

**SUPPLEMENT DATED 23 OCTOBER 2017 TO THE BASE PROSPECTUS DATED 6 MARCH 2017**



**BANCO SANTANDER, S.A.**

*(incorporated with limited liability in Spain)*

**€25,000,000,000 PROGRAMME FOR THE ISSUANCE OF DEBT INSTRUMENTS**

This supplement (the “**Supplement**”) is supplemental to, forms part of and must be read and construed in conjunction with the base prospectus dated 6 March 2017 (the “**Base Prospectus**”), prepared by Banco Santander, S.A. (“**Santander**”, “**Banco Santander**”, the “**Issuer**” or the “**Bank**”) in connection with its programme (the “**Programme**”) for the issuance of up to €25,000,000,000 in aggregate principal amount of debt instruments (the “**Instruments**”). Terms given a defined meaning in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

This Supplement constitutes a supplement to the Base Prospectus for the purposes of Article 16 of Directive 2003/71/EC and amendments thereto including Directive 2010/73/EU (the “**Prospectus Directive**”), and has been approved by the Central Bank of Ireland as competent authority for the purpose of the Prospectus Directive. The Central Bank only approves this Supplement as meeting the requirements imposed under EU and Irish law pursuant to the Prospectus Directive.

This Supplement has been prepared for the purposes of:

- (i) incorporating by reference in the Base Prospectus the Bank’s audited interim condensed consolidated financial statements for the six-month period ended 30 June 2017; and
- (ii) updating the ratings assigned to the Issuer by the rating agencies set out in the Base Prospectus.

## **IMPORTANT NOTICES**

The Issuer accepts responsibility for the information contained in this Supplement and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in, or incorporated by reference into, the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, no significant new fact, material mistake or inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of the Instruments issued under the Programme has arisen or been noted, as the case may be, since the publication of the Base Prospectus.

In accordance with Article 16, paragraph 2, of the Prospectus Directive, investors who have already agreed to purchase or subscribe for securities before this Supplement is published have the right, exercisable within a time limit of two working days after the publication of this Supplement, that is, until 25 October 2017, to withdraw their acceptances.

## AMENDMENTS OR ADDITIONS TO THE BASE PROSPECTUS

With effect from the date of this Supplement the information appearing in, or incorporated by reference into, the Base Prospectus shall be amended and/or supplemented in the manner described below.

### DOCUMENTS INCORPORATED BY REFERENCE

*The information set out below shall supplement the section of the Base Prospectus entitled “Documents incorporated by reference” on pages 113 to 115 of the Base Prospectus:*

The following document shall be deemed to be incorporated by reference in and to form part of, the Base Prospectus and will be published on the website of Banco Santander (www.santander.com):

The audited interim condensed consolidated financial statements of the Issuer prepared under IFRS-EU for the six-month period ended 30 June 2017

[https://www.santander.com/csrgs/Satellite/CFWCSancomQP01/en\\_GB/pdf/Estados\\_Financieros\\_Intermedios1s17en.pdf](https://www.santander.com/csrgs/Satellite/CFWCSancomQP01/en_GB/pdf/Estados_Financieros_Intermedios1s17en.pdf)

Any information not specified in the cross-reference table set out below but which is included in the document from which the information incorporated by reference has been derived, is for information purposes only and is not incorporated by reference because it is not relevant for the investor.

#### ***Issuer Interim Financial Information***

The table below sets out the relevant page references in the English language translations of the audit and financial statements report of the Issuer for the six month period ended 30 June 2017 (the “**June 2017 Financial Statements**”) where the following information incorporated by reference in this Base Prospectus can be found:

<b>Information incorporated by reference in this Base Prospectus</b>	<b>June 2017 Financial Statements page reference<sup>(1)</sup></b>
1. Auditor’s report on consolidated financial statements for the six month period ended 30 June 2017.....	1-12 <sup>(2)</sup>
2. Audited consolidated balance sheets for the six month period ended 30 June 2017 and the comparative consolidated financial information of the Issuer for the year ended 31 December 2016.....	BS 1-2 <sup>(3)</sup>
3. Audited consolidated income statements for the six month period ended 30 June 2017 and the comparative consolidated financial information of the Issuer for the six month period ended 30 June 2016.....	IC 1 <sup>(4)</sup>
4. Audited consolidated statements of recognised income and expense for the six month period ended 30 June 2017 and the comparative consolidated financial information of the Issuer for the six month period ended 30 June 2016.....	IE 1 <sup>(5)</sup>
5. Audited consolidated statements of changes in total equity for the six month period ended 30 June 2017 and the comparative consolidated statements of changes in total equity for the six month period ended 30 June 2016.....	CTE 1-2 <sup>(6)</sup>
6. Audited consolidated cash flow statements for the six month period ended 30 June 2017 and the comparative consolidated cash flow statement of the Issuer for the six month period ended 30 June 2016.....	CF 1 <sup>(7)</sup>
7. Notes to the consolidated financial statements for the six month period ended 30 June 2017.....	N 1-49 <sup>(8)</sup>

*Notes:*

- (1) Not all the pages of the June 2017 Financial Statements are paginated continuously. See below for detailed indications on where the relevant sections incorporated by reference in this Base Prospectus are located.
- (2) Page references are to the page numbers of the auditor’s report which precedes the June 2017 Financial Statements, located immediately after the front cover page (the front cover page is not paginated).

- (3) “BS” corresponds to the section entitled “Condensed Consolidated Balance Sheets as at June 30, 2017 and December 31, 2016” of the June 2017 Financial Statements located immediately after the auditor’s report (see note (2) above) and the cover page entitled “Interim Condensed Consolidated Financial Statements for the six-month period ended June 30, 2017” and the page references are to the number of pages of such section as pages are not paginated.
- (4) “IC” corresponds to the section entitled “Condensed Consolidated Income Statements for the six-month periods ended June 30, 2017 and 2016” of the June 2017 Financial Statements located immediately after the section entitled “Condensed Consolidated Balance Sheets as at June 30, 2017 and December 31, 2016” (see note (3) above) and page references are to the number of pages of such section as pages are not paginated.
- (5) “IE” corresponds to the section entitled “Condensed Consolidated Statements of Recognised Income and Expense for the six-month periods ended June 30, 2017 and 2016” of the June 2017 Financial Statements located immediately after the section entitled “Condensed Consolidated Income Statements for the six-month periods ended June 30, 2017 and 2016” (see note (4) above) and page references are to the number of pages of such section as pages are not paginated.
- (6) “CTE” corresponds to the section entitled “Condensed Consolidated Statements of Changes in Total Equity for the six-month periods ended June 30, 2017 and 2016” of the June 2017 Financial Statements located immediately after the section entitled “Condensed Consolidated Statements of Recognised Income and Expense for the six-month periods ended June 30, 2017 and 2016” (see note (5) above) and page references are to the number of pages of such section as pages are not paginated.
- (7) “CF” corresponds to the section entitled “Condensed Consolidated Statements of Cash Flows for the six-month periods ended June 30, 2017 and 2016” of the June 2017 Financial Statements located immediately after the section entitled “Condensed Consolidated Statements of Changes in Total Equity for the six-month periods ended June 30, 2017 and 2016” (see note (6) above) and page references are to the number of pages of such section as pages are not paginated.
- (8) “N” corresponds to the section entitled “Explanatory Notes to the interim condensed consolidated financial statements for the six-month period ended June 30, 2017” of the June 2017 Financial Statements located immediately after the section entitled “Condensed Consolidated Statements of Cash Flows for the six-month periods ended June 30, 2017 and 2016” (see note (7) above) and page references are to the page numbers appearing in the bottom right corner of each page in such section.

## SUMMARY OF THE PROGRAMME

*Element B.12 entitled “Selected historical key financial information” in the sub-section entitled “Section B - Issuer” in the section of the Base Prospectus entitled “Summary of the Programme” shall be replaced in its entirety by the information set out in Schedule 1 to this Supplement.*

*Element B.17 entitled “Credit ratings” in the sub-section entitled “Section B - Issuer” in the section of the Base Prospectus entitled “Summary of the Programme” shall be replaced in its entirety by the information set out in Schedule 2 to this Supplement.*

## DESCRIPTION OF THE ISSUER

*The following text shall replace in its entirety sub-section 8.1 in the section of the Base Prospectus entitled “Description of the Issuer – 8 Trend Information”:*

- “8.1 Include a statement that there has been no material adverse change in the prospects of the Issuer since the *date* of its last published audited financial statements. In the event that the Issuer is unable to make such a statement, provide details of this material adverse change**

There has been no material adverse change in the prospects of the Issuer and its subsidiaries taken as a whole since 30 June 2017 (being the date of the most recently published audited financial statements).”

*The following text shall replace in its entirety sub-section 13.7 in the section of the Base Prospectus entitled “Description of the Issuer – 13 Financial Information Concerning the Issuer’s Assets and Liabilities, Financial Position and Profits and Losses”:*

- “13.7 Significant change in the Issuer’s financial or trading position**

There has been no significant change in the financial or trading position of the Santander Group since 30 June 2017 (being the date of the most recently published interim financial information of the Issuer).”

*Section 18 entitled “Credit Ratings” in the section of the Base Prospectus entitled “Description of the Issuer” shall be replaced in its entirety by the information set out in Schedule 3 to this Supplement.*

## SCHEDULE 1

### B.12

#### Selected historical key financial information

The consolidated balance sheets and income statements of the Group as of, and for the year ended, 31 December 2016 included in sections (a) and (c) below and as of, and for the six month period ended, 30 June 2017 included in sections (b) and (d) below have been extracted without any adjustment from, and are qualified by reference to and should be read in conjunction with, the Issuer's respective consolidated financial statements in respect of such periods.

The balance sheet and income statement of the Group as of, and for the year ended, 31 December 2015 included in sections (a) and (c) below are not audited as they are not the audited consolidated balance sheet and income statement of the Group for the year ended 31 December 2015. The balance sheet and income statement for the year ended 31 December 2015 included below have been prepared in accordance with the Circular 5/2015, of 28 October, of the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) and on the basis of the audited consolidated financial statements of the Issuer for the year ended 31 December 2015, have been extracted from the audited consolidated financial statements of the Issuer for the year ended 31 December 2016 and are shown in this Base Prospectus for comparison purposes with the audited consolidated financial information for the year ended 31 December 2016.

The consolidated balance sheet for the year ended 31 December 2016 included in section (b) below has been extracted from the audited interim consolidated financial statements of the Issuer for the six month period ended 30 June 2017 and is shown in this Base Prospectus for comparison purposes with the consolidated balance sheet for the six month period ended 30 June 2017. The consolidated income statement for the six month period ended 30 June 2016 included in section (d) below has been extracted from the audited interim consolidated financial statements of the Issuer for the six month period ended 30 June 2017 and is shown in this Base Prospectus for comparison purposes with the consolidated income statement for the six month period ended 30 June 2017.<sup>1</sup>

***(a) Consolidated balance sheet of the Group under International Financial Reporting Standards as adopted by the EU ("IFRS-EU") for the years ended 31 December 2016 and 31 December 2015***  
(in millions of euros)

ASSETS	31/12/16	31/12/15 <sup>(*)</sup>	LIABILITIES AND EQUITY	31/12/16	31/12/15 <sup>(*)</sup>
	(audited)	(unaudited)		(audited)	(unaudited)
<b>Cash, cash balances at central banks and other deposits on demand:</b>	<b>76,454</b>	<b>77,751</b>	<b>Financial liabilities held for trading:</b>	<b>108,765</b>	<b>105,218</b>
			Derivatives	74,369	76,414
<b>Financial assets held for trading:</b>	<b>148,187</b>	<b>146,346</b>	Short positions	23,005	17,362
Derivatives	72,043	76,724	Deposits	11,391	11,442
Equity instruments	14,497	18,225	Central banks	1,351	2,178
Debt instruments	48,922	43,964	Credit institutions	44	77
Loans and advances	12,725	7,433	Customers	9,996	9,187
Central banks	-	-	Marketable debt	-	-
Credit institutions	3,221	1,352	Other financial liabilities	-	-
Customers	9,504	6,081			
<i>Memorandum items: lent or delivered as guarantee with disposal or pledge rights</i>	<i>38,145</i>	<i>34,026</i>	<b>Financial liabilities designated at fair value through profit or loss:</b>	<b>40,263</b>	<b>54,768</b>
			Deposits	37,472	51,394

<sup>1</sup> The introductory paragraphs to element B.12 have been amended to refer to the inclusion of the Group's audited interim consolidated financial statements for the six month period ended 30 June 2017 in sections (b) and (d) of such element by way of a Supplement dated 23 October 2017 to this Base Prospectus.

<b>Financial assets designated at fair value through profit or loss:</b>	<b>31,609</b>	<b>45,043</b>			
Equity instruments	546	630	<i>Central banks</i>	9,112	16,486
Debt instruments	3,398	3,717	<i>Credit institutions</i>	5,015	8,551
Loans and advances	27,665	40,696	<i>Customers</i>	23,345	26,357
<i>Central banks</i>	-	-	Marketable debt	2,791	3,373
<i>Credit institutions</i>	10,069	26,403	Other financial liabilities	-	1
<i>Customers</i>	17,596	14,293	<i>Memorandum items: subordinated liabilities</i>	-	-
<i>Memorandum items: lent or delivered as guarantee with disposal or pledge rights</i>	2,025	-	<b>Financial liabilities at amortised cost:</b>	<b>1,044,240</b>	<b>1,039,343</b>
<b>Financial assets available-for-sale:</b>	<b>116,774</b>	<b>122,036</b>	Deposits	791,646	795,679
Equity instruments	5,487	4,849	<i>Central banks</i>	44,112	38,872
Debt instruments	111,287	117,187	<i>Credit institutions</i>	89,764	109,209
<i>Memorandum items: lent or delivered as guarantee with disposal or pledge rights</i>	23,980	26,742	<i>Customers</i>	657,770	647,598
<b>Loans and receivables:</b>	<b>840,004</b>	<b>836,156</b>	Marketable debt	226,078	222,787
Debt instruments	13,327	10,907	Other financial liabilities	26,516	20,877
Loans and advances	826,767	825,249	<i>Memorandum items: subordinated liabilities</i>	19,902	21,153
<i>Central banks</i>	27,973	17,337	<b>Hedging derivatives:</b>	<b>8,156</b>	<b>8,937</b>
<i>Credit institutions</i>	35,424	37,438	<b>Changes in the fair value of hedged items in portfolio hedges of interest rate risk:</b>	<b>448</b>	<b>174</b>
<i>Customers</i>	763,370	770,474	<b>Liabilities under insurance contracts:</b>	<b>652</b>	<b>627</b>
<i>Memorandum items: lent or delivered as guarantee with disposal or pledge rights</i>	7,994	1,697	<b>Provisions:</b>	<b>14,459</b>	<b>14,494</b>
<b>Investments held-to-maturity:</b>	<b>14,468</b>	<b>4,355</b>	<i>Provision for pensions and other post-retirement</i>	6,576	6,356
<i>Memorandum items: lent or delivered as guarantee with disposal or pledge rights</i>	2,489	-	<i>Provisions for other long term employee benefits</i>	1,712	1,916
<b>Hedging derivatives:</b>	<b>10,377</b>	<b>7,727</b>	<i>Provisions for taxes and other legal contingencies</i>	2,994	2,577
<b>Changes in the fair value of hedged items in portfolio hedges of interest rate risk:</b>	<b>1,481</b>	<b>1,379</b>	<i>Provisions for commitments and guarantees given</i>	459	618
<b>Investments:</b>	<b>4,836</b>	<b>3,251</b>	Other provisions	2,718	3,027
Joint ventures	1,594	1,592	<b>Tax liabilities:</b>	<b>8,373</b>	<b>7,725</b>
Associated companies	3,242	1,659	<i>Current tax liabilities</i>	2,679	2,160
			<i>Deferred tax liabilities</i>	5,694	5,565

<b>Reinsurance assets:</b>	331	331	<b>Other liabilities:</b>	11,070	10,221
<b>Tangible assets:</b>	<b>23,286</b>	<b>25,320</b>	<b>Liabilities associated with non-current assets held for sale:</b>	-	-
Property, plant and equipment-	20,770	19,335			
<i>For own use</i>	7,860	7,949			
<i>Leased out under an operating lease</i>	12,910	11,386	<b>TOTAL LIABILITIES</b>	<b>1,236,426</b>	<b>1,241,507</b>
Investment property	2,516	5,985			
<i>Of which leased out under an operating lease</i>	1,567	4,777	EQUITY		
<i>Memorandum items: acquired in financial lease</i>	115	195	<b>Shareholders' equity:</b>	<b>105,977</b>	<b>102,402</b>
<b>Intangible assets:</b>	<b>29,421</b>	<b>29,430</b>	Capital	7,291	7,217
Goodwill	26,724	26,960	<i>Called up paid capital</i>	7,291	7,217
Other intangible assets	2,697	2,470	<i>Unpaid capital which has been called up</i>	-	-
<b>Tax assets:</b>	<b>27,678</b>	<b>27,814</b>	<i>Memorandum item: Uncalled up capital</i>	-	-
Current tax assets	6,414	5,769	Share premium	44,912	45,001
Deferred tax assets	21,264	22,045	Equity instruments issued other than share capital	-	-
<b>Other assets:</b>	<b>8,447</b>	<b>7,675</b>	<i>Equity components of compound financial instruments</i>	-	-
<i>Insurance contracts linked to pensions:</i>	269	299	<i>Other equity instruments</i>	-	-
<i>Inventories</i>	1,116	1,013	Other equity	240	214
<i>Other</i>	7,062	6,363	Accumulated retained earnings	49,953	46,429
<b>Non-current assets held for sale:</b>	<b>5,772</b>	<b>5,646</b>	Revaluation reserves	-	-
			Other reserves	(949)	(669)
			(-) Own shares	(7)	(210)
			Profit attributable to the shareholders of the Parent	6,204	5,966
			(-) Dividends	(1,667)	(1,546)
			<b>Other comprehensive income:</b>	<b>(15,039)</b>	<b>(14,362)</b>
<b>TOTAL ASSETS</b>	<b>1,339,125</b>	<b>1,340,260</b>	<b>Items not reclassified to profit or loss</b>	<b>(3,933)</b>	<b>(3,166)</b>
			<i>Actuarial gains or (-) losses on defined benefit pension plans</i>	<i>(3,931)</i>	<i>(3,165)</i>
			<i>Non-current assets classified as held for sale</i>	-	-
			<i>Other recognised income and expense of investments in subsidiaries, joint ventures and associates</i>	<i>(2)</i>	<i>(1)</i>



			Other valuation adjustments	-	-
			<b>Items that may be reclassified to profit or loss:</b>	<b>(11,106)</b>	<b>(11,196)</b>
			Hedge of net investments in foreign operations (Effective portion)	(4,925)	(3,597)
			Exchange differences	(8,070)	(8,383)
			Hedging derivatives. Cash flow hedges (Effective portion)	469	171
			Financial assets available-for-sale	1,571	844
			Debt instruments	423	98
			Equity instruments	1,148	746
			Non-current assets classified as held for sale	-	-
			Other recognised income and expense of investments in subsidiaries, joint ventures and associates	(151)	(231)
			<b>Non-controlling interest:</b>	<b>11,761</b>	<b>10,713</b>
			Other comprehensive income	(853)	(1,227)
			Others items	12,614	11,940
			<b>TOTAL EQUITY</b>	<b>102,699</b>	<b>98,753</b>
			<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,339,125</b>	<b>1,340,260</b>
			<b>Memorandum items:</b>		
			Contingent liabilities	44,434	39,834
			Contingent commitments	231,962	221,738

(\*) Presented for comparison purposes only.

**(b) Consolidated balance sheet of the Group under International Financial Reporting Standards as adopted by the EU ("IFRS-EU") for the six month period ended 30 June 2017 and the year ended 31 December 2016<sup>2</sup>**

(in millions of euros)

ASSETS	30/06/17	31/12/16 <sup>(*)</sup>	LIABILITIES AND EQUITY	30/06/17	31/12/16 <sup>(*)</sup>
	(audited)	(audited)		(audited)	(audited)
<b>Cash, cash balances at central banks and other deposits on demand:</b>	<b>83,691</b>	<b>76,454</b>	<b>Financial liabilities held for trading:</b>	<b>96,137</b>	<b>108,765</b>
			Derivatives	59,032	74,369
<b>Financial assets held for trading:</b>	<b>132,348</b>	<b>148,187</b>	Short positions	20,489	23,005
Derivatives	58,210	72,043	Deposits	16,616	11,391
Equity instruments	18,907	14,497	Central banks	-	1,351

<sup>2</sup> Section (b) of element B.12 has been included by way of a Supplement dated 23 October 2017 to this Base Prospectus.

Debt instruments	37,062	48,922	<i>Credit institutions</i>	777	44
Loans and advances	18,169	12,725	<i>Customers</i>	15,839	9,996
<i>Central banks</i>	-	-	Debt securities	-	-
<i>Credit institutions</i>	6,182	3,221	Other financial liabilities	-	-
<i>Customers</i>	11,987	9,504			
<i>Memorandum items: lent or delivered as guarantee with disposal or pledge rights</i>	40,146	38,145	<b>Financial liabilities designated at fair value through profit or loss:</b>	<b>53,788</b>	<b>40,263</b>
<b>Financial assets designated at fair value through profit or loss:</b>	<b>41,398</b>	<b>31,609</b>	Deposits	50,739	37,472
Equity instruments	818	546	<i>Central banks</i>	9,839	9,112
Debt instruments	4,016	3,398	<i>Credit institutions</i>	14,062	5,015
Loans and advances	36,564	27,665	<i>Customers</i>	26,838	23,345
<i>Central banks</i>	-	-	Debt securities	3,049	2,791
<i>Credit institutions</i>	16,796	10,069	Other financial liabilities	-	-
<i>Customers</i>	19,768	17,596	<i>Memorandum items: subordinated liabilities</i>	-	-
<i>Memorandum items: lent or delivered as guarantee with disposal or pledge rights</i>	7,082	2,025	<b>Financial liabilities at amortised cost:</b>	<b>1,148,471</b>	<b>1,044,240</b>
<b>Financial assets available-for-sale:</b>	<b>143,561</b>	<b>116,774</b>	Deposits	900,589	791,646
Equity instruments	5,281	5,487	<i>Central banks</i>	70,607	44,112
Debt instruments	138,280	111,287	<i>Credit institutions</i>	108,323	89,764
<i>Memorandum items: lent or delivered as guarantee with disposal or pledge rights</i>	44,630	23,980	<i>Customers</i>	721,659	657,770
<b>Loans and receivables:</b>	<b>908,053</b>	<b>840,004</b>	Debt securities	220,678	226,078
Debt instruments	15,473	13,327	Other financial liabilities	27,204	26,516
Loans and advances	892,580	826,767	<i>Memorandum items: subordinated liabilities</i>	21,058	19,902
<i>Central banks</i>	25,501	27,973	<b>Hedging derivatives:</b>	<b>7,638</b>	<b>8,156</b>
<i>Credit institutions</i>	37,613	35,424	<b>Changes in the fair value of hedged items in portfolio hedges of interest rate risk:</b>	<b>350</b>	<b>448</b>
<i>Customers</i>	829,466	763,370			
<i>Memorandum items: lent or delivered as guarantee with disposal or pledge rights</i>	11,052	7,994	<b>Liabilities under insurance contracts:</b>	<b>1,693</b>	<b>652</b>
<b>Investments held-to-maturity:</b>	<b>13,789</b>	<b>14,468</b>	<b>Provisions:</b>	<b>15,877</b>	<b>14,459</b>
<i>Memorandum items: lent or delivered as guarantee with disposal or pledge rights</i>	7,081	2,489	<i>Provision for pensions and other post-retirement obligations</i>	6,830	6,576
<b>Hedging derivatives:</b>	<b>9,496</b>	<b>10,377</b>	<i>Provisions for other long term employee benefits</i>	1,497	1,712
			<i>Provisions for contingent liabilities and commitments</i>	3,742	2,994

			<i>Provisions for commitments and guarantees given</i>	645	459
<b>Changes in the fair value of hedged items in portfolio hedges of interest rate risk:</b>	<b>1,419</b>	<b>1,481</b>	Other provisions	3,163	2,718
<b>Investments:</b>	<b>6,787</b>	<b>4,836</b>	<b>Tax liabilities:</b>	<b>8,863</b>	<b>8,373</b>
Joint ventures	2,586	1,594	<i>Current tax liabilities</i>	2,764	2,679
Associated companies	4,201	3,242	<i>Deferred tax liabilities</i>	6,099	5,694
<b>Reinsurance assets:</b>	<b>342</b>	<b>331</b>	<b>Other liabilities:</b>	<b>11,488</b>	<b>11,070</b>
<b>Tangible assets:</b>	<b>22,796</b>	<b>23,286</b>	<b>Liabilities associated with non-current assets held for sale:</b>	-	-
Property, plant and equipment- <i>For own use</i>	20,567 8,267	20,770 7,860			
<i>Leased out under an operating lease</i>	12,300	12,910	<b>TOTAL LIABILITIES</b>	<b>1,344,305</b>	<b>1,236,426</b>
Investment property	2,229	2,516			
<i>Of which Leased out under an operating lease</i>	1,358	1,567	EQUITY		
<i>Memorandum items: acquired in financial lease</i>	88	115	<b>Shareholders' equity:</b>	<b>107,564</b>	<b>105,977</b>
<b>Intangible assets:</b>	<b>28,628</b>	<b>29,421</b>	Capital	7,291	7,291
<i>Goodwill</i>	26,070	26,724	<i>Called up paid capital</i>	7,291	7,291
<i>Other intangible assets</i>	2,558	2,697	<i>Unpaid capital which has been called up</i>	-	-
<b>Tax assets:</b>	<b>30,743</b>	<b>27,678</b>	<i>Memorandum items: Uncalled up capital</i>	-	-
<i>Current tax assets</i>	6,183	6,414	Share premium	44,912	44,912
<i>Deferred tax assets</i>	24,560	21,264	Equity instruments issued other than share capital	-	-
<b>Other assets:</b>	<b>10,032</b>	<b>8,447</b>	<i>Equity component of compound financial instruments</i>	-	-
<i>Insurance contracts linked to pensions:</i>	423	269	<i>Other equity instruments</i>	-	-
<i>Inventories</i>	1,127	1,116	Other equity	154	240
<i>Other</i>	8,482	7,062	Accumulated retained earnings	53,556	49,953
<b>Non-current assets held for sale:</b>	<b>12,177</b>	<b>5,772</b>	Revaluation reserves	-	-
			Other reserves	(1,062)	(949)
			(-) Own shares	(28)	(7)
			Profit attributable to the shareholders of the Parent	3,616	6,204
			(-) Dividends	(875)	(1,667)
			<b>Other comprehensive income:</b>	<b>(18,797)</b>	<b>(15,039)</b>

<b>TOTAL ASSETS</b>	<b>1,445,260</b>	<b>1,339,125</b>	<b>Items not reclassified to profit or loss:</b>	<b>(3,869)</b>	<b>(3,933)</b>
			<i>Actuarial gains or (-) losses on defined benefit pension plans</i>	<i>(3,867)</i>	<i>(3,931)</i>
			<i>Non-current assets classified as held for sale</i>	-	-
			<i>Other recognised income and expense of investments in subsidiaries, joint ventures and associates</i>	<i>(2)</i>	<i>(2)</i>
			<i>Other valuation adjustments</i>	-	-
			<b>Items that may be reclassified to profit or loss:</b>	<b>(14,928)</b>	<b>(11,106)</b>
			<i>Hedge of net investments in foreign operations (Effective portion)</i>	<i>(4,615)</i>	<i>(4,925)</i>
			<i>Exchange differences</i>	<i>(12,381)</i>	<i>(8,070)</i>
			<i>Hedging derivatives. Cash flow hedges (Effective portion)</i>	<i>251</i>	<i>469</i>
			<i>Financial assets available-for-sale</i>	<i>2,010</i>	<i>1,571</i>
			<i>Debt instruments</i>	<i>930</i>	<i>423</i>
			<i>Equity instruments</i>	<i>1,080</i>	<i>1,148</i>
			<i>Non-current assets classified as held for sale</i>	-	-
			<i>Other recognised income and expense of investments in subsidiaries, joint ventures and associates</i>	<i>(193)</i>	<i>(151)</i>
			<b>Non-controlling interest:</b>	<b>12,188</b>	<b>11,761</b>
			<i>Other comprehensive income</i>	<i>(1,113)</i>	<i>(853)</i>
			<i>Others items</i>	<i>13,301</i>	<i>12,614</i>
			<b>TOTAL EQUITY</b>	<b>100,955</b>	<b>102,699</b>
			<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,455,260</b>	<b>1,339,125</b>
			<b>Memorandum items:</b>		
			<i>Contingent liabilities</i>	<i>48,167</i>	<i>44,434</i>
			<i>Contingent commitments</i>	<i>256,617</i>	<i>231,962</i>

(\*) Presented for comparison purposes only.

**(c) Condensed consolidated income statement of the Group under IFRS-EU for the years ended 31 December 2016 and 31 December 2015**

<b>(Debit)/Credit</b>	
<b>31/12/16</b>	<b>31/12/15(*)</b>
<i>(audited)</i>	<i>(unaudited)</i>
<i>(in millions of euros)</i>	

Interest income	55,156	57,198
Interest expense	(24,067)	(24,386)
<b>Net interest income</b>	<b>31,089</b>	<b>32,812</b>
Dividend income	413	455
Share of results of entities accounted for using the equity method	444	375
Commission income	12,943	13,042
Commission expense	(2,763)	(3,009)
Gains or losses on financial assets and liabilities not measured at fair value through profit or loss, net	869	1,265
Gains or losses on financial assets and liabilities held for trading, net	2,456	(2,312)
Gains or losses on financial assets and liabilities measured at fair value through profit or loss, net	426	325
Gains or losses from hedge accounting, net	(23)	(48)
Exchange differences, net	(1,627)	3,156
Other operating income	1,919	1,971
Other operating expenses	(1,977)	(2,235)
Income from assets under insurance and reinsurance contracts	1,900	1,096
Expenses from liabilities under insurance and reinsurance contracts	(1,837)	(998)
<b>Total income</b>	<b>44,232</b>	<b>45,895</b>
Administrative expenses	(18,737)	(19,302)
<i>Staff costs</i>	<i>(11,004)</i>	<i>(11,107)</i>
<i>Other general administrative expenses</i>	<i>(7,733)</i>	<i>(8,195)</i>
Depreciation and amortisation cost	(2,364)	(2,418)
Provisions or reversal of provisions	(2,508)	(3,106)
Impairment or reversal of impairment at financial assets not measured at fair value through profit or loss, net	(9,626)	(10,652)
<i>Financial assets measured at cost</i>	<i>(52)</i>	<i>(228)</i>
<i>Financial assets available-for-sale</i>	<i>11</i>	<i>(230)</i>
<i>Loans and receivables</i>	<i>(9,557)</i>	<i>(10,194)</i>
<i>Held-to-maturity investments</i>	<i>(28)</i>	<i>-</i>
<b>Profit from operations</b>	<b>10,997</b>	<b>10,417</b>
Impairment of investments in subsidiaries, joint ventures and associates, net	(17)	(1)
Impairment on non-financial assets, net	(123)	(1,091)
<i>Tangible assets</i>	<i>(55)</i>	<i>(128)</i>
<i>Intangible assets</i>	<i>(61)</i>	<i>(701)</i>
<i>Others</i>	<i>(7)</i>	<i>(262)</i>
Gains or losses on non-financial assets and investments, net	30	112
Negative goodwill recognised in results	22	283
Gains or losses on non-current assets held for sale not classified as discontinued operations	(141)	(173)
<b>Profit or loss before tax from continuing operations</b>	<b>10,768</b>	<b>9,547</b>
Tax expense or income from continuing operations	(3,282)	(2,213)
<b>Profit for the period from continuing operations</b>	<b>7,486</b>	<b>7,334</b>
Profit or loss after tax from discontinued operations	-	-
<b>Profit for the period</b>	<b>7,486</b>	<b>7,334</b>
<i>Profit attributable to non-controlling interests</i>	<i>1,282</i>	<i>1,368</i>
<i>Profit attributable to the parent</i>	<i>6,204</i>	<i>5,966</i>
<b>Earnings per share</b>		
<i>Basic</i>	0.41	0.40
<i>Diluted</i>	0.41	0.40

(\*) Presented for comparison purposes only.

**(d) Condensed consolidated income statement of the Group under IFRS-EU for the six month periods ended 30 June 2017 and 30 June 2016<sup>3</sup>**

	<b>(Debit)/Credit</b>	
	<b>30/06/17</b>	<b>30/06/16<sup>(*)</sup></b>
	<i>(audited)</i>	<i>(audited)</i>
	<i>(in millions of euros)</i>	
Interest income	28,632	27,032
Interest expense	(11,624)	(11,838)
<b>Net interest income</b>	<b>17,008</b>	<b>15,194</b>
Dividend income	279	253
Share of results of entities accounted for using the equity method	293	195
Commission income	7,261	6,275
Commission expense	(1,501)	(1,329)
Gains or losses on financial assets and liabilities not measured at fair value through profit or loss, net	276	734
Gains or losses on financial assets and liabilities held for trading, net	1,055	753
Gains or losses on financial assets and liabilities measured at fair value through profit or loss, net	(47)	422
Gains or losses from hedge accounting, net	(8)	14
Exchange differences, net	(416)	(672)
Other operating income	807	1,150
Other operating expenses	(944)	(1,160)
Income from assets under insurance and reinsurance contracts	1,378	1,024
Expenses from liabilities under insurance and reinsurance contracts	(1,361)	(988)
<b>Gross income</b>	<b>24,080</b>	<b>21,865</b>
Administrative expenses	(9,897)	(9,204)
<i>Staff costs</i>	<i>(5,855)</i>	<i>(5,395)</i>
<i>Other general administrative expenses</i>	<i>(4,042)</i>	<i>(3,809)</i>
Depreciation and amortisation cost	(1,294)	(1,181)
Provisions or reversal of provisions	(1,377)	(1,570)
Impairment or reversal of impairment at financial assets not measured at fair value through profit or loss, net	(4,713)	(4,647)
<i>Financial assets measured at cost</i>	<i>(7)</i>	<i>(2)</i>
<i>Financial assets available-for-sale</i>	<i>-</i>	<i>-</i>
<i>Loans and receivables</i>	<i>(4,706)</i>	<i>(4,645)</i>
<i>Held-to-maturity investments</i>	<i>-</i>	<i>-</i>
<b>Profit from operations</b>	<b>6,799</b>	<b>5,263</b>
Impairment of investments in subsidiaries, joint ventures and associates, net	-	(8)
Impairment on non-financial assets, net	(97)	(30)
<i>Tangible assets</i>	<i>(28)</i>	<i>(18)</i>
<i>Intangible assets</i>	<i>(40)</i>	<i>-</i>
<i>Others</i>	<i>(29)</i>	<i>(12)</i>
Gains or losses on non-financial assets and investments, net	26	27
Negative goodwill recognised in results	-	-
Gains or losses on non-current assets held for sale not classified as discontinued operations	(143)	(40)
<b>Profit or loss before tax from continuing operations</b>	<b>6,585</b>	<b>5,212</b>

<sup>3</sup> Section (d) of element B.12 has been included by way of a Supplement dated 23 October 2017 to this Base Prospectus.

Tax expense or income from continuing operations	(2,254)	(1,642)
<b>Profit for the period from continuing operations</b>	<b>4,331</b>	<b>3,570</b>
Profit or loss after tax from discontinued operations	-	-
<b>Profit for the period</b>	<b>4,331</b>	<b>3,570</b>
<i>Profit attributable to non-controlling interests</i>	<i>715</i>	<i>659</i>
<i>Profit attributable to the parent</i>	<i>3,616</i>	<i>2,911</i>
<b>Earnings per share</b>		
<i>Basic</i>	0.24	0.19
<i>Diluted</i>	0.24	0.19
(*) Presented for comparison purposes only.		
<b>Statements of no significant or material adverse change</b>		
There has been no significant change in the financial or trading position of the Santander Group since 30 June 2017 and there has been no material adverse change in the prospects of the Issuer and its subsidiaries taken as a whole since 30 June 2017. <sup>4</sup>		

<sup>4</sup> The statements of no significant or material adverse change have been updated in element B.12 by way of a Supplement dated 23 October 2017 to this Base Prospectus.

## SCHEDULE 2

**B.17**

### **Credit ratings**

#### ***Programme summary:***

In accordance with the last available public information, the Issuer has been rated by the rating agencies as follows:

Rating Agency	Short	Long	Perspective
Fitch Ratings <sup>(1)</sup>	F2	A-	Stable
Moody's <sup>(2)</sup>	P-2	A3	Stable
Standard & Poor's <sup>(3)</sup>	A-2	A-	Stable <sup>5</sup>
DBRS <sup>(4)</sup>	R-1 (Low)	A	Stable
Scope Ratings <sup>(5)</sup>	S-1	AA- <sup>6</sup>	Stable
GBB-Rating <sup>(6)</sup>		AA- <sup>7</sup>	Stable

The Instruments to be issued under the Programme are expected to be rated by the rating agencies as follows:

Rating Agency	Short-term Ordinary Senior Instruments	Long-term Ordinary Senior Instruments	Second Ranking Senior Instruments	Subordinated Instruments
Fitch Ratings <sup>(1)</sup>	F2	A-	A-	BBB+
Moody's <sup>(2)</sup>	P-2	A3	Baa2	Baa2
Standard & Poor's <sup>(3)</sup>	A-2	A-	BBB+	BBB

#### ***Notes***

- (1) Fitch Ratings España, S.A.U.
- (2) Moody's Investor Service España, S.A.
- (3) Standard & Poor's Credit Market Services Europe Limited.
- (4) DBRS Ratings Limited.
- (5) Scope Ratings GmbH
- (6) GBB-Rating Gesellschaft für Bonitätsbeurteilung GmbH.

Tranches of Instruments may be rated or unrated and, if rated, such ratings will be specified in the relevant Final Terms and such rating will not necessarily be the same as the rating assigned to the Issuer, the Programme or the Instruments already issued under the Programme. Whether or not each credit rating applied for in relation to a relevant Tranche of Instruments will be issued by a credit rating agency established in the EU and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the “**CRA Regulation**”) will be disclosed in the relevant Final Terms.

#### ***Issue specific summary:***

The Instruments to be issued have been rated [[ ] by [ ]].

**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.**

<sup>5</sup> The perspective assigned to the Issuer by Standard & Poor's has been amended from Positive to Stable by way of a Supplement dated 23 October 2017 to this Base Prospectus.

<sup>6</sup> The credit rating assigned to the Issuer's long-term debt by Scope Ratings has been amended from A+ to AA- by way of a Supplement dated 23 October 2017 to this Base Prospectus.

<sup>7</sup> The credit rating assigned to the Issuer's long-term debt by GBB-Rating has been amended from DD- to AA- by way of a Supplement dated 23 October 2017 to this Base Prospectus.



### SCHEDULE 3

#### 18 Credit Ratings

In accordance with the last available public information, the Issuer has been rated by the rating agencies as follows:

Rating Agency	Short	Long	Perspective
Fitch Ratings <sup>(1)</sup>	F2	A-	Stable
Moody's <sup>(2)</sup>	P-2	A3	Stable
Standard & Poor's <sup>(3)</sup>	A-2	A-	Stable
DBRS <sup>(4)</sup>	R-1 (Low)	A	Stable
Scope Ratings <sup>(5)</sup>	S-1	AA-	Stable
GBB-Rating <sup>(6)</sup>		AA-	Stable

The Instruments to be issued under the Programme are expected to be rated by the rating agencies as follows:

Rating Agency	Short-term Ordinary Senior Instruments	Long-term Ordinary Senior Instruments	Second Ranking Senior Instruments	Subordinated Instruments
Fitch Ratings <sup>(1)</sup>	F2	A-	A-	BBB+
Moody's <sup>(2)</sup>	P-2	A3	Baa2	Baa2
Standard & Poor's <sup>(3)</sup>	A-2	A-	BBB+	BBB

Notes:

- (1) Fitch Ratings España, S.A.U.
- (2) Moody's Investor Service España, S.A.
- (3) Standard & Poor's Credit Market Services Europe Limited.
- (4) DBRS Ratings Limited.
- (5) Scope Ratings GmbH
- (6) GBB-Rating Gesellschaft für Bonitätsbeurteilung GmbH.

Tranches of Instruments may be rated or unrated and, if rated, such ratings will be specified in the relevant Final Terms and such rating will not necessarily be the same as the rating assigned to the Issuer, the Programme or the Instruments already issued under the Programme. Whether or not each credit rating applied for in relation to a relevant Tranche of Instruments 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.