

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

A REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR

A.1. Explain the company's remuneration policy. This section will include information regarding:

- General principles and foundations of the remuneration policy.
- Most significant changes made to the remuneration policy from the policy applied during the prior financial year, as well as changes made during the financial year to the terms for exercising options already granted.
- Standards used to establish the company's remuneration policy.
- Relative significance of the variable items of remuneration as compared to fixed items and standards used to determine the various components of the director remuneration package (remunerative mix).

Explain the remuneration policy
<p>Individual remuneration for the performance of the duties of supervision and collective decision-making by the directors, whether executive or otherwise, shall be based on the positions held by the directors on the collective decision-making body and for membership on and attendance at the various committees.</p> <p>The principles of the remuneration policy for executive directors of the Bank are the following:</p> <ul style="list-style-type: none">• That remuneration be compatible with rigorous management of risks, without favouring an inappropriate assumption thereof, and that is aligned with the interests of the shareholders, fostering the long-term creation of value.• That fixed remuneration represent a significant proportion of total remuneration. Along these lines, beginning in financial year 2014 the variable components of the total remuneration of the executive directors may not exceed 100% of the fixed components, or 200% if so approved by the shareholders at the general shareholders' meeting.• That variable remuneration give recompense for performance in achieving the goals of the Group.• That the overall remuneration package and the structure thereof be competitive, facilitating the attraction, retention and appropriate remuneration of the directors and executives. <p>Banco Santander performs an annual comparative review of the total remuneration of the executive directors and senior executives.</p> <p>A market-based remunerative analysis was performed in 2013.</p> <p>The comparison group was selected by the appointments and remuneration from among North America, British and continental European financial institutions.</p> <p>Based on the above analysis, the committee believes that the total remuneration of executive directors is within a reasonable market range.</p>

There were no major changes in the remuneration policy during financial year 2013 as compared to the policy applied during the prior financial year.

As of the date of this report, there are no remunerations systems based on options on shares for the directors of the Bank.

The variable remuneration of the executive directors represented an average 123% of their fixed remuneration in 2013.

Finally, sections A.3 and A.4 of this report provide a detailed description of the standards used to establish the director remuneration policy and the amounts accrued during financial year 2013 for the fixed components and, for the executive directors, for the variable components, of their remuneration.

A.2 Information regarding preparatory work and the decision-making process followed to determine the remuneration policy, and any role played by the remuneration committee and other control bodies in the configuration of the remuneration policy. This information shall include any mandate given to the remuneration committee, the composition thereof, and the identity of external advisors whose services have been used to determine the remuneration policy. There shall also be a statement of the nature of any directors who have participated in the determination of the remuneration policy.

Explain the process for determining the remuneration policy

Preparatory work and participation of the appointments and remuneration committee in determining the remuneration policy

Pursuant to the Bylaws and the Rules and Regulations of the Board of the Bank, the appointments and remuneration committee has the following duties, among others:

- Propose the policy for compensation of directors and the corresponding report.
- Propose to the board the individual compensation of the executive directors and, if applicable, external directors, for the performance of duties other than those of a mere director.
- Ensure compliance with the policy established by the Company for compensation of the directors, and periodically review the compensation programmes.

At its meeting of 17 February 2014, the appointments and remuneration committee prepared this annual director remuneration report required by Order ECC/461/2013 following the model established in Circular 4/2013 of the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*), which will be made available to the shareholders on occasion of the call to the ordinary general shareholders' meeting of 2014 and will be submitted to a consultative vote of the shareholders at such meeting as a separate item on the agenda. At that same meeting, the appointments and remuneration committee formulated its activities report for financial year 2013. Both reports were approved by the board at a meeting held the same day.

Appointments and Remuneration Committee

The composition of the appointments and remuneration committee at 31 December 2013 was as follows:

Chairman

Mr Fernando de Asúa Álvarez
(First vice-chairman of the board)

Members:

Mr Guillermo de la Dehesa Romero
(Third vice-chairman of the board)

Mr Rodrigo Echenique Gordillo

Ms Isabel Tocino Biscarolasaga

Secretary

Mr Ignacio Benjumea Cabeza de Vaca

The Bylaws and the Rules and Regulations of the Board provide that the appointments and remuneration committee may only be comprised of non-executive directors and that its chairman must be an independent director. At 31 December 2013 all members of the committee were independent non-executive directors.

Pursuant to the provisions of the second additional provision of Order ECC/461/2013, Mr Rodrigo Echenique Gordillo will be considered an independent non-executive director until the completion of his term at the next general shareholders' meeting, and if re-elected at such time will be considered a non-executive director who is neither proprietary or independent due to having been in the position for more than 12 years at the expiration of his term.

During 2013, the only change in the composition of the committee was the separation of Mr Manuel Soto Serrano, which occurred as a consequence of his resignation from the positions of director and fourth vice-chairman of the Bank on 29 April 2013.

All of the directors who are members of the appointments and remuneration committee have a demonstrated capacity to carry out their duties on such committee due to their banking experience and their knowledge regarding remuneration.

Pursuant to its rules and regulations, the appointments and remuneration committee meets as often as called by resolution of the committee itself or of the chairman thereof, and at least four times a year. During 2013, it met on seventeen occasions.

