.7% |
|----------------|-----------|--------|------|--------|-------|

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

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

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

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

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

At the end of 2022, the consolidated customer funds under management (customer deposits and marketable debt securities) reached €80,183 million, representing an increase of 0.6% compared to the €79,741 million recorded in the previous financial year. The Consumer Group holds banking licenses in the majority of the countries in which it operates. One of its main sources of funding is customer deposits in Germany and the Nordics. Customer deposits increased by 5.7% (from €39,088 million in 2021 to €41,327 million in 2022).

On the other hand, consolidated marketable debt securities decreased by 4.4%. As of 31 December 2022, the balance of conditional long-term financing from the European Central Bank TLTRO (Targeted Longer-Term Refinancing Operation) amounted to €18,160 thousand (€20,218 thousand in 2021), all belonging to TLTRO III.

The SCF's General Meeting, held on 3 March 2022, agreed to authorize the SCF's board of directors to issue multicurrency fixed-income securities up to an amount of €45 billion. In turn, the board of directors, at its meeting held on 28 April 2022, delegated these powers to the SCF's executive committee. The executive committee, at its meeting held on 19 May 2022, resolved to issue a Euro Medium Term Note Programme, replacing the one described above, for a maximum nominal outstanding amount not exceeding €25 billion. This programme was listed on the Irish Stock Exchange on 16 June 2022.

As of 31 December 2022, the outstanding balance of these notes amounts to €12,943 million (€13,127 million in 2021), and their maturity date is between 30 May 2023 and 12 May 2032. The annual interest rate on these securities stands at 0% and 4.110% (0% and 1.356% in 2021).

The following table summarises customer funds under management in 2022, as compared to the previous financial year (the data does not include valuation adjustments or subordinated debt):

| Customer Funds under management            | 2022 Financial year (audited) | 2021 Financial year (audited) | Variation 2022/2021 |
|--|-------------------------------|-------------------------------|---------------------|
|  | (millions of euro)            | (millions of euro)            | (%)                 |
| Customer deposits                          | 41,327                        | 39,088                        | 5.7%                |
| Marketable debt securities                 | 38,856                        | 40,652                        | -4.4%               |
| <b>Total client funds on balance sheet</b> | <b>80,183</b>                 | <b>79,741</b>                 | <b>0.6%</b>         |

### Main Markets in which the Issuer Competes

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

The following tables summarise customer lending and customer deposits by geographical area as at 31 December 2022, in comparison with the previous year (the data does not include valuation adjustments or subordinated debt):



### Loans and advances to customers

|  | 2022 Financial<br>year (audited) | % of total<br>activity | 2021 Financial<br>year (audited) | Variation<br>2022/2021 |
|--|----------------------------------|------------------------|----------------------------------|------------------------|
|  | (millions of euro)               | (%)                    | (millions of euro)               | (%)                    |
| Spain and Portugal                         | 16,480                           | 15.5%                  | 15,517                           | 6.2%                   |
| Italy                                      | 10,180                           | 9.6%                   | 8,918                            | 14.2%                  |
| Germany and<br>Austria                     | 41,532                           | 39.0%                  | 38,223                           | 8.7%                   |
| France                                     | 15,748                           | 14.8%                  | 14,563                           | 8.1%                   |
| The Nordics                                | 17,394                           | 16.3%                  | 17,088                           | 1.8%                   |
| United Kingdom                             | 2,798                            | 2.6%                   | 2,948                            | -5.1%                  |
| Other Areas &<br>Intragroup<br>adjustments | 2,367                            | 2.2%                   | 2,303                            | 2.8%                   |
| <b>Total</b>                               | <b>106,500</b>                   | <b>100%</b>            | <b>99,560</b>                    | <b>7.0%</b>            |

### Customer Deposits

|                    | 2022 Financial<br>year (audited) | % of total<br>activity | 2021 Financial<br>year (audited) | Variation<br>2022/2021 |
|--------------------|----------------------------------|------------------------|----------------------------------|------------------------|
|                    | (millions of euro)               | (%)                    | (millions of euro)               | (%)                    |
| Spain and Portugal | 2,071                            | 5.0%                   | 1,634                            | 26.8%                  |
| Italy              | 1,358                            | 3.3%                   | 1,290                            | 5.2%                   |
| Germany            | 25,201                           | 61.0%                  | 23,519                           | 7.2%                   |
| France             | 3,387                            | 8.2%                   | 3,468                            | -2.3%                  |
| Scandinavia        | 7,218                            | 17.5%                  | 7,341                            | -1.7%                  |
| Austria            | 2,061                            | 5.0%                   | 1,789                            | 15.2%                  |
| Other              | 31                               | 0.1%                   | 48                               | -34.7%                 |
| <b>Total</b>       | <b>41,327</b>                    | <b>100%</b>            | <b>39,088</b>                    | <b>5.7%</b>            |

### Alternative performance measures

In addition to financial information presented or incorporated by reference herein and prepared under IFRS-EU, certain APMs are included herein. The Issuer believes that the presentation of the APMs included herein complies with the ESMA Guidelines.

The financial measures contained in herein or incorporated by reference herein that qualify as APMs and non-IFRS measures have been calculated using the financial information from the Issuer but are not defined or detailed in the applicable financial information framework or under IFRS and have neither been audited nor reviewed by the Issuer's auditors. Prospective investors are cautioned not to place undue reliance on

these measures, which should be considered as supplemental to, and not a substitute for, the financial information prepared in accordance with IFRS-EU included or incorporated by reference herein.

The Issuer uses these APMs and non-IFRS measures when planning, monitoring and evaluating its performance. The Issuer considers these APMs and non-IFRS financial measures to be useful metrics for management and investors to facilitate operating performance comparisons from period to period. While the Issuer believes that these APMs and non-IFRS financial measures are useful in evaluating its business, this information should be considered as supplemental in nature and is not meant as a substitute of IFRS measures. In addition, other companies, including companies in the Issuer's industry, may calculate such measures differently, which reduces their usefulness as comparative measures.

#### **Efficiency ratio (cost to income)**

The efficiency ratio (cost to income) is one of the most commonly used indicators when comparing (cost to income) productivity of different financial entities. It measures the total income amount of resources used to generate the Issuer's operating income.

The efficiency ratio (cost to income) is the result of dividing the underlying operating expenses by the underlying total income (Gross Margin). For this purpose, underlying operating expenses is the sum of administrative expenses and amortisations.

|  | <b>2022 Financial year</b> | <b>2021 Financial year</b> |
|--|----------------------------|----------------------------|
| Efficiency ratio (cost to income)      | 41.87%                     | 41.76%                     |
|  | (thousands of euro)        | (thousands of euro)        |
| Underlying operating expenses          | 1,945,415                  | 1,855,268                  |
| Underlying total income (Gross Margin) | 4,646,491                  | 4,442,574                  |

#### **Non-performing loans**

It is defined as the total amount of doubtful balances with Customers, that is, positions classified as simple state of non-performing, precontentious doubtful balances, contentious and non precontentious doubtful balances. It is also sometimes referred to as "Low Credit Quality Loans".

#### **Non-performing loans ratio**

The non-performing loans ratio is an important variable regarding financial institutions' activity since it gives an indication of the level of risk the entities are exposed to. It calculates risks that are, in accounting terms, declared to be non-performing as a percentage of the total outstanding amount of customer credit.

The non-performing loans ratio is the result of dividing the non-performing loans and advances to customers, by total loans and advances to customers.

|   | <b>2022 Financial year</b> | <b>2021 Financial year</b> |
|---|----------------------------|----------------------------|
| Non-performing loans ratio  | 2.06%                      | 2.06%                      |
|   | (thousands of euro)        | (thousands of euro)        |
| Non-performing loans and advances to customers – stage 3 and risk contingencies, commitments and guarantees granted | 2,239,154                  | 2,099,018                  |
| Total loans and advances to customers and guarantees granted  | 108,818,130                | 102,030,087                |

#### **Coverage ratio ("Coverage")**

The Coverage is a fundamental metric in the financial sector. It reflects the level of provisions as a percentage of the non-performing assets (credit risk). Therefore it is a good indicator of the entity's solvency against client defaults both present and future.

The coverage ratio is the result of dividing provisions to cover impairment losses on loans and advances to customers by non-performing loans and advances to customers – stage 3 and risk contingents.

|  | 2022 Financial year | 2021 Financial year |
|--|---------------------|---------------------|
| Coverage   | 88.61%              | 102.65%             |
|  | (thousands of euro) | (thousands of euro) |
| Provisions to cover impairment losses on loans and advances to customers and contingent liabilities and commitments. | 1,984,064           | 2,154,583           |
| Non-performing loans and advances to customers – stage 3 and risk contingencies, commitments and guarantees granted  | 2,239,154           | 2,099,018           |

### The cost of credit ratio

Quantifies loan-loss provisions arising from credit risk over a defined period of time for a given loan portfolio. As such, it acts as an indicator of credit quality.

Ratio obtained by dividing, in the numerator, the Total loan-loss provisions and in the denominator, the Average balance of the Gross Customer Loans over the 12 months in the reporting period. It indicates the credit quality of the loan portfolio.

|                                | 2022 Financial year | 2021 Financial year |
|--------------------------------|---------------------|---------------------|
| Cost of credit                 | 0.42%               | 0.50%               |
|                                | (thousands of euro) | (thousands of euro) |
| Impairment (*)                 | 451,931             | 495,060             |
| Loans and advances - Customers | 106,499,832         | 99,559,662          |

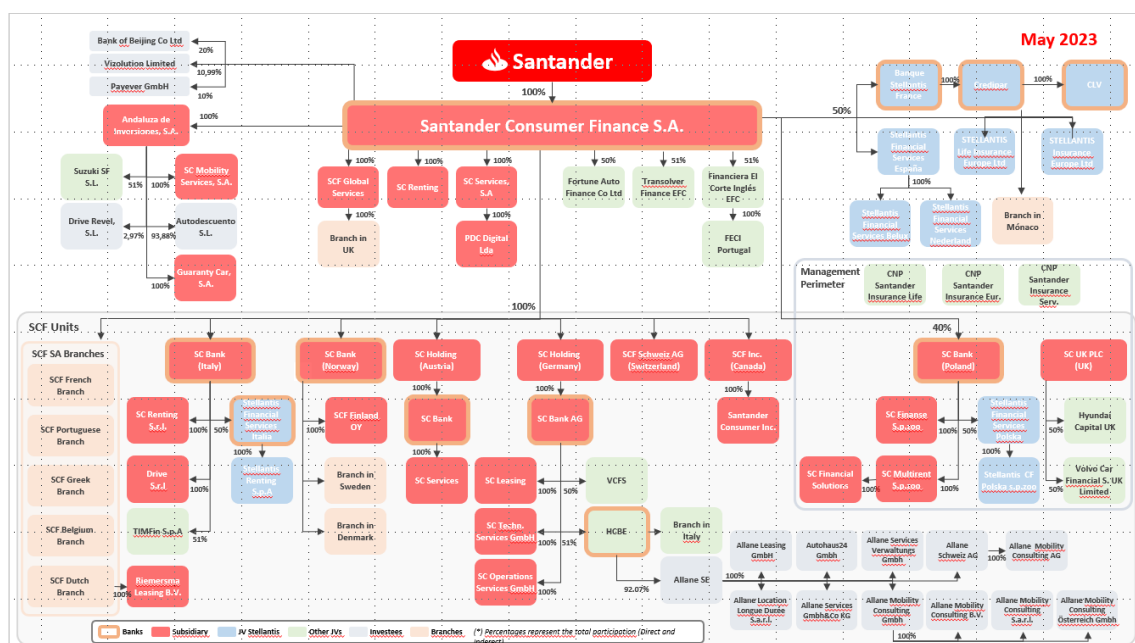
(\*) Impairment or (-) reversal of impairment and gains or losses on changes in cash flows of financial assets not measured at fair value through profit or loss and net gains or (-) losses on changes.

### Organisational Structure

The Issuer is the parent company of a group of companies providing consumer finance services within the Banco Santander Group (the “**Consumer Group**”).

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

The diagram below summarises the organisational structure of the Consumer Group as of May 2023:



## Recent Developments

### 2022 and 2023

#### Stellantis agreement

On 1 April 2022, SCF announced that it had reshaped its agreement with Stellantis to finance the vehicles of all the automaker's brands in seven European countries: Belgium, France, Luxembourg, Italy, the Netherlands, Poland, Portugal and Spain.

The partnership, which was established in 2014 to finance Peugeot, Citroën and DS vehicles, has since 3 April 2023, upon closing of the new cooperation agreements, been effectively enhanced. Within the aforementioned countries, SCF and Stellantis act jointly as captive finance provider in the credit, finance lease and operational lease for private customers, the latter on a non-exclusive basis, for all the brands of the automaker: Abarth, Alfa Romeo, Chrysler, Citroën, Dodge, DS, Fiat, Fiat Professional, Jeep, Lancia, Maserati, Opel, Peugeot, RAM and Vauxhall. As part of the transaction, SCF has sold its stakes in PSA Bank Deutschland GmbH, including its Austrian branch, and PSA Finance UK Ltd to BNP Paribas Personal Finance.

The consolidation as Stellantis' key financing partner strengthens SCF's leadership in the European auto finance market. SCF expects its outstanding portfolio from Stellantis' brands to reach up to €40 billion by 2026.

#### Intragroup corporate transactions

In 2022, one of the Issuer's areas of attention continued to be the simplification of its legal and IT structure. The aim is to simplify and create efficiencies, and that's why the Issuer executed first in December 2020 its merger with Santander Consumer EFC S.A. in Spain. In addition, the Issuer has executed the following corporate transactions between 2021 and 2022:

- Merger of SCF and Santander Consumer Bank S.A. (former Belgian subsidiary of SCF) and establishment of a branch in Belgium, which absorbed the Belgian banking subsidiary Santander Consumer Bank S.A. on March 2021, hence the former business of Santander Consumer Bank S.A. is now being carried out by such branch.
- Merger of SCF and Banco Santander Consumer Portugal, S.A. (former Portuguese subsidiary of SCF) and establishment of a branch in Portugal, which absorbed the Portuguese banking subsidiary Banco Santander Consumer Portugal, S.A. on 1 October 2021, hence the former business of Banco Santander Consumer Portugal, S.A. is now being carried out by such branch.
- Merger of SCF and Santander Consumer Finance Benelux B.V. (former Dutch subsidiary of SCF) and establishment of a branch in the Netherlands, which absorbed the Dutch subsidiary Santander

Consumer Finance Benelux B.V. on 29 November 2021, hence the former Dutch business of Santander Consumer Finance Benelux B.v. is now being carried out by such branch. In addition, Santander Consumer Finance Benelux B.V. had a branch in Belgium through which it conducted business in that country. Since the merger, the business has been carried on through the Belgian branch of SCF which was already operational.

- Merger of SCF and Santander Consumer Banque S.A. (former French subsidiary of SCF) and establishment of a branch in France, which absorbed the French banking subsidiary Santander Consumer Banque S.A. on 22 October 2022, hence the former business of Santander Consumer Banque S.A. is now being carried out by such branch.
- Merger of SCF and Santander Consumer Mediación Operador de Banca-Seguros Vinculado, S.L.U., which was effective as of 30 July 2021.

#### **TIM-SCB JV S.p.A**

On 17 February 2020, the Consumer Group, through its Italian subsidiary Santander Consumer Bank, S.p.A., entered into a joint venture agreement with the Italian mobile, telecommunications and Internet company TIM, S.p.A., with stakes of 51% and 49%, respectively TIM-SCB JV S.p.A.

The company had an initial share capital of €2 million, consisting of 2 million shares with a par value of €1 each. Each partner contributed capital in accordance with its percentage shareholding.

On 29 October 2020, a capital increase of €4 million was agreed to reach a share capital figure of €6 million. This capital increase was subscribed and paid up by the shareholders according to their percentage shareholdings. The capital increase was carried out by issuing 4 million shares with a par value of €1 each.

On 4 January 2021, the pending capital increase of €34 million was carried out to reach share capital of €40 million and start up the business. This capital increase was subscribed by the shareholders in line with their percentage shareholdings. The capital increase was carried out by issuing 34 million new shares with a par value of €1 each.

On 4 April 2023, a shareholders contribution to reserves, for a total amount of €20 million in TIMFin, S.p.A., was made.

#### **Hyundai Capital Bank Europe, GmbH.**

On 4 November 2020, Santander Consumer Bank AG, Hyundai Capital Services Inc. and Hyundai Capital Bank Europe, GmbH entered into an addendum to the original shareholders' agreement in order to open a branch of Hyundai Capital Bank Europe, GmbH in Italy to engage in auto financing for Hyundai and Kia (end customers and dealers), as well as other related services, by raising funds from the public via deposits and loans in the Italian market.

The Italian branch of HCBE was effectively open and is operating in Italy since 2021.

#### **Ratings review of the Issuer's rating**

On 20 April 2023, Fitch confirmed the SCF Long-Term IDR at A-, the short-term IDR at F2, the Deposit ratings: long-term/short-term at A/F1, and the Senior Preferred debt: long-term/short-term at A/F1.

On 22 March 2022, S&P revised the outlook on SCF from negative to stable, and affirmed its long and short term ratings at A/A-1.

On 18 July 2002, Moody's affirmed SCF deposit ratings at A2/Prime-1 and its senior unsecured debt ratings at A2 (Outlook Stable).

As at the date of this Base Prospectus the following credit ratings have been assigned to the Issuer and to certain debt instruments of the Issuer:

|                                  |        |
|----------------------------------|--------|
| <b>Moody's:</b>                  |        |
| Issuer Long Term credit rating:  | A2     |
| Issuer Short Term credit rating: | P1     |
| Outlook:                         | Stable |

|   |              |
|---|--------------|
| Senior Unsecured Debt:                      | A2           |
| Subordinated Debt:                          | Baa2         |
| <b>S&amp;P:</b>                             |              |
| Issuer Credit Rating                        | A/Stable/A-1 |
| Resolution Counterparty Rating              | A+/-/A-1     |
| Outlook:                                    | Stable       |
| Commercial Paper (Local Currency)           | A-1          |
| Senior Subordinated                         | BBB+         |
| Senior Unsecured                            | A            |
| Short-Term Debt                             | A-1          |
| Subordinated Debt:                          | BBB          |
| <b>Fitch:</b>                               |              |
| Issuer Long Term credit rating:             | A-           |
| Issuer Short Term credit rating:            | F2           |
| Outlook:                                    | Stable       |
| Long-term/Short term senior preferred Debt: | A            |
| Long-term/Short-term senior preferred Debt: | F1           |

### Spanish Supreme Court ruling regarding interest rates

The Spanish Supreme Court (*Tribunal Supremo*) issued a ruling with specific relevance to credit agreements relating to credit cards as a form of revolving credit and/or deferred payments (ruling 149/2020 of 4 March 2020). The ruling established (i) that credit cards as a form of revolving credit are a specific segment within the credit facilities market; (ii) that the Bank of Spain publishes a specific benchmark interest rate for this product in its official statistics gazette (*Boletín Estadístico*), which is the one to be used to determine the “normal interest of money”; (iii) that the average interest rate applicable to credit card and revolving credit transactions as published in the official statistics of the Bank of Spain was slightly higher than 20% and (iv) that an annual percentage rate like the one analysed in the case studied by the Spanish Supreme Court, that is, between 26.82% and 27.24%, is “significantly disproportionate”, which entails that the relevant contract shall be considered null and void and the relevant interest paid by the consumer shall be refunded. Unlike the preceding court ruling in this matter, which applied the *supra duplum* rule to determine when the interest rate shall be considered disproportionate (i.e. when exceeding twice the average ordinary interest rate), this new ruling does not provide specific criteria or accuracy which may allow entities to establish with legal certainty which level or gap from the “normal interest of money” can lead to the relevant agreement being considered null and void. This circumstance will probably lead to an increase in litigation and diverse judicial positions the impact of which cannot be determined at this time (although it is not expected to be material) and which will be specifically followed up and specifically managed.

### Capital increases

In 2022 and during the first quarter of 2023, in addition to the transactions described above, certain investees carried out capital increases that were fully subscribed and paid. The most significant of these were as follows:

| <b>Capital increases<sup>(*)</sup></b> |                                |
|--|--------------------------------|
| SANTANDER CONSUMER LEASING GMBH        | EUR 50 million                 |
| SANTANDER CONSUMER MULTIRENT SP. Z O.O | PLN 125 million                |
| SANTANDER CONSUMER RENTING S.R.L.      | EUR 4 million                  |
| DRIVE S.r.l.                           | EUR 4 million                  |
| SANTANDER CONSUMER FINANCE INC.        | CAD 40 million <sup>(**)</sup> |

(\*) Includes, exclusively, the disbursements made by the Consumer Group on these capital increases.

(\*\*) Canadian dollars.

### **Notifications of acquisitions of investments**

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

### **Events after the reporting period**

There are no relevant events after the reporting period.

### **Board of Directors**

The board of directors has extensive powers to manage, administer and govern all matters related to the Consumer Group's business, subject only to any powers exercisable solely by the General Meeting of shareholders. SCF'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 three-year term and re-elected as applicable for further three-year terms. All of the directors are appointed by the Banco Santander Group, owner of 100% of the shares of the Issuer, 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 is comprised of eleven members, excluding the Non-Director Secretary and Non-Director Vice Secretary, as set out in the table below:

| <b>Board Members</b>                    | <b>Functions</b>    | <b>1st Appointment Date</b>                | <b>Reelection Date</b> |
|---|---------------------|--|------------------------|
| Ms. Ana Patricia Botin-Sanz de Sautuola | Chair               | 22/05/2023                                 | -                      |
| Mr. Jose Luis de Mora Gil Gallardo      | CEO                 | 26/11/2015<br>17/12/2020 / CEO             | 24/02/2022             |
| Mr. Ezequiel Szafir                     | CEO                 | 17/12/2020                                 | -                      |
| Mr. Sebastian Jorge Gunningham          | Deputy Chairman     | 28/07/2020<br>22/05/2023 (Deputy Chairman) |                        |
| Mr. Javier Monzón de Cáceres            | Deputy Chairman     | 22/10/2020                                 | -                      |
| Mr. Antonio Escámez Torres              | Member of the Board | 10/06/1999                                 | 24/02/2022             |

|                                  |                             |            |            |
|----------------------------------|-----------------------------|------------|------------|
| Mr. Jose Manuel Robles Fernández | Member of the Board         | 30/10/2018 | 16/12/2021 |
| Ms. Marta Elorza Trueba          | Member of the Board         | 22/05/2023 | -          |
| Ms. Emma Fernández Alonso        | Member of the Board         | 22/05/2023 | -          |
| Mr. Michael Rhodin               | Member of the Board         | 22/05/2023 | -          |
| Ms. Cristina Ruiz Ortega         | Member of the Board         | 22/05/2023 | -          |
| Mr. Fernando García Solé         | Non-Director Secretary      | 22/07/1999 | -          |
| Mr. Victor Dorado González       | Non-Director Vice Secretary | 17/12/2020 | -          |

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   |
|---|--|---|
| Ms. Ana Patricia Botin-Sanz de Sautuola | Banco Santander, S.A.<br>Santander Consumer Finance, S.A.<br>Open Bank, S.A.<br>Open Digital Services, S.L.<br>PagoNxt, S.L.<br>Santander Bank, NA<br>Santander Holdings USA, Inc  | Chair<br>Chair<br>Chair<br>Chair<br>Chair<br>Non-executive Member<br>Non-executive Member   |
| Mr. Sebastian Gunningham                | Open Bank, S.A<br>Santander Consumer Finance, S.A.<br>Open Digital Services, S.L.<br>Santander Digital Businesses, S.L.<br>Get Fabric Ltd  | Deputy Chairman<br>Deputy Chairman<br>Deputy Chairman<br>Member of the Board<br>Member of the Board   |
| Mr. Javier Monzón de Cáceres            | Santander Consumer Finance, S.A.<br>Open Bank, S.A.<br>Open Digital Services, S.L.   | Deputy Chairman<br>Deputy Chairman<br>Deputy Chairman   |
| Mr. Jose Luis de Mora Gil-Gallardo      | Santander Consumer Finance, S.A.<br>Open Bank, S.A.<br>Open Digital Services, S.L.<br>BANK ZACHODNI WBK<br>Santander Fintech Holdings, S.L.<br>Financiera El Corte Inglés, EFC, S.A.<br>Santander Fintech Limited<br>CFA Society Spain<br>Santander Fintech Limites (Santander Innoventures) | CEO<br>Member of the Board<br>Member of the Board<br>Member of the Board<br>Member of the Board<br>Member of the Board<br>Member of the Board<br>Chairman of the Board<br>Member of the Board |



|                            |   |   |
|----------------------------|---|---|
| Mr. Ezequiel Szafir        | Santander Consumer Finance, S.A.<br>Open Bank, S.A.<br>Open Digital Market, S.L.<br>Open Digital Services, S.L.   | CEO<br>CEO<br>Chairman of the Board<br>CEO  |
| Mr. Antonio Escámez Torres | Santander Consumer Finance, S.A.<br>Fundacion Konecta<br>Santander Bank Poslka S.A.<br><br>Open Bank, S.A.<br>Open Digital Services, S.L.   | Member of the Board<br>Chairman of the Board<br>Chairman of the Supervisory Board<br><br>Member of the Board<br>Member of the Board       |
| Mr. Jose Manuel Robles     | Santander Consumer Finance, S.A.<br>Open Bank, S.A.<br>Open Digital Services, S.L.  | Member of the Board<br>Member of the Board<br>Member of the Board   |
| Ms. Marta Elorza Trueba    | Santander Consumer Finance, S.A.<br>Open Bank, S.A.<br>Open Digital Services, S.L.  | Member of the Board<br>Member of the Board<br>Member of the Board   |
| Ms. Emma Fernández Alonso  | Santander Consumer Finance, S.A.<br>Open Bank, S.A.<br>Open Digital Services, S.L.<br>Metrovacesa, S.A.<br>Axway Software, S.A.<br>Gigas Hodsting, S.A.   | Member of the Board<br>Member of the Board<br>Member of the Board<br>Member of the Board<br>Member of the Board<br>Member of the Board    |
| Mr. Michael Rhodin         | Santander Consumer Finance, S.A.<br>Open Bank, S.A.<br>Open Digital Services, S.L.  | Member of the Board<br>Member of the Board<br>Member of the Board   |
| Ms. Cristina Ruiz Ortega   | Santander Consumer Finance, S.A.<br>Open Bank, S.A.<br>Open Digital Services, S.L.<br>Santander España ( <i>unidad organizativa de España</i> )<br>Santander España ( <i>unidad organizativa de España</i> )<br>Saica Group | Member of the Board<br>Member of the Board<br>Member of the Board<br>Member of the Board<br>Transformation Manager<br>Member of the Board |

The board of directors meets at least six times a year and may meet more frequently in certain circumstances.

The professional address of the members of the board of directors is Ciudad Grupo Santander, Avenida de Cantabria s/n, Boadilla Del Monte (Madrid, Spain).

In the last board of directors held on 22 May 2023, the amendment of the board regulations was approved. Such regulations contemplate the rules of each the committees of the board of directors. Likewise, the rules

on the executive committee were moridified to expressly envisage the fact that the chair of the executive committee may be appointed from among its members.

### **Executive Committee**

The executive committee of the board of directors has been delegated all the powers of the board of directors, except for those that cannot be delegated. The table below shows the members of the executive committee as at the date of this Base Prospectus:

| <b>Executive Committee Members</b> | <b>Functions</b> |
|------------------------------------|------------------|
| Mr. Sebastian Gunningham           | Chairman         |
| Mr. Javier Monzón de Cáceres       | Deputy Chairman  |
| Mr. Antonio Escámez Torres         | Member           |
| Mr. José Luis de Mora Gil-Gallardo | Member           |
| Mr. Ezequiel Szafir                | Member           |
| Mr. Fernando García Sole           | Secretary        |
| Mr. Victor Dorado González         | Vice Secretary   |

### **Audit Committee**

The audit committee shall have, among others, the following functions and any others attributed to it by the applicable legislation:

- (a) Have its chair and/or secretary report to the shareholders at the General Shareholders' meeting on matters raised therein by shareholders regarding its powers and, specifically, the audit results, how the audits contribute to the integrity of the financial information and the role of the committee in the process.
- (b) Review the financial statements of the Issuer and the Consumer Group, monitor compliance with legal requirements and the proper application of generally accepted accounting principles, and report on proposals for amendments to the accounting principles and standards suggested by management.
- (c) In connection with the Issuer's external auditor:
  - (i) With respect to the appointment thereof, the audit committee shall have the following powers: (1) Submit proposals to the board of directors for the selection, appointment, re-election and replacement of the external auditor; and (2) Ensure that the Issuer gives public notice of the change of external auditor, attaching to such notice a statement regarding the possible existence of disagreements with the outgoing external auditor and, if any have existed, regarding the content thereof; and in the event of the resignation of the external auditor, examine the circumstances giving rise thereto.
  - (ii) With respect to the conduct of the audit, the audit committee shall: (1) Establish appropriate relations with the external auditor so as to receive information regarding matters that might jeopardise its independence, in order to examine such information, and any other information relating to the auditing process, as well as all other communications pursuant to legislation on the auditing of financial statements and audit standards; and serve as a communication channel between the board and the external auditor, evaluating the results of each audit and the management team's responses to the recommendations contained therein, mediating in cases of discrepancy between the auditor and the board with regard to the principles and criteria applicable in preparing the financial statements. Specifically, the committee shall seek to ensure that the financial statements prepared by the board are presented at the General Shareholders' meeting without reservations or qualified opinions; and (2) Oversee the fulfilment of the audit contract, endeavouring to ensure that the opinion on the annual financial statements and the main contents of the audit report are set forth in a clear and accurate fashion.

- (iii) With respect to the independence of the auditor and the provision of non-audit services, the audit committee shall ensure that the Issuer and the external auditor comply with applicable regulations regarding the provision of such services, the limits on the concentration of the external auditor's business and, in general, all other regulations governing independence of the external auditor. For the purposes of ensuring the independence of the external auditor, it will take note of those circumstances or issues that might risk such independence and any others related to the performance of the auditing procedure. Specifically, it will ensure that the remuneration of the external auditor for its work does not compromise the quality and independence thereof, and will verify the percentage that the fees paid for any and all reasons represent out of the total income of the audit firm, as well as the length of service of the partner who leads the audit team in the provision of such services to the Issuer. Likewise, the audit committee must endorse any decision to contract services other than audit services which are not prohibited by applicable regulations, having first properly assessed any threats to the auditor's independence and the safeguard measures applied in accordance with said regulations. The annual report will include the fees paid to the audit firm, including information relating to fees paid for professional services other than auditing. In any event, the audit committee should receive from the external auditor annual written confirmation of the latter's independence from the Issuer and any institutions directly or indirectly related to it, as well as detailed and itemised information on additional services of any kind provided by the aforementioned auditor or by persons or institutions related thereto and the fees received from such entities, pursuant to the regulations governing the auditing of accounts. Likewise, prior to the issuance of the external auditor's report, the committee will issue an annual report expressing an opinion on whether the independence of the external auditor is compromised. This report must contain a substantiated opinion on the provision of each and every additional service discussed in the previous paragraph.
- (d) Oversee the internal audit function and, in particular: (i) propose the selection, appointment and removal of the chief audit executive (CAE); (ii) participate in the process of setting the objectives of the head of Internal Audit, validate the evaluation of their performance and participate in the assessment of his variable remuneration together with the remuneration committee; (iii) approve the proposed guidance and the annual internal audit working plan submitted to the board, ensuring that internal audit activities are primarily focused on the Issuer's significant risks, and review the annual activities report; (iv) ensure the independence and effectiveness of the internal audit function; (v) propose the budget for this service, including the necessary material and human resources; (vi) receive periodic information regarding its activities; and (vii) verify that senior management and the board take into account the conclusions and recommendations set forth in its reports.
- (e) Oversee the process for gathering financial information and the internal control systems. In particular, the audit committee shall: (i) supervise the preparation and presentation of relevant financial information concerning the Issuer and ensure that such information is complete, reviewing compliance with regulatory requirements, the proper definition of the consolidation scope and the correct application of accounting criteria; (ii) monitor the effectiveness of internal control systems, periodically reviewing them so as to adequately identify, manage and divulge risks; and (iii) discuss with the external auditor any significant weaknesses in the internal control system uncovered in the course of the audit. As a result of its activities, the audit committee may submit recommendations or proposals to the board of directors. In any event, the performance of the duties established herein will not affect the independence of the internal audit function.
- (f) Report to the board, before the latter makes relevant decisions with regard to: (i) the financial information the Issuer must disclose periodically, as appropriate, ensuring that said information is prepared in accordance with the same principles and practices as the annual financial statements; (ii) the creation and acquisition of shareholdings in special-purpose vehicles or entities with registered offices in countries or territories that are considered to be tax heavens; (iii) the approval of transactions with related parties.
- (g) Find out about and respond, as necessary, to initiatives, suggestions and complaints filed by shareholders with regard to the committee's duties and submitted to it by the Issuer's corporate bodies. The committee will also: (i) Receive, process and keep a record of complaints received by the Issuer with regard to issues relating to the process of generating financial information, auditing and internal controls. (ii) Establish and supervise a mechanism whereby the Consumer Group's employees may communicate, confidentially and anonymously, potentially significant irregularities with regard to matters within its area of authority, especially of a financial and accounting nature.

- (h) Receive information concerning structural or corporate modification operations planned by the Issuer, for analysis and reporting to the board of directors in relation to the economic conditions of such activities and their accounting impact and, in particular and where relevant, the proposed exchange ratio of shares.
- (i) Receive information from the head of the Issuer's tax department on the tax policies applied, at least prior to the preparation of its annual financial statements and the filing of its corporate income tax return, and, where applicable, on the tax consequences of the operations or matters submitted to the board of directors or executive committee for approval, unless these bodies have been directly informed of said operations or matters, in which case these will be explained to the committee at its next meeting. The audit committee is tasked with passing the information received on to the board of directors.
- (j) Monitor and assess regulatory proposals and new regulatory developments that may be applicable in matters within its competence (including audit, accounting and internal control), and possible consequences for the Issuer.
- (k) Evaluate, at least once a year, its operation and the quality of its work.

The table below shows the members of the Audit Committee:

|                                  |           |
|----------------------------------|-----------|
| Mr. José Manuel Robles Fernández | Chairman  |
| Ms. Emma Fernández Alonso        | Member    |
| Ms. Marta Elorza Trueba          | Member    |
| Mr. Fernando García Solé         | Secretary |

#### **Risk Supervision, Regulation and Compliance Committee**

the risk supervision, regulation and compliance committee shall have the following responsibilities, and any others attributed to it by applicable legislation:

- (a) Support and advise the board of directors in defining and assessing the risk policies affecting the Issuer and in determining the current and future risk propensity and the risk strategy. the Issuer's risk policies must include: (i) The identification of various types of financial and non-financial risk (operational, technological, tax, legal, social, environmental, political, reputational, compliance and behavioural, among others) that the Issuer faces, including, among financial or economic risks, contingent liabilities and others which are off-balance sheet; (ii) Setting the risk appetite that the Issuer and the Banco Santander Group consider acceptable; (iii) The planned measures to mitigate the impact of identified risks, in the event that they materialise; and (iv) The information and internal control systems that will be used to control and manage such risks, including tax risks.
- (b) Support the board of directors as regards overseeing implementation of the risk strategy and its alignment with strategic commercial plans as well as approving the capital and liquidity strategy and overseeing its enforcement.
- (c) Know and assess the risks deriving from the macroeconomic environment and the economic cycles affecting the Issuer's activities, systematically reviewing exposure to key customers, economic sectors, geographical areas and risk types.
- (d) Oversee the risk function, without prejudice to the direct access of the latter to the board of directors.
- (e) Understand and assess the management tools, improvement measures, development of projects and other relevant activity related to risk control, including the policy on internal risk models and their internal validation.
- (f) Determine, together with the board of directors, the nature, amount, format and frequency of the risk-related information to be received by the committee itself and by the board of directors. In particular, the risk supervision, regulation and compliance committee will receive periodic information from the chief risk officer ("CRO").

- (g) Participate in the process of setting objectives and the appointment/dismissal of the CRO and the chief compliance officer and validate the CRO's performance evaluation, which will be reported to the remuneration committee for the determination of their variable remuneration.
- (h) Cooperate in establishing rational remuneration policies and practices. For this purpose, without prejudice to the duties of the remuneration committee, the committee will determine whether the incentives policy envisaged in the remuneration scheme takes into account risk, capital, liquidity and the probability and opportunity of profit. In conjunction with the remuneration committee, the risk supervision, regulation and compliance committee will also conduct a subsequent analysis of the criteria used to determine compensation and the ex-ante risk adjustment, based on how risks previously assessed actually materialised.
- (i) Supervise and regularly evaluate the operation of the Issuer's compliance programme, governance rules and the compliance function, making such proposals as may be required for the improvement thereof. To this end, the risk supervision, regulation and compliance committee shall: (i) supervise compliance with the general code of conduct, the manuals and procedures for the prevention of money laundering and the financing of terrorism and other sectoral codes and regulations applicable to or followed by the Issuer, (ii) receive information and, where appropriate, issue reports on disciplinary measures to members of senior management, (iii) supervise the adoption of the actions and measures resulting from the reports or inspection actions of the administrative supervisory and control authorities, (iv) supervise the operation of and compliance with the criminal risk prevention model approved by the board of directors. For the performance of this task, the committee will have its own autonomous initiative and control powers. These include, without limitation, the power to obtain any information it deems appropriate and to call on any officer or employee of the Issuer, including, in particular, the heads of the compliance function and of the various committees related to this area that may exist in order to assess their performance, as well as the power to commence and direct such internal inquiries as it deems necessary into events related to any possible non-compliance with the criminal risk prevention model. Furthermore, the risk supervision, regulation and compliance committee will periodically evaluate the operation of the prevention model and its effectiveness in preventing or mitigating the commission of crimes, for which purpose it may rely on external advice when it deems it appropriate, and will propose to the board of directors any changes to the criminal risk prevention model and, in general, to the compliance programme that it deems fit in view of such evaluation.
- (j) Track and evaluate proposals for changes to rules and regulations that may be applicable and the potential consequences for the Issuer.
- (k) Evaluate, at least once a year, its operation and the quality of its work.

The table below shows the members of the Risk Supervision, Regulation and Compliance Committee:

|                                  |           |
|----------------------------------|-----------|
| Ms. Marta Elorza Trueba          | Chairman  |
| Mr. Javier Monzón de Cáceres     | Member    |
| Ms. Emma Fernández Alonso        | Member    |
| Mr. Jose Manuel Robles Fernández | Member    |
| Mr. Antonio Escámez Torres       | Member    |
| Mr. Fernando García Solé         | Secretary |

#### **Nomination, corporate governance and responsible banking committee**

In the meeting of board of directors held on the 22 May 2023, it was approved the incorporation of competences of responsible banking matters to the nomination committee, which is currently known as the nomination, corporate governance and responsible banking committee.

The nomination, corporate governance and responsible banking committee shall have the following functions:

- (a) Propose and review the policy for the selection of directors and the succession plan approved by the board and the internal criteria and procedures for the selection of those to be proposed for the position of director, as well as for the continuous evaluation of directors, and report on such continuous evaluation.

In particular, the nomination, corporate governance and responsible banking committee will:

- (i) Evaluate the balance of knowledge, skills, capacity, diversity and experience necessary and existing on the board of directors and draw up the corresponding skills matrix and description of the functions and aptitudes necessary for each specific appointment, assessing the time and dedication necessary for the proper performance of the position.
  - (ii) Receive consideration proposals of potential candidates to cover vacancies that may be made by the directors.
  - (iii) Periodically, and at least once a year, evaluate the structure, size, composition and performance of the board of directors, the functioning and compliance with the director selection policy and the succession plan, making recommendations to the board on possible changes.
  - (iv) Assess, prior to their appointment and periodically thereafter, at least once a year, the suitability of the members of the board of directors and of the board of directors as a whole, and report to the board of directors accordingly.
  - (v) Establish a representation target for the under-represented gender on the board of directors and develop guidance on how to increase the number of persons of the under-represented gender with a view to reaching this target. The target, the guidelines and the application thereof will be published pursuant to applicable regulations.
- (b) Apply and supervise the succession plan for the directors approved by the board of directors, in coordination with the chairman of the board.
- (c) Prepare reasoned proposals for the appointment, re-election and ratification of directors, proposals for the removal of directors and, where appropriate, proposals for the appointment of members to each board committee.
- (d) Annually verify the classification of each director (as executive, non-executive, representing substantial shareholders, independent or external) for due legal purposes.
- (e) Report on proposals for appointment or removal of the secretary of the board and, if applicable, the vice-secretary, prior to submission thereof to the board.
- (f) Propose and review internal policies and procedures for the selection and continuous evaluation of senior executive vice presidents or similar officers and other employees responsible for internal control functions or who hold key positions for the day-to-day conduct of banking activities, as well as the succession plan for such officers, reporting on their appointment and removal and their continuous evaluation and making any recommendations it deems appropriate.
- (g) Ensure compliance by the directors with their duties, prepare the relevant reports and receive information, and, if applicable, prepare a report on the measures to be adopted with respect to directors in the event of non-compliance with any such obligations or with the code of conduct on the securities markets applicable to the Issuer.
- (h) Examine the information provided by the directors regarding their other professional obligations and assess whether such obligations might interfere with the dedication required of directors for the effective performance of their work.
- (i) Evaluate performance and quality of work, at least once a year.
- (j) Report on the self-assessment process of the board of directors and of its members and assess their independence (where applicable).
- (k) Report on and supervise the implementation of the Issuer's succession planning policy, as well as any modifications thereto.
- (l) Support and advise the board in connection with the Issuer's and the Consumer Group's corporate governance and internal governance policy, and with regular assessment of the suitability of the Issuer's corporate governance system, in order to ensure that it carries out its purpose of promoting

the corporate interest and that it takes into account, where applicable, the legitimate interests of other stakeholders.

- (m) Support and advise the board in its relations with supervisors and regulators in the various countries in which the Issuer operates.
- (n) Advise the board of directors on matters related to responsible banking including, among other things, the fulfilment of its oversight responsibilities with respect to the Issuer's responsible business strategy and sustainability issues.
- (o) And any other duties that are specifically provided for in these Regulations or assigned thereto by applicable law.

The table below shows the members of Nomination Committee:

|                              |           |
|------------------------------|-----------|
| Ms. Emma Fernández Alonso    | Chair     |
| Mr. Javier Monzon de Cáceres | Member    |
| Ms. Marta Elorza Trueba      | Member    |
| Mr. Fernando García Solé     | Secretary |

#### **Remuneration Committee**

The remuneration committee shall have the following functions:

- (a) Prepare and propose decisions relating to remuneration to be made by the board of directors, including those that have an impact on the Issuer's risk and risk management.
- (b) In particular, the committee shall propose:
  - (i) The remuneration policy for directors in their capacity as such, preparing the required reasoned report on this remuneration policy.
  - (ii) The individual remuneration of the directors in their capacity as such.
  - (iii) The individual remuneration of the directors for the performance of duties other than those in their capacity as such, and other terms of their contracts.
  - (iv) The remuneration policy applicable to the managing directors and other members of senior management in compliance with the provisions of law.
  - (v) The basic terms of the contracts and compensation of the members of senior management.
  - (vi) The essential elements of remuneration for other directors or employees who, although not members of senior management, do belong to the identified staff.
- (c) Assist the board in supervising the observance of the remuneration policy for directors and, where appropriate, other members of the identified staff, as well as the other remuneration policies of the Issuer. Ensure that the Issuer's remuneration policies and practices are subject to a central and independent internal review at least once a year and report the results to the board. Propose a corrective action plan when periodic reviews reveal that remuneration policies and procedures are not working as intended.
- (d) Periodically review the remuneration programmes to ensure they are up-to-date, considering their adaptation and performance, ensuring that remuneration is in line with the criteria of moderation and the Issuer's results, culture and risk appetite; and that no incentives are offered to assume risk that exceeds the level tolerated by the Issuer, such that they promote and are compatible with adequate and effective risk management. For these purposes the mechanisms and systems adopted will be reviewed to ensure that remuneration programmes take into account all types of risk and all levels of capital and liquidity, and that remuneration is in line with the Issuer's and the Banco Santander Group's business targets and strategies, corporate culture and long-term interests.
- (e) Ensure the transparency of remuneration and the inclusion of information on directors' remuneration in the annual report, or other reports required by applicable legislation, submitting information to the board as relevant.

- (f) Evaluate the attainment of performance targets and the need to make “ex post” risk adjustments, including the application of reduction (“malus”) or recovery (“clawback”) systems.
- (g) Review possible scenarios in order to verify the effects of possible external and internal events on remuneration policies and practices, and perform, together with the risk supervision, regulation and compliance committee, a subsequent analysis of the criteria used to determine compensation and the ex-ante risk adjustment, taking into consideration how the previously evaluated risks have actually arisen.

The table below shows the members of the Remuneration Committee:

|                                  |           |
|----------------------------------|-----------|
| Mr. Michael Rhodin               | Chairman  |
| Mr. Javier Monzón de Cáceres     | Member    |
| Mr. Antonio Escámez Torres       | Member    |
| Ms. Emma Fernández Alonso        | Member    |
| Mr. José Manuel Robles Fernández | Member    |
| Mr. Fernando García Solé         | Secretary |

#### **Conflict of Interest**

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

As stipulated in Article 24 of the regulations of the board of directors, the directors must notify the Board of any direct or indirect conflict of interest that they might have with the Issuer. The board of directors shall be aware of any transactions conducted by the Issuer, directly or indirectly, with directors, significant shareholders or shareholders with board representation, or persons related thereto. These transactions should be authorised by the board of directors on the basis of a favourable report by the nomination and remuneration committee.

In 2023 and 2022, the Issuer’s directors did not report to the board of directors or to the General Meeting any direct or indirect conflict of interest that they or persons related to them might have.

#### **Litigation**

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



## TAXATION

*The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Moreover, it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of whom (such as dealers in securities) may be subject to special rules. In particular, this tax section does not address the Spanish tax consequences applicable to “look-through” entities (such as trusts or estates) that may be subject to the tax regime applicable to such non-Spanish entities under the Spanish Non-Resident Income Tax (“**NRIT**”) rules and regulations, to individuals who acquire the Notes by reason of employment or to pension funds or collective investment in transferrable securities (UCITS).*

*Prospective purchasers of Notes should consult their own tax advisers as to which countries’ tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus along with any administrative pronouncements or judicial decisions, all as of the date hereof, changes to any of which may affect the tax consequences described herein, possibly with retroactive effect.*

*In addition, investors should note that the appointment by an investor in Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax or withholding tax implications. Investors should consult their own tax advisors in relation to the tax consequences for them of any such appointment.*

### ***The proposed European Financial Transactions Tax (“FTT”)***

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

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

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

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

### ***Spanish FTT***

In the case of Spain, before a consensus was reached by the Participating Member States, the Spanish Parliament has approved Law 5/2020 of 15 October, on the FTT (*Ley del Impuesto sobre las Transacciones Financieras*) which entered into force on 16 January 2021.

The Spanish FTT applies on specific acquisitions of listed shares (including transfer or conversion) issued by Spanish companies with a market capitalisation of more than €1 billion, regardless of the jurisdiction of residence of the parties involved in the transaction, at a tax rate of 0.2%. In principle, the Spanish FTT does not affect transactions involving bonds or debt or similar instruments, such as preferred securities or derivatives.

The list of the Spanish companies with a market capitalisation exceeding €1 billion at 1 December of each year will be published on the Spanish tax authorities' website before 31 December each year. For the purposes of transactions closed during 2023, the Spanish tax authorities issued a list of entities whose market capitalization exceeded €1 billion as of 1 December 2022, that will fall within the scope of the Spanish FTT.

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

## **Taxation in Spain**

### **1. Introduction**

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

- (a) of general application, Additional Provision One of Law 10/2014, of 26 June, on regulation, supervision and solvency of credit entities and Royal Decree 1065/2007, of 27 July, as amended, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes, as amended by Royal Decree 1145/2011, of 29 July, and Royal Decree-Law 20/2011, of 30 December, on urgent measures on budget, tax and finance matters for the correction of the public deficit;
- (b) for individuals resident for tax purposes in Spain which are subject to the Personal Income Tax ("PIT"), Law 35/2006, of 28 November, on the PIT and on the Partial Amendment of the Corporate Income Tax Law, the Non-Residents Income Tax Law and the Net Wealth Tax Law, as amended by Law 26/2014, of 27 November, Royal Decree 439/2007, of 30 March, promulgating the PIT Regulations, along with Law 29/1987, of 18 December, on the Inheritance and Gift Tax, and Law 38/2022, of 27 December, for the establishment of temporary levies on energy and on financial credit institutions and introducing a temporary solidarity tax on large fortunes, as amended;
- (c) for legal entities resident for tax purposes in Spain which are subject to the Corporate Income Tax ("CIT"), Law 27/2014, of 27 November, of the CIT Law, and Royal Decree 634/2015, of 10 July, promulgating the CIT Regulations; and
- (d) for individuals and entities who are not resident for tax purposes in Spain which are subject to the NRIT, Legislative Royal Decree 5/2004, of 5 March, promulgating the Consolidated Text of the NRIT Law as amended by Law 26/2014, of 27 November, and Royal Decree 1776/2004, of 30 July, promulgating the NRIT Regulations, along with Law 29/1987, of 18 December, on the Inheritance and Gift Tax, and Law 38/2022, of 27 December, for the establishment of temporary levies on energy and on financial credit institutions and introducing a temporary solidarity tax on large fortunes, as amended.

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

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

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

Both interest payments periodically received and income derived from the transfer, redemption or exchange of the Notes constitute a return on investment obtained from the transfer of a person's own capital to third parties in accordance with the provisions of Section 25 of the PIT Law, and therefore must be included in the investor's PIT savings taxable base pursuant to the provisions of the aforementioned law and taxed according to the then-applicable rate. The savings taxable base will be taxed at the rate of 19% on the first €6,000, 21% for taxable income between €6,000.01 and EUR 50,000, 23% for taxable income between €50,000.01 and €200,000, 27% for taxable income between €200,000.01 and €300,000, and 28% for taxable income exceeding €300,000.

Income from the transfer of the Notes shall generally be computed as the difference between the amounts obtained in the transfer, redemption or reimbursement of the Notes and their acquisition or

subscription value. Costs and expenses effectively borne on the acquisition and/or disposal of the Notes shall be taken into account, insofar as adequately evidenced, in calculating the income.

Negative income derived from the transfer of the Notes, in the event that the Beneficial Owner had acquired other homogeneous securities within the two months prior or subsequent to such transfer or exchange, shall be included in his or her PIT base as and when the remaining homogeneous securities are transferred.

When calculating the net income, expenses related to the management and deposit of the Notes will be deductible, excluding those pertaining to discretionary or individual portfolio management.

According to Section 44.5 of Royal Decree 1065/2007, of 27 July, as amended, and in the opinion of the Issuer, the Issuer will pay interest without withholding to individual Beneficial Owners who are resident for tax purposes in Spain **provided that** the information about the Notes required by Exhibit 1 is submitted, notwithstanding the information obligations of the Issuer under general provisions of Spanish tax legislation.

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

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

## 2.2 *Net Wealth Tax (Impuesto sobre el Patrimonio) and Solidarity Tax (Impuesto Temporal de Solidaridad de las Grandes Fortunas)*

Individuals with tax residency in Spain are subject to Net Wealth Tax to the extent that their net worth exceeds a certain limit. This limit has been set at €700,000 which may vary in each of the autonomous communities. Therefore, they should take into account the value of the Notes which they hold as at 31 December in each year, the applicable rates ranging between 0.2% and 3.5%. The autonomous communities may have different provisions on this respect.

In addition to the above, the so-called "Solidarity Tax" was approved in December 2022, which is a two year direct wealth tax that, in general terms, applies, under certain conditions, to those residents in an autonomous region where the Wealth Tax is partial or fully exempt (as Madrid and Andalusia). As regards the Basque Country and Navarre, its application is excluded, although it is foreseen that its application will be agreed in the Mixed Commission of the Economic Agreement with the Basque Country and the Commission of the Economic Agreement with Navarre.

The rates of the "Solidarity Tax" are (i) 1.7% on a net worth between €3,000,000 and €5,000,000, (ii) 2.1% on a net worth between €5,000,000.01 and €10,000,000, and (iii) 3.5% on a net worth of more than €10,000,000. Note that the regulation lays down a minimum exempt amount of €700,000 which means that its effective impact, in general, will occur when the net wealth, not tax exempt, is greater than €3,700,000.

Prospective investors are advised to seek their own professional advice in this regard.

## 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 effective tax rates currently may range between 7.65% and 34%. Relevant factors applied (such as previous net wealth, family relationship among transferor and transferee or applicable tax laws approved by autonomous communities) do determine the final effective tax rate that currently may range between 0% and 81.6%.

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

### 3.1 *Corporate Income Tax (Impuesto sobre Sociedades)*

Both interest received periodically and income derived from the transfer, redemption or repayment of the Notes are subject to CIT in accordance with the rules for this tax. The current general tax rate of 25%, however, does not apply to all corporate income tax payers and, for instance, does not apply to banking institutions which would be subject to a tax rate of 30%.

In accordance with Section 44.5 of Royal Decree 1065/2007, of 27 July, as amended, and in the opinion of the Issuer, there is no obligation to withhold on income derived from the redemption and repayment of the Notes and interest payable to Spanish CIT taxpayers (which for the sake of clarity,

include Spanish tax resident investment funds and Spanish tax resident pension funds). Consequently, the Issuer will not withhold tax on interest payments to Spanish CIT taxpayers **provided that** the information about the Notes required by Exhibit 1 is submitted, notwithstanding the information obligations of the Issuer under general provisions of Spanish tax legislation, by virtue of which identification of Spanish investors may be provided to the Spanish tax authorities.

However, in the case of Notes held by Spanish resident entity and deposited with a Spanish resident entity acting as depositary or custodian, payments of interest under the Notes may be subject to withholding tax at the current rate of 19%, withholding that would be made by the depositary or custodian, if the Notes do not comply with exemption requirements specified in the Reply to the Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 and therefore, the exemption of withholding as regards income obtained by Spanish resident corporate investors from financial assets listed on an official OECD market, contained in Section 61(s) of the CIT regulations, is not applicable.

Withheld amounts may be credited against Beneficial Owners' final CIT liability.

3.2 *Net Wealth Tax (Impuesto sobre el Patrimonio) and Solidarity Tax (Impuesto Temporal de Solidaridad de las Grandes Fortunas)*

Legal entities resident in Spain for tax purposes are neither subject to Wealth Tax, nor to Solidarity Tax.

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

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

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

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

(a) With permanent establishment in Spain

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

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

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

(b) With no permanent establishment in Spain

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

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

Beneficial Owners not resident in Spain for tax purposes and entitled to exemption from NRIT but where the Issuer does not timely receive the information about the Notes in accordance with the procedure described in detail under "*Information about the Notes in Connection with Payments*" would have to apply directly to the Spanish tax authorities for any refund to which they may be entitled, according to the procedures set forth in the Spanish Non Resident Income Tax Law.

#### 4.2 *Net Wealth Tax (Impuesto sobre el Patrimonio) and Solidarity Tax (Impuesto Temporal de Solidaridad de las Grandes Fortunas)*

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

Individuals that are not resident in Spain for tax may apply the rules approved by the autonomous region where the assets and rights with more value (i) are located, (ii) can be exercised or (iii) must be fulfilled.

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

In addition to the above, the so-called “Solidarity Tax” was approved in December 2022, which is a two year direct wealth tax that, in general terms, applies, under certain conditions, to those residents in an autonomous region where the Wealth Tax is partial or fully exempt (as Madrid and Andalusia). As regards the Basque Country and Navarre, its application is excluded, although it is foreseen that its application will be agreed in the Mixed Commission of the Economic Agreement with the Basque Country and the Commission of the Economic Agreement with Navarre.

The rates of the “Solidarity Tax” are (i) 1.7% on a net worth between €3,000,000 and €5,000,000, (ii) 2.1% on a net worth between €5,000,000.01 and €10,000,000, and (iii) 3.5% on a net worth of more than €10,000,000. Note that the regulation lays down a minimum exempt amount of €700,000 which means that its effective impact, in general, will occur when the net wealth, not tax exempt, are greater than €3,700,000.

Prospective investors are advised to seek their own professional advice in this regard.

Non-Spanish resident legal entities are neither subject to Net Wealth Tax, nor to Solidarity Tax.

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

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

If the provisions of the foregoing paragraph do not apply, such individuals will be subject to inheritance and gift tax in accordance with Spanish legislation applicable in the relevant autonomous region (*Comunidad Autónoma*). As such, prospective investors should consult their tax advisers.

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

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

#### 5.1 *Withholding on Account of PIT, CIT and NRIT*

If the Notes are not listed on an organised market in an OECD country on any Payment Date, payments to Beneficial Owners in respect of the Notes will be subject to withholding tax at the current rate of 19%, except in the case of Beneficial Owners which are: (a) resident in a Member State of the EU other than Spain or in a member state of the European Economic Area (other than Spain) which has entered into an effective exchange of tax information agreement with Spain, and obtain the interest income either directly or through a permanent establishment located in another Member State of the European Union (other than Spain) or in a member state of the European Economic Area (other than Spain) which has entered into an effective exchange of tax information agreement with Spain, **provided that** such Beneficial Owners (i) do not obtain the interest income on the Notes through a permanent establishment in Spain and (ii) are not resident of, or are not located in, nor obtain income through a non-cooperative jurisdiction (as defined by the Law 36/2006, of 29 November, on prevention measures and actions against tax fraud, as amended through Law

11/2021, of 9 July, and as amended) or (b) Spanish financial entities which comply with the requirements established in Article 61.c) or Spanish securitization funds which comply with the requirements established in Article 61.k) of Royal Decree 634/2015, of 10 July 2015 or non-Spanish financial entities acting through a Spanish branch as referred to in the second paragraph of Article 8.1 of the Non-Resident Income Tax Regulations approved by Royal Decree 1776/2004, of 30 July 2004; or (c) resident for tax purposes of a country which has entered into a double tax treaty with Spain providing for an exemption from Spanish tax or a reduced withholding tax rate with respect to interest payable to any Beneficial Owners; and in both (a) and (c) cases, the Beneficial Owner provides the Issuer with a valid and in-force certificate of tax residency duly issued by the tax authorities of its country of residency, and in (c) case, such tax residence certificate must be issued within the meaning of the relevant double tax treaty, before any payment is made or due (whichever occurs first). For these purposes, the certificate of tax residency shall be issued within one year as of the date of payment or if it refers to a specific period, it will only be valid for that period.

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

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

## 6. *Information about the Notes in connection with Payments*

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

The information obligations to be complied with in order to apply the exemption are those laid down in Section 44 of Royal Decree 1065/2007.

In accordance with Section 44, for the purpose of preparing the annual return to be filed with the Spanish tax authorities by the Issuer, the following information with respect to the Notes must be submitted to the Issuer before the close of business on the Business Day (as defined in the Terms and Conditions of the Notes) immediately preceding the date on which any payment of interest, principal or of any amounts in respect of the early redemption of the Notes (each, a “**Payment Date**”) is due.

Such information comprises:

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

In particular, the Issue and Paying Agent must certify the information above about the Notes by means of a certificate in the Spanish language, an English language form of which is attached as Exhibit 1 of this Base Prospectus.

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

If, before the tenth day of the month following the month in which interest is paid, the Issue and Paying Agent provides such information, the Issuer will reimburse the amounts withheld. If the Issue and Paying Agent fails or for any reason is unable to provide such information to the Issuer by the tenth day of the month following the month in which interest is paid, the Issue and Paying Agent shall immediately return (but in any event no later than the tenth day of the month immediately following the relevant payment) to the Issuer any remaining amount of the withholding tax (currently, 19%) deducted in respect of the relevant payment, and investors will have to apply directly to the Spanish tax authorities for any refund to which they may be entitled.

**Investors should note that neither the Issuer nor any Dealer accepts any responsibility in the event of the late delivery or, as the case may be, non-delivery by the Issue and Paying agent to the Issuer of a duly completed certificate in the form of Exhibit 1. Accordingly, the Issuer will not be liable for any damage or loss suffered by any Holder who would otherwise be entitled to an exemption from Spanish withholding tax but whose income payments are nonetheless paid net of Spanish withholding tax because the Issuer has not received such certificate at the relevant time or at all. Moreover, the Issuer will not pay any additional amounts with respect to any such withholding. See “*Risk Factors – Risks relating to the Notes – Taxation in Spain*”.**

*Set out below is Exhibit 1. The information set out in Exhibit 1 has been translated from the original Spanish and has been presented in this document in English only as the language of this Base Prospectus is English. However, only the Spanish language text of Exhibit 1 is recognised under Spanish law. In the event of any discrepancy between the English language translation of the information in Exhibit 1 appearing herein, and the Spanish language information appearing in the corresponding certificate provided by the Issue and Paying Agent to the Issuer, the Spanish language information shall prevail.*

## EXHIBIT 1

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

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

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

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

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

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

- (a) *Entidad Gestora del Mercado de Deuda Pública en Anotaciones*  
Management Entity of the Public Debt Market in book entry form.
- (b) *Entidad que gestiona el Sistema de compensación y liquidación de valores con sede en el extranjero*  
Entity that manages the clearing and settlement system of securities resident in a foreign country.
- (c) *Otras entidades que mantienen valores por cuenta de terceros en entidades de compensación y liquidación de valores domiciliadas en territorio español*  
Other entities that hold securities on behalf of third parties within clearing and settlement systems domiciled in the Spanish territory.
- (d) *Agente de pagos designado por el emisor*  
Paying Agent appointed by the issuer.

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

Makes the following statement, according to its own records:

- 1. *En relación con los apartados 3 y 4 del artículo 44*  
In relation to paragraphs 3 and 4 of Article 44:
  - 1.1 *Identificación de valores*  
Identification of the securities.....
  - 1.2 *Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados)*  
Income payment date (or refund if the securities are issued at discount or are segregated)
  - 1.3 *Importe total de los rendimientos (o importe total a reembolsar, en todo caso, si son valores emitidos al descuento o segregados)*  
Total amount of income (or total amount to be refunded, in any case, if the securities are issued at discount or are segregated)
  - 1.4 *Importe de los rendimientos correspondiente a contribuyentes del Impuesto sobre la Renta de las Personas Físicas, excepto cupones segregados y principales segregados en cuyo reembolso intervenga una Entidad Gestora*  
Amount of income corresponding to Personal Income Tax taxpayers, except segregated coupons and segregated principals for which reimbursement an intermediary entity is involved.....



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

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

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

In relation to paragraph 5 of Article 44.

- 2.1 *Identificación de los valores*

Identification of the securities.....

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Taxation in Ireland**

*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 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.*

### **Withholding Tax**

Irish withholding tax applies to certain payments including payments of:

- Irish source yearly interest (yearly interest is interest that is capable of arising for a period in excess of one year);
- Irish source annual payments (annual payments are payments that are capable of being made for a period in excess of one year and are pure income-profit in the hands of the recipient); and
- Distributions (including interest that is treated as a distribution under Irish law) made by companies that are resident in Ireland for the purposes of Irish tax;

at the standard rate of income tax (currently 20%).

On the basis that the Issuer is not resident in Ireland for the purposes of Irish tax, nor does the Issuer operate in Ireland through a branch or agency with which the issue of the Notes is connected, nor are the Notes held in Ireland through a depository or otherwise located in Ireland, then to the extent that payments of interest or annual payments arise on the Notes, such payments should not be regarded as payments having an Irish source for the purposes of Irish taxation. In addition, the mere offering of Notes to Irish investors will not cause any payments to have an Irish source.

Accordingly, the Issuer or any paying agent acting on behalf of the Issuer should not be obliged to deduct any amount on account of these Irish withholding taxes from payments made in connection with the Notes.

Separately, for as long as the Notes are quoted on a stock exchange, a purchaser of the Notes should not be obliged to deduct any amount on account of Irish tax from a payment made by it in connection with the purchase of the Notes.

### **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%), 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.

### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, 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 is a foreign financial institution for these purposes. A number of jurisdictions (including Spain) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply to foreign passthru payments prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes that have a fixed term and are not treated as equity for U.S. federal income tax purposes, issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be

“grandfathered” for purposes of FATCA withholding on foreign passthru payments unless materially modified after such date. However, if additional instruments (as described under “*Terms and Conditions—Further Issues*”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding. Prospective purchasers should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Banco Santander, S.A., Barclays Bank Ireland PLC, BNP Paribas, BofA Securities Europe SA, Citigroup Global Markets Europe AG, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, Deutsche Bank Aktiengesellschaft, Goldman Sachs Bank Europe SE, HSBC Continental Europe, ING Bank N.V., J.P. Morgan SE, Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH, Mizuho Securities Europe GmbH, Morgan Stanley Europe SE, MUFG Securities (Europe) N.V., Natixis, NatWest Markets N.V., Nomura Financial Products Europe GmbH, Skandinaviska Enskilda Banken AB (publ), Société Générale, UBS Europe SE and UniCredit Bank AG (the “**Dealers**”). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an amended and restated dealer agreement dated 14 June 2023 (the “**Dealer Agreement**”) and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

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

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period (as defined in Regulation S) relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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

### ***Prohibition of sales to EEA Retail Investors***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area.

For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation;

- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and
- (c) the expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129.

## **UK**

### ***Prohibition of sales to UK Retail Investors***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom.

- (a) For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of UK domestic law by virtue of the EUWA;
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of UK Prospectus Regulation;
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and
- (c) the expression “**UK Prospectus Regulation**” means Regulation (EU) 2017/1129 as it forms part of the domestic law of the United Kingdom by virtue of the EUWA.

### ***Other regulatory restrictions***

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

- (a) *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 would not, if the Issuer were not an authorised person, apply to the Issuer; and
- (b) *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 UK.

### ***Other regulatory restrictions***

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

- (a) in relation to any Notes having a maturity of less than one year:
  - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses, where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

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

## France

Each Dealer has represented and agreed that it has only offered or sold and will only offer or sell, directly or indirectly, Notes in France to qualified investors (*investisseurs qualifiés*) as defined in Article L.411-2 1° of the French Code monétaire et financier and it has only distributed or caused to be distributed and will only distribute or cause to be distributed in France to such qualified investors the Base Prospectus, any Final Terms or any other offering material relating to the Notes.

## Italy

The offering of any Notes has not been registered pursuant to Italian securities legislation and, accordingly no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*) referred to under Article 2 of Regulation (EU) No. 1129 of 14 June 2017 (the “**Prospectus Regulation**”) and any applicable provision of Legislative Decree No. 58 of 24 February 1998, as amended (“**Financial Services Act**”), or Italian CONSOB regulations; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

In any event any offer, sale or delivery of any Notes or distribution of copies of the Base Prospectus or any other document relating to any Notes in the Republic of Italy must be:

- (a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the “**Banking Act**”); and
- (b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time), and/or any other Italian authority.

## Japan

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

## Kingdom of Spain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes may not be offered, sold or distributed in the Kingdom of Spain, except in circumstances which do not require the registration of a prospectus in the Kingdom of Spain, or without complying with all legal and regulatory requirements under Spanish securities laws and the Prospectus Regulation. No publicity or marketing of any kind shall be made in the Kingdom of 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 offer of the Notes in the Kingdom of Spain that would require the registration of a prospectus with the CNMV.

## **Hong Kong**

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

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”), other than (i) to “professional investors” as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

## **People’s Republic of China**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes will not be offered or sold directly or indirectly within the PRC, except as permitted by applicable laws of the PRC. The Base Prospectus or any information contained or incorporated by reference herein does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. The Base Prospectus, any information contained herein or the Notes have not been, and will not be, submitted to, approved by, verified by or registered with any relevant governmental authorities in the PRC and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC.

The Notes may only be invested in by the PRC investors that are authorised to engage in the investment in the Notes of the type being offered or sold. Investors are responsible for obtaining all relevant governmental approvals, verifications, licences or registrations (if any) from all relevant PRC governmental authorities, including, but not limited to, the State Administration of Foreign Exchange, the China Securities Regulatory Commission, the China Banking and Insurance Regulatory Commission, and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, any relevant foreign exchange regulations and/or overseas investment regulations.

## **Belgium**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available, and will not sell, offer or otherwise make available, any Notes to any consumer (*consument/consommateur*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*), as amended, in Belgium.

## **Singapore**

Each of the Dealers has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act 2001 (the “SFA”). Accordingly, each of the Dealers has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA,

and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA, except:

- (a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

#### **Switzerland**

The Notes may only be offered or marketed in Switzerland to professional clients as defined in article 4 of the Swiss Financial Services Act ("**FinSA**") and no application has been or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Base Prospectus nor any Final Terms nor any other offering or marketing materials relating to the Notes constitute a prospectus pursuant to the FinSA, no such prospectus has been or will be prepared for or in connection with the offering of the Notes.

Neither this Base Prospectus nor any Final Terms nor any other offering or marketing materials relating to the Notes have been or will be filed with or approved by any Swiss regulatory authority or any review body, and none of the aforementioned documents and materials may be distributed or otherwise made available to persons in Switzerland that are not professional clients.

#### **Taiwan**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, it has not offered, sold or delivered, and will not offer, sell or deliver, at any time, directly or indirectly, any Notes in Taiwan or to a Taiwan person/entity, except where such sale is made in accordance with the laws and regulations of Taiwan.

#### **Republic of Korea**

The Notes have not been and will not be registered with the Financial Services Commission of Korea for public offering in Korea under the Financial Investment Services and Capital Markets Act of Korea and the decrees, rules and regulations promulgated thereunder. The Notes may not be offered, sold or delivered, directly or indirectly, or offered or sold for re-offering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea except as otherwise permitted under the applicable Korean laws and regulations.

#### **General**

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



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

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

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

## GENERAL INFORMATION

### Authorisation

1. The establishment of the Programme was authorised by resolutions of the shareholders of the Issuer passed on 16 October 2008 and of the board of directors of the Issuer passed on 16 October 2008. The update of the Programme was authorised by resolutions of the shareholders of the Issuer passed on 14 March 2023, the board of directors of the Issuer passed on 22 May 2023 and the executive committee passed on 12 June 2023. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

### Legal and Arbitration Proceedings

2. There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer and/or the Consumer Group.

### Significant/Material Change and Trend Information

3. Save as set out in this Base Prospectus in sections “*Risk Factors - Macro-Economic and Political Risks*” and “*Risk Factors - Risks relating to the Issuer and the Consumer Group Business*”, since 31 December 2022 there has been no significant change in the financial performance or financial position of the Issuer and/or the Consumer Group nor any material adverse effect in the prospects of the Issuer and/or the Consumer Group.
4. There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer’s prospects for at least the current financial year.

### Auditors

5. The audited consolidated financial statements of the Issuer, prepared under IFRS-EU, have been audited without qualification as of and for the years ended 31 December 2022 and 31 December 2021 by the external audit firm PricewaterhouseCoopers Auditores, S.L. of Torre PwC, Paseo de la Castellana, 259-B, Madrid, registered under number S0242 in the Official Register of Auditors (*Registro Oficial de Auditores de Cuentas*) with tax identification number (CIF) B-79 031290, and member of the *Instituto de Censores Jurados de Cuentas de España*.

The audited consolidated financial statements of the Issuer, prepared under IFRS-EU, as of and for each of the years ended 31 December 2022 and 2021 have been filed with the Spanish securities market regulator (*Comisión Nacional del Mercado de Valores*).

### Dealers transacting with the Issuer

6. Certain of the Dealers and their respective affiliates may have engaged, and may in the future engage, in financing, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer, its respective affiliates and group in the ordinary course of business. Certain of the Dealers may have or may from time to time also enter into swap and other derivative transactions with the Issuer and its affiliates. The Dealers have received, or may in the future receive, customary fees and commissions for these transactions. Certain of the Dealers and their respective affiliates may have positions, deal or make markets in Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities, the Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. Certain of the Dealers or their respective affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of long and/or short positions in securities, including potentially the Notes issued under the Programme. Any such long and/or short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their respective

affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purpose of this paragraph the term “affiliates” includes also parent companies.

#### **Documents on Display**

7. 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 160 Queen Victoria, London EC4V 4LA, United Kingdom, at the registered office of the Issuer for the life of this Base Prospectus and at <https://www.santanderconsumer.com> for as long as Notes may be issued pursuant to this Base Prospectus:
  - (i) the *estatutos* (by-laws) of the Issuer; and
  - (ii) a copy of this Base Prospectus.

#### **Address of the member of the board of directors**

8. For this sole purpose, the business address of each of the members of the board of directors is: Ciudad Grupo Santander, Avenida de Cantabria s/n, 28660 Boadilla del Monte, Madrid.

#### **Registration Number and incorporation information**

9. The Issuer was incorporated on 31 August 1963 and is registered in the Mercantile Registry of Madrid in book 356, folio 25, sheet M7029, entry 1.
10. The by-laws of the Issuer are filed with the Companies Registry of Madrid in the sheet (*página*) M-7029 of the volume (*tomo*) 356 and sheet (*folio*) 25. Pursuant to Article 2 of the by-laws of the Issuer, the corporate purpose of the Issuer is to receive funds from the public in the form of deposits, loans, temporary assignment of financial assets or equivalent operations entailing the obligation of repayment, applying them for its own account to the grant of credits or transactions of a similar nature and to carry out the operations or activities which may be envisaged at any time in the legislation applicable to industrial and merchant banks.

#### **Conflicts of interest**

11. There are no actual or potential conflicts of interest between the duties to the Issuer of any of its directors and their respective private interests and/or other duties.

#### **Material Contracts**

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

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

13. 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 Series 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**

14. The Issuer may, on or after the date of this Base Prospectus, make applications for one or more certificates of approval under Article 25 of the Prospectus Regulation as implemented in the Kingdom of Spain to be issued by the Central Bank of Ireland to the competent authority in any Member State.

## **REGISTERED OFFICE OF THE ISSUER**

**Santander Consumer Finance, S.A.**  
Ciudad Grupo Santander  
Avda.de Cantabria s/n  
28660 Boadilla del Monte  
Madrid  
Spain

## **ARRANGER**

**Barclays Bank Ireland PLC**  
One Molesworth Street  
Dublin 2  
D02RF29  
Ireland

## **DEALERS**

**Banco Santander, S.A.**  
Avda. Cantabria S/N – Edif. Encinar  
28660, Boadilla del Monte  
Madrid  
Spain

**Barclays Bank Ireland PLC**  
One Molesworth Street  
Dublin 2  
D02RF29  
Ireland

**BNP Paribas**  
16, boulevard des Italiens  
75009 Paris  
France

**BofA Securities Europe SA**  
51 rue La Boétie  
75008 Paris  
France

**Citigroup Global Markets Europe AG**  
Reuterweg 16  
60323 Frankfurt am Main  
Germany

**Commerzbank Aktiengesellschaft**  
Kaiserstrasse 16 (Kaiserplatz)  
60311 Frankfurt am Main  
Federal Republic of Germany

**Crédit Agricole Corporate and Investment  
Bank**  
12, Place des États-Unis  
CS 70052  
92547 Montrouge Cedex  
France

**Deutsche Bank Aktiengesellschaft**  
Mainzer Landstr. 11-17  
60329 Frankfurt am Main  
Germany

**Goldman Sachs Bank Europe SE**  
Marienturm  
Taunusanlage 9-10  
60329 Frankfurt am Main  
Germany

**HSBC Continental Europe**  
38, avenue Kléber  
75116 Paris  
France

**ING Bank N.V.**  
Foppingadreef 7  
1102 BD Amsterdam  
The Netherlands

**J.P. Morgan SE**  
Taunustor 1 (TaunusTurm)  
60310 Frankfurt am Main  
Germany

**Lloyds Bank Corporate Markets  
Wertpapierhandelsbank GmbH**  
Thurn-und-Taxis Platz 6  
60313 Frankfurt am Main  
Germany

**Mizuho Securities Europe GmbH**  
Taunustor 1  
60310 Frankfurt am Main  
Germany

**Morgan Stanley Europe SE**  
Grosse Gallusstrasse 18  
60312 Frankfurt-am-Main  
Germany

**MUFG Securities (Europe) N.V.**  
World Trade Center, Tower H, 11th Floor  
Zuidplein 98  
1077 XV Amsterdam  
The Netherlands

**Natixis**  
7 promenade Germaine Sablon  
75013 Paris  
France

**NatWest Markets N.V.**  
Claude Debussylaan 94  
1082 MD Amsterdam  
The Netherlands

**Nomura Financial Products Europe GmbH**  
Rathenauplatz 1  
60313, Frankfurt-am-Main  
Germany

**Skandinaviska Enskilda Banken AB (publ)**  
Kungsträdgårdsgatan 8  
106 40 Stockholm  
Sweden

**Société Générale**  
29 boulevard Haussmann  
75009 Paris  
France

**UBS Europe SE**  
Bockenheimer Landstraße 2-4  
60306 Frankfurt am Main  
Germany

**UniCredit Bank AG**  
Arabellastrasse 12  
81925 Munich  
Germany

#### **ISSUE AND PAYING AGENT**

**The Bank of New York Mellon, London  
Branch**  
160 Queen Victoria  
London EC4V 4LA  
United Kingdom

#### **IRISH LISTING AGENT**

**Walkers Ireland LLP**  
The Exchange  
George's Dock  
IFSC  
Dublin 1  
Ireland

#### **LEGAL ADVISERS**

*To the Issuer as to Spanish law*

*To the Dealers as to English and Spanish law*

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

**Allen & Overy**  
C/ Serrano 73  
28006 Madrid  
Spain

#### **AUDITORS TO THE ISSUER**

**PricewaterhouseCoopers Auditores, S.L.**  
Torre PwC  
Pº de la Castellana 259 B  
28046 Madrid, Spain