External Advisors

In all its decision-making processes, the appointments and remuneration committee and the board were able to compare the relevant data with that on the markets and comparable entities, given the size, characteristics and activities of the Group. The appointments and remuneration committee and the board of directors received assistance from Towers Watson, as provider of market information and as a consultant in the design of the Group's remuneration policy and in the preparation of this report, in the evaluation of the "bad actor" (*malus*) clauses regarding the payment of deferred remuneration for financial years prior to 2013, and in the preparation of this report.

- A.3** State the amount and nature of the fixed components, with a breakdown, if applicable, of remuneration for the performance by the executive directors of the duties of senior management, of additional remuneration as chair or member of a committee of the board, of attendance fees for participation on the Board and the committees thereof or other fixed remuneration as

director, and an estimate of the annual fixed remuneration to which they give rise. Identify other beneficiaries that are not paid in cash and the basic parameters upon which such benefits are provided.

Explain the fixed components of remuneration

A) Fixed remuneration of the directors for the performance of duties of collective supervision and decision-making. Bylaw-mandated payments

At the annual general shareholders' meeting on 22 March 2013, the shareholders approved an amendment of the Bylaws, such that remuneration of directors for their status as such consists of a fixed annual amount determined at the annual general shareholders' meeting. Such amount shall remain in effect until the shareholders resolve to amend it, though the board may reduce its amount in the years it considers such reduction appropriate. The remuneration established at the general shareholders' meeting for financial year 2013 was 6 million euros, with two components: (a) annual allotment, and (b) attendance fees.

The specific amount payable to each of the directors for the aforementioned items is determined by the board of directors. To such end, all positions held by each director on the board itself as well as membership in and attendance at board meetings and meetings of the various committees are taken into account.

The total amount received by the board in 2013 in bylaw-mandated payments was 4.3 million euros, which is 27.9% less than the amount approved at the general shareholders' meeting and 0.5% less than that paid for financial year 2012.

i) Annual allotment

The amounts received individually by the directors for financial year 2013 based on the positions held on the board and for belonging to the various committees thereof were as follows:

84,954 euros for members of the board of directors, 170,383 euros for members of the executive committee, 39,551 euros for members of the audit and compliance committee, 23,730 euros for members of the appointments and remuneration committee, and 28,477 for first or fourth vice-chairman in each case.

The annual allotment of each director for being on the board and for being first or fourth vice-chairman is set forth in the *Fixed Remuneration* column in the table included in Section D.1.a) i) of this report, given that Circular 4/2013 defines fixed remuneration as the amount of remuneration in cash with a pre-established frequency, whether or not it may become a consolidated right to receipt thereof over time, accrued by a director for belonging to the board, regardless of actual attendance of the director at the meetings of the board.

ii) Attendance fees

The directors also receive fees for attendance in person at meetings of the board of directors and of its committees, except for the executive committee as there are no attendance fees for this committee.

The amount of such fees applicable to meetings of the board and its committees – excluding the executive committee – has been the same since 2008 and shall be maintained at the same amounts beginning on 1 January 2014. These fees were approved by the board at its meeting of 17 December 2007, in the following amounts:

- Board of Directors – 2,540 euros for resident directors and 2,057 euros for non-

resident directors.

- Risk committee and audit and compliance committee: 1,650 euros for resident directors and 1,335 euros for non-resident directors.
- Other committees: 1,270 euros for resident directors and 1,028 euros for non-resident directors.

For purposes of the information contained in the table of section D.1.a) i) of this report: (i) as provided in CNMV Circular 4/2013, *Attendance Fees* includes the total amount of fees for attending meetings of the board and, if applicable, the risk committee, the only delegated committee for which attendance fees are received. The Entity has also chosen to include in the *Attendance Fees* item of such table those fees received for attending meetings of the audit and compliance, appointments and remuneration, technology, productivity and quality, and international committees in order to provide more complete information of all attendance fees received by the directors; and (ii) the item *Remuneration for belonging to committees of the board* (which is defined as the amount of other items apart from attendance fees of which the directors are beneficiaries for the membership on delegated or consultative committees of the board, regardless of whether there is actual attendance of the board at the meetings of such committees) includes the amounts received for being a member of the executive, audit and compliance, and appointments and remuneration committees.

B) Fixed remuneration of the executive directors for the performance of senior management duties

The gross annual salary of the executive directors for financial year 2013, approved by the board on 28 January 2013 at the proposal of the committee, is as follows:

- Mr Emilio Botín-Sanz de Sautuola y García de los Ríos: 1,344 thousand euros;
- Mr Javier Marín Romano: The annualised amount of the salary of the chief executive officer is 2,000 thousand euros. However, the actual amount received in 2013 is 1,600 thousand euros, which is the sum of his remuneration as senior executive vice president of the Bank for the first four months of the year and his remuneration as CEO for the remaining eight months;
- Mr Matías Rodríguez Inciarte: 1,710 thousand euros;
- Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea: 1,702 thousand pounds Sterling (the value in euros of the original amount in pounds Sterling is 2,005 thousand euros);
- Mr Juan Rodríguez Inciarte: 987 thousand euros;

The column in section D.1.a) i) of this report individually presents the fixed remuneration of the directors; in particular, the *Salary* column includes the annual gross salary amount set forth therein. The *Other items* column of the table includes other benefits that are not paid in cash that, in the case of the Bank, include, among others, remuneration in kind for life insurance, medical insurance, company store vouchers, and an allocation of remuneration for employee loans provided to some directors.

The parameters upon which the other non-cash benefits are provided are similar to those applied in the remuneration of other executives of the Bank.

A.4 Explain the amount, nature and main features of the variable components of the remuneration systems.

In particular:

- Identify each of the remuneration plans of which the directors are beneficiaries, the scope thereof, the date of approval thereof, the date of implementation thereof, the date of effectiveness thereof, and the main features thereof. In the case of share option plans and other financial instruments, the general features of the plan shall include information on the conditions for the exercise of such options or financial instruments for each plan.
- State any remuneration received under profit-sharing or bonus schemes, and the reason for the accrual thereof;
- Explain the fundamental parameters and rationale for any annual bonus plan.
- The classes of directors (executive directors, proprietary external directors, independent external directors or other external directors) that are beneficiaries of remuneration systems or plans that include variable remuneration.
- The rationale for such remuneration systems or plans, the chosen standards for evaluating performance, and the components and methods of evaluation to determine whether or not such evaluation standards have been met, and an estimate of the absolute amount of variable remuneration to which the current remuneration plan would give rise, based on the level of compliance with the assumption or goals used as the benchmark.
- If applicable, information shall be provided regarding any payment deferral periods that have been established and/or the periods for retaining shares or other financial instruments.

Explain the variable components of the remuneration systems

Only the executive directors are beneficiaries of remuneration systems that include variable remuneration. There is no remuneration based on profit-sharing or remuneration systems based on options on shares.

Bonus for financial year 2013

The bonus for financial year 2013 corresponding to the executive directors has been implemented through the third cycle of the third deferred conditional delivery share plan (*plan de retribución variable diferida y condicionada*) approved by the board of directors, the application of which was approved by the shareholders at the general shareholders' meeting of 22 March 2013 with respect to the delivery of shares to beneficiaries of the plan.

The amount of the bonus was determined based on compliance with budgeted net profits, Rorwa and additional qualitative factors:

- a) Quantitative targets. There is an evaluation of the achievement of the annual targets for net profits and Rorwa, both adjusted for extraordinary results. A distinction is made between executive directors with general management duties within the Group and those entrusted with the management of a specific business division, evaluating the Group's net profits and Rorwa for the former and putting a premium on the net profits and Rorwa of the division managed for the latter.
- b) Additional qualitative factors. In order to determine the individual amount of variable remuneration for each director, the quality of results obtained, whether at Group or division level, were evaluated in light of the following factors: i) adjustment for extraordinary results; ii) appropriate risk management and efficient consumption of capital; iii) competitive benchmarking of results; and iv) changes in core capital, the Group's economic capital, and the balance sheet.

Section D.2 of this report includes more detailed information on these standards and the level of compliance therewith.

Form of payment of the variable remuneration of executive directors:

- 40% of the variable remuneration was paid, net of taxes (or withholdings), half in cash and half in shares, which shares must be held for one year.

The payment of cash and delivery of shares corresponding to the immediate payment of 2013 variable remuneration occurred during the month of February 2014.

- Deferral of 60% of variable remuneration for 3 years, payment of which is subject to the satisfaction of certain conditions (continuity within the Group and no triggering of bad actor (*malus*) provisions).

Of the deferred amount, after deducting applicable taxes (or withholdings), the net result, if any, will be paid in thirds on the first, second and third anniversary of the date of payment of the immediate payment portion, 50% in cash and another 50% in Santander shares, which may not be sold until the passage of one year in each case.

Set forth below are the amounts of 2013 variable remuneration of the executive directors that were approved by the board at its meeting of 27 January 2014 at the proposal of the appointments and remuneration committee:

- Mr Emilio Botín-Sanz de Sautuola y García de los Ríos (*): 1,412 thousand euros;
- Mr Javier Marín Romano: 2,500 thousand euros;
- Mr Matías Rodríguez Inciarte: 2,308 thousand euros;
- Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea: 1,878 thousand pounds Sterling;
- Mr Juan Rodríguez Inciarte: 1,480 thousand euros.

(*) In 2012, Mr Emilio Botín-Sanz de Sautuola y García de los Ríos expressly and voluntarily waived 50% of the bonus to which he was entitled. And in 2013 he waived 415 thousand euros to maintain the same amount as in 2012.

The amounts of immediate and deferred payment in cash and shares are as follows:

Immediate payment:

- Mr Emilio Botín-Sanz de Sautuola y García de los Ríos: 282 thousand euros and 42,287 thousand shares;
- Mr Javier Marín Romano: 500 thousand euros and 74,850 thousand shares;
- Mr Matías Rodríguez Inciarte: 462 thousand euros and 69,092 thousand shares;
- Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea: 442 thousand euros (*) and 66,241 thousand shares; and
- Mr Juan Rodríguez Inciarte: 296 thousand euros and 44,299 thousand shares;

Deferred payment (**)

- Mr Emilio Botín-Sanz de Sautuola y García de los Ríos: 424 thousand euros and 63,431 thousand shares;
- Mr Javier Marín Romano: 750 thousand euros and 112,275 thousand shares;
- Mr Matías Rodríguez Inciarte: 692 thousand euros and 103,639 thousand shares;
- Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea: 664 thousand euros (*) and 99,362 thousand shares; and
- Mr Juan Rodríguez Inciarte: 444 thousand euros and 66,448 thousand shares;

(*) Value in euros of original amount in pounds Sterling.

(**) In 3 years: 2015, 2016 and 2017, subject to continuance as a beneficiary within the group (upon the terms indicated in the note at the end of this section) and no triggering of the *malus* clause.

The total number of shares indicated is within the maximum limit of 1,482,036 shares authorised by the shareholders at the general shareholders' meeting of 22 March 2013, and was calculated on the basis of the average weighted daily volume of the average weighted listing prices of Santander shares for the fifteen trading sessions prior to 27 January 2014 (the date on which the board approved the bonus for the executive directors of the Bank for financial year 2013), which was 6.680 euros per share

Apart from continuance of the beneficiary with the Group, based on the terms of the plan rules, the accrual of deferred remuneration is subject to the non-occurrence, in the opinion of the board of directors at the proposal of the appointments and remuneration committee in each case, of any of the following circumstances during the corresponding period (*malus* clauses): i) deficient financial performance of the Group; ii) violation by the beneficiary of internal rules or regulations, particularly those relating to risks; iii) material restatement of the Group's financial statements, except when appropriate pursuant to a change in accounting standards; or iv) significant changes in economic capital or risk profile of the Group.

On the occasion of each delivery of shares and cash and, therefore, subject to the same requirements, the beneficiary will be paid an amount in cash equal to the dividends paid on such shares and the interest accrued on the deferred cash amount of the annual bonus from the date of granting thereof through the first, second and third anniversary of such date, respectively. In those cases where the *Santander Scrip Dividend* programme applies, the price paid shall be the price offered by the Bank for the free allotment rights corresponding to such shares.

The beneficiaries receiving the shares may not transfer them or hedge them directly or indirectly for one year as from each delivery of shares. Likewise, the beneficiaries may not hedge the shares directly or indirectly prior to delivery thereof.

Deferred amounts of bonuses for prior financial years pending delivery at 31 December 2013:

At 31 December 2013, the following was also pending payment:

- Deferred portion of bonus for financial year 2010. This bonus was implemented through the first cycle of the deferred conditional delivery share plan approved by the board of directors, the application of which was approved by the shareholders at the general shareholders' meeting of 11 June 2010 with respect to the delivery of shares to the beneficiaries of the plan.

The beneficiaries of this plan are executive directors and those executives or employees of the Group whose variable remuneration or bonus for 2010 was generally higher than 0.3 million euros (gross). A portion of such variable remuneration or bonus is deferred for a period of three years, to be paid in Santander shares.

Delivery was made in February 2012 and 2013, respectively, of the first and second thirds of the shares corresponding to the first cycle of this plan, and the last third of the corresponding shares was paid in 2014.

- Deferred portion of bonuses for 2011 and 2012. These bonuses were implemented through the first and second cycle of the deferred conditional delivery share plan, respectively, approved by the board of directors, and the application of which was authorised at the general shareholders' meetings of 17 June 2011 and 30 March 2013 with respect to the delivery of shares to the beneficiaries.

The characteristics of these cycles are similar to those indicated for the 2013

bonus, except for the references to return on risk weighted assets (Rorwa), which should be replaced by rorac.

The payment of cash and delivery of shares for the second third of the first cycle and the first third of the second cycle of this plan was made during the month of February 2014.

Explanation of information included in sections D.1 and E:

The table in section D.1.a) i) of this report includes under *Short-term variable remuneration* all amounts paid in cash deriving from the 2013 bonus, including both the immediate payment portion as well as the deferred portion. This is because Circular 4/2013 provides that short-term remuneration is that which has an accrual period equal to or less than one year, with accrual period being defined as the time during which performance is measured for purposes of determining the directors' remuneration, regardless of the mode or period provided for the payment of such remuneration or the payment is subject to deferral, withholding or *malus* clauses.

Likewise, in the table in section D.1.a) ii) the item *Shares delivered during financial year 2013* includes all shares deriving from the 2013 bonus (including both the immediate payment portion as well as the deferred portion) and the price taken into account for the calculation thereof (6.680 euros), the product of such price and such number of shares corresponding to the item *Amount of shares provided* under the heading *Accrued remuneration at the Company* in the table of section D.1.c).

Section E of this report includes a table with information regarding shares corresponding to the deferred portion of various plans that implemented bonuses from prior financial years that were pending delivery on 1 January 2013 and, for each of such plans, includes the number of shares actually delivered during each financial year, the shares for which delivery was cancelled, and the shares pending delivery at 31 December 2013.

The shares whose number is included in those sections have been calculated based on the gross amount of the respective bonus. The shares corresponding to Ms Ana Patricia Botin for the deferred portion of the 2010 bonus are expressed in their equivalent in Santander shares despite being provided in Banesto shares.

Note:

When termination of the employment relationship with Banco Santander or another entity of the Santander Group is due to retirement, early retirement or pre-retirement of the beneficiary, to termination judicially declared to be improper, to unilateral separation for good cause by an employee (which includes, in any case, the cases set forth in section 10.3 of Royal Decree 1382/1985, of 1 August, governing the special relationship of senior management, for the persons subject to these rules), to permanent disability or death, or to an employer other than Banco Santander ceasing to belong to the Santander Group, as well as in those cases of mandatory redundancy, the right to delivery of the shares and the deferred cash amounts (as well as applicable dividends and interest) shall remain in force as if none of such circumstances had occurred.

In the case of death, the right shall pass to the successors of the beneficiary.

In cases of justified temporary leave due to temporary disability, suspension of the contract due to maternity or paternity, or leave to care for children or a relative, there shall be no change in the rights of the beneficiary.

If the beneficiary goes to another company of the Santander Group (including through international assignment and/or expatriation), there will be no change in the rights thereof.

If the employment relationship terminates by mutual agreement or because the beneficiary obtains a leave not referred to in any of the preceding paragraphs, the

terms of the termination or temporary leave agreement shall apply.

None of the above circumstances shall give the right to receive the deferred amount in advance. If the beneficiary or the successors thereof maintain the right to receive deferred remuneration in shares and in cash (as well as applicable dividends and interest), such remuneration shall be delivered within the periods and upon the terms set forth in the plan rules.

None of the above circumstances shall give the right to receive the deferred amount in advance. If the beneficiary or the successors thereof maintain the right to receive deferred remuneration in shares and in cash (as well as applicable dividends and interest), such remuneration shall be delivered within the periods and upon the terms set forth in the plan rules.

A.5. Explain the main features of the long-term saving systems, including retirement and any other survival benefit, either wholly or partially financed by the company, and whether funded internally or externally, with an estimate of the equivalent annual amount or cost thereof, stating the type of plan, whether it is a defined-contribution or -benefit plan, the conditions for the vesting of economic rights in favour of the directors, and the compatibility thereof with any kind of termination payment for advanced or early termination of the labour relationship between the company and the director.

Also state the contributions on the director's behalf to defined-contribution pension plans; or any increase in the director's vested rights, in the case of contributions to defined-benefit plans;

Explain the long-term savings systems
<p>Main features of the benefit plans</p> <p>During financial year 2012, within the framework of the actions taken by the Group to reduce the risks arising from maintaining defined benefit pension commitments towards certain employees, which gave rise to an agreement with worker representatives to transform the defined benefit obligations arising from the collective bargaining agreements into defined contribution plans, the contracts of the executive directors and the other members of the Bank's senior management (the senior officers) with defined benefit pension commitments were amended to transform them into a defined contribution system, which was externalised to Santander Seguros y Reaseguros Compañía Aseguradora, S.A. The new system gives the executive directors the right to receive benefits upon retirement, whether or not they are active at the Bank at such time, based on contributions to the system without regard to whether they are active at the time of retirement, and replaced their previous right to receive a pension supplement in the event of retirement, expressly excluding any obligation of the Bank to the executive directors other than the conversion of the previous system into the new benefit system that took place in 2012 and, if applicable, the making of the annual contributions described below(*). In the case of pre-retirement and until the date of retirement, the executive directors who have not exercised the option referred to in the previous paragraph have the right to receive an annual allotment.</p> <p>The initial balance for each of the executive directors in the new defined benefits system corresponded to the market value of the assets from which the provisions corresponding to the respective accrued obligations had materialised on the date of transformation of the old pension commitments into the new benefits system(**).</p> <p>(*) As provided in the contracts of the executive directors and members of senior</p>

management prior to the change, Mr Emilio Botín-Sanz de Sautuola y García de los Ríos and Mr Matías Rodríguez Inciarte have exercised the option to receive accrued pensions (or similar amounts) in the form of capital, i.e. in a lump sum, which means that they cease to accrue pensions from such time, with a fixed capital to be received, which shall be updated at the agreed interest rate.

(**) In the case of Mr Emilio Botín-Sanz de Sautuola y García de los Ríos and Mr Matías Rodríguez Inciarte, the initial balance was that corresponding to the amounts that were fixed on occasion of their exercise of the above mentioned option to receive capital, including the interest that such amounts had accrued from such time.

Since 2013, the Bank has made annual contributions to the benefits system in favour of the executive directors and senior officers, in proportion to their respective pensionable bases, until they leave the Group or until their retirement within the Group, death, or disability (including, if applicable, during pre-retirement). No contributions will be made with respect to the executive directors or senior officers who exercised the option to receive their pension rights as capital prior to the transformation of the defined benefits pension commitments into the current defined contribution system indicated in note (**) above.

The terms of the benefits system govern the impact of the deferral of variable remuneration calculated in the payment of the benefits covered by the system upon retirement, as well as the retention in shares of benefits arising therefrom, if applicable.

As a consequence of his appointment as chief executive officer, Mr Javier Marín Romano's senior officer's contract has been amended with respect to existing pension commitments. The annual contribution to the company benefits system is now calculated as 80% of the sum of: (i) fixed annual remuneration; and (ii) 30% of the arithmetic mean of the gross amount of the last three payments of variable remuneration. Furthermore, the pensionable base related to the death and permanent disability regime established in his senior officer's contract is 100% of the fixed annual remuneration. In his senior management contract, which is suspended, the annual contribution is 55% of his fixed remuneration and the pensionable base for cases of death and disability is 80% of his fixed remuneration.

The balance in the benefits system corresponding to each of the executive directors at 31 December 2013 is as follows (*):

Mr Emilio Botín-Sanz de Sautuola y García de los Ríos: 25,864 thousand euros;
Mr Javier Marín Romano: 4,346 thousand euros;
Mr Matías Rodríguez Inciarte: 46,058 thousand euros;
Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea (**): 37,202 thousand euros; and
Mr Juan Rodríguez Inciarte: 13,410 thousand euros;

(*) As explained in Note 5.h) of the notes to the financial statements of the Group for financial year 2013, in January 2013, upon his retirement, Mr Francisco Luzón López requested payment of the pensions to which he was entitled in a lump sum (gross amount of 65.4 million gross). For such purpose, his pension rights were settled, in accordance with the applicable contractual and legal terms, through: i) the payment in cash of 21.1 million euros relating to the net amount of the pension calculated taking into account the fixed remuneration and the bylaw-mandated payments, and 7.1 million euros relating to the net amount of the pension calculated taking into account the variable remuneration already accrued on the date of retirement, ii) the investment by Mr Luzón of such 7.1 million euros in Santander shares (1,144,110 shares), which will be deposited on a blocked basis until 23 January 2017 and iii) the investment by the Bank of the remaining gross amount of the pension (6.6 million euros), calculated taking into account the unaccrued variable remuneration, in Santander shares (1,061,602 shares) that will be delivered to Mr Luzón (subject to the same blocked period mentioned above and net of tax) or will definitively remain in the Bank's

possession based on whether or not the variable remuneration on which they are based ultimately accrues to him. Of these 1,061,602 shares, to date 400,148 have been delivered to Mr Luzón, on the accrual of the variable remuneration on which they were based, and have been deposited on a blocked basis until 23 January 2017. In addition, Mr Alfredo Sáenz Abad resigned from his position as chief executive officer of the Bank in April 2013, going into retirement. Upon his retirement, Mr Sáenz Abad requested payment in a lump sum of the pensions to which he was entitled (88.4 million euros). For such purpose, there was a settlement of his pension rights in accordance with contractual and legal terms through: i) the payment in cash of 38.2 million euros corresponding to the net amount of the pension calculated taking into account the variable remuneration already accrued on the date of retirement, and ii) the investment by Mr Sáenz of such 12.2 million euros in Santander shares (2,216,082 shares), which will be deposited at the Bank on a blocked basis until 29 April 2018.

(**) Includes amounts corresponding to his rights under the pension in which he participates on a suspended basis.

(***) Includes amounts corresponding to the period for providing services at Banesto, externalised to another insurer.

In addition, section D.1.a) iii) of this report sets forth the provisions made during 2013 and the pension commitments of the Group to these and other directors. The figures in the column *Financial year 2013* under the heading *Contributions for the year by the Company* include the insurance premiums corresponding to the supplementary pension benefits for widows, orphans and permanent disability mentioned above.

See section A.7 of this report regarding the compatibility of these long-term savings systems with any type of compensation.

A.6 State any termination benefits agreed to or paid in case of termination of duties as a director.

Explain the termination benefits

The contracts with the executive directors are of indefinite duration (permanent). Termination of the employment relationship due to breach of an executive director's obligations or by decision of the director shall not entitle the director to any financial compensation. If the contract is terminated by the Bank for any other reason, the directors will only have the right to any severance to which they are legally entitled.

A.7. State the terms and conditions that must be included in the contracts of executive directors performing senior management duties. Include information regarding, among other things, the term, limits on termination benefit amounts, continuance in office clauses, prior notice periods, and payment in lieu of prior notice, and any other clauses relating to hiring bonuses, as well as benefits or golden parachutes due to advanced or early termination of the contractual relationship between the company and the executive director. Include, among other things, any post-contractual clauses or agreements on non-competition, exclusivity, continuance in office or loyalty, and non-competition.

Explain the terms of the contracts of the executive directors

The basic terms and conditions of the contracts of the executive directors, besides those relating to the remuneration thereof, are the following:

a) Term

Indefinite-term (permanent).

b) Hiring bonus

None.

c) Exclusivity and non-competition

Executive directors may not enter into contracts to provide services to other companies or entities except where expressly authorised by the board of directors. In all cases, a duty of non-competition is established with respect to companies and activities similar in nature to those of the Bank and its consolidated Group.

Likewise, the contracts of the executive directors provide for certain prohibitions against competition and the poaching of clients, employees and suppliers that may be enforced for 2 years after the termination thereof.

d) Code of conduct

There is an obligation to strictly observe the provisions of the Group's general code and of the code of conduct in the securities markets, specifically with respect to rules of confidentiality, professional ethics and conflicts of interest.

e) Pre-retirement and retirement

The following executive directors will be entitled to pre-retirement in the event of separation for reasons other than voluntary termination or breach of their duties, in which case they will have the rights indicated below:

- Mr Javier Marín Romano will be entitled to an annual allotment that would be 800 thousand euros at 31 December 2013. Alternatively, he may choose to return to his position as executive vice president of the Bank.
- Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea will be entitled to an annual allotment that would be 2,692 thousand euros at 31 December 2013 (2,645 thousand euros annually at 31 December 2012).
- Mr Juan Rodríguez Inciarte will be entitled to an annual allotment that would amount to 987 thousand euros at 31 December 2013 (987 thousand euros annually at 31 December 2012).

If Mr Javier Marín Romano, Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea or Mr Juan Rodríguez Inciarte take pre-retirement, they have the right to opt to receive the annual allotments in the form of an annuity or as capital (i.e. in a lump sum), in whole but not in part.

For their part, the other executive directors may take retirement at any time and therefore claim the benefits corresponding to them from the insurer under the externalised employee benefit system described in section A.5 of this report, without any obligation on the part of the Bank in such circumstances.

f) Termination

See section A.6 above.

g) Insurance

The Group has taken out life insurance policies in favour of the Bank's directors, who will be entitled to receive benefits if there is a declaration of disability, or whose heirs shall have such right in case of death. The premiums paid by the Group are included in the *Other items* column of the table shown in section D.1 i) of this report.

The following also provides information on the insured lump sums for the Bank's executive directors at year-end 2013:

Mr Javier Marín Romano: 2,400 thousand euros;
Mr Matías Rodríguez Inciarte: 5,131 thousand euros;
Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea: 6,000 thousand euros; and
Mr Juan Rodríguez Inciarte: 2,961 thousand euros;

h) Confidentiality and return of documents

A strict duty of confidentiality is established during the relationship and following termination thereof, pursuant to which executive directors must return to the Bank the documents and items related to their activities that are in their possession.

i) Periods for advance notice or alternative payment

The advance notice periods contained in the contracts with the executive directors is 4 months both for decision by the Bank and by the director, and do not contemplate alternative payments for such advance notice. Excluded are Mr Emilio Botín-Sanz de Sautuola y García de los Ríos and Mr Javier Marín Romano, for which there is no contractual provision in this regard.

A.8 Explain any supplemental remuneration accrued by the directors in consideration of services provided other than those inherent in their position.

Explain the supplemental remuneration

Remuneration of the members of the board for representing the Bank

By resolution of the executive committee, all remuneration received by the directors of the Bank who represent it on the boards of directors of companies in which the Bank has an interest (at the expense of such companies) under appointments approved beginning on 18 March 2002 is for the benefit of the Group. The directors of the Bank did not receive remuneration from this type of representation during financial years 2013 or 2012.

Three directors of the Bank received a total of 1,184 thousand euros during financial year 2013 for serving on the boards of directors of Group companies (1,317 thousand euros during financial year 2012), according to the following breakdown: Lord Burns: 736 thousand euros for serving as non-executive chairman of the board of directors of Santander UK Plc; Mr Matías Rodríguez Inciarte: 42 thousand euros as non-executive director of U.C.I., S.A., and Mr Vittorio Corbo Lioi: 406 thousand euros, of which 104 thousand euros were received as non-executive director of Banco Santander Chile, plus 284 thousand euros for advisory services provided to such entity, and 18 thousand

euros as non-executive director of Grupo Financiero Santander México, S.A.B. de C.V.

- A.9.** State any remuneration in the form of advances, loans or collateral provided, with an indication of the interest rate, main features, and amounts potentially returned, as well as the obligations assumed on their behalf as a guarantee.

Explain the advances, loans and collateral provided

There were no transactions during financial year 2013 on terms other than customary or market terms other than two loans provided on employee terms described in the table in section D.1 a) iv) of this report and that gave rise to the following remuneration in kind during financial year 2013:

Mr Javier Marín Romano: 2,500 euros; and
Mr Juan Rodríguez Inciarte: 833 euros.

- A.10** Explain the main features of remunerations in kind.

Explain the remunerations in kind.

The *Other items* column of the table in section D.1.a)i) of this report includes the remuneration in kind accrued during the year by directors that, in the case of the Bank, correspond to life insurance premiums, medical insurance, company store vouchers, and an allocation of remuneration for employee loans.

- A.11** State the remuneration accrued by the director by virtue of payments made by the listed company to a third party to which the director provides services, if such payments are intended to provide remuneration for the services thereof in the company.

Explain the remuneration accrued by the director by virtue of the payments made by the listed company to a third party to which the director provides services

None.

- A.12** Any item of remuneration other than those listed above, of whatever nature and provenance within the group, especially when it is deemed to be a related-party transaction or when the making thereof detracts from a true and fair view of the total remuneration accrued by the director.

Explain the other items of remuneration

None.

- A.13** Explain the actions taken by the company regarding the remuneration system in order to reduce exposure to excessive risk and align it with the

long-term goals, values, and interests of the company, including any reference to: measures provided to ensure that the remuneration policy takes into account the long-term results of the company, measures establishing an appropriate balance between the fixed and variable components of remuneration, measures adopted with respect to those categories of personnel whose professional activities have a significant impact on the entity's risk profile, recovery formulas or clauses to be able to demand the return of the variable components of remuneration based on results if such components have been paid based on data that is later clearly shown to be inaccurate, and measures provided to avoid, if applicable, any conflicts of interest.

Explain actions taken to reduce risks

See section A.4 of this report for a description of the metrics and conditions for accrual and collection of remuneration used for the purposes described therein in the case of the executive directors, which includes: the use of metrics that take into account the risk levels assumed (e.g. Rorwa); the consideration in the metric of the performance of financial (quantitative goals) and non-financial (additional qualitative factors) measures; the application of *malus* clauses, etc.

Furthermore, the committee proposes to the board the remuneration of executives whose activities may have a substantial impact on the assumption of significant risks by the Group and the remuneration of executives performing control duties.

The aforementioned professionals, together with the executive directors, the other members of senior management and the employees receiving remuneration similar to that of the senior management make up what is known as the supervised group (*colectivo supervisado*).

Every year, the appointments and remuneration committee reviews and, if applicable, updates the composition of such group in order to identify the persons within the organisation who fall within the aforementioned parameters.

It is stated for the record that the committee has updated the standards for defining the supervised group for financial year 2014, for purposes of adapting such definition to Directive 2013/36/EU and to Royal Decree-Law 14/2013, as well as the expected development of the Directive in this matter, for which purposes the EBA on 31 December 2013 produced and sent to the European Commission for approval a proposal on *Regulatory technical standards on criteria to identify categories of staff whose professional activities have a material impact on an institution risk profile under Article 94(2) of Directive 2013/36/EU*.

At year-end 2013, and taking into account such update, the group was comprised of 1,472 executives from the entire Group, excluding the executive directors and the members of senior management who are not directors, which covers 0.8% of the workforce.

The executives within the supervised group other than executive directors are subject to the same remuneration standards applicable to the latter (described in sections A.1 and A.4), except for the various deferral percentage that apply based on the category thereof, and unless, as happened with the 2011 and 2012 bonuses, the variable remuneration amount for 2013 that is paid or deferred in shares to the executives of the Group in Brazil, Chile, Mexico and Poland is delivered in shares of their own listed subsidiaries. In financial year 2014, the same regime will be applied to the executives of the Group in said countries.

The aggregate amount of the 2013 variable remuneration of the identified staff,

excluding the amount of remuneration of the executive directors and of the other executive vice presidents (described in earlier sections of this report) was as follows:

Number of executives: 259. Total remuneration: 205,512 thousand euros, of which fixed remuneration: 73,599 thousand euros; bonus: 122,866 thousand euros (of which 35,135 thousand euros are payable immediately in cash and 35,135 thousand euros in shares and 26,298 euros are payable deferred in cash and 26,298 thousand euros in shares); and other remuneration: 9,047 thousand euros. The percentages to be applied generally are 30% for the immediate bonus both for the portion in cash and in shares, and 20% for the deferred bonus both for the portion in cash and in shares. In some countries the percentages to defer may be higher for certain categories of executives, also resulting in a higher proportion of immediate payment. The deferred payment will be paid over 3 years: 2015, 2016 and 2017, subject to continuation of the beneficiary, with the exceptions provided in the rules and regulations of the plan and the non-triggering of bad actor (*malus*) clauses.

The amounts set forth above were approved by the board at its meeting of 27 January 2014, at the proposal formulated by the appointments and remuneration committee at its meeting of 23 January 2014.

Finally, regarding balance between the fixed and variable components of the remuneration, the variable components of total remuneration of the executive directors and other members of the identified staff may not exceed 100% of the fixed components, unless the shareholders approve an increase of up to 200% of the fixed components.

B REMUNERATION POLICY FOR FUTURE FINANCIAL YEARS

- B.1** Provide a general forecast of the remuneration policy for future financial years that describes such policy with respect to: fixed components and attendance fees and remuneration of a variable nature, relationship between remuneration and results, benefits systems, terms of the contracts of executive directors, and outlook for more significant changes in remuneration policy as compared to prior financial years.

General forecast of remuneration policy
<p>i) Main characteristics:</p> <p>In 2014, the directors in their condition as such will receive remuneration for the performance of the duties of collective supervision and decision-making, for a total amount of up to 6 million euros, as determined by the shareholders at the general shareholders' meeting of 22 March 2013, with two components: annual allotment, and attendance fees. The board of directors will approve the specific determination of the amount corresponding to the above items for each of the directors and of the form of payment, for which purposes it will take into account the duties performed by each director within their own decision-making body and their membership on and attendance at meetings of the various board committees.</p> <p>The remuneration of the executive directors shall conform to the same principles applied in 2013, as described in section A.1 of this report, also taking into account the provisions below as regards variable remuneration. As of the date of this document, no changes are expected in the terms of the contracts of the executive directors or in the benefits systems.</p>
<p>ii) Gross annual salary</p> <p>At the proposal of the committee, the board approved the following amounts as gross annual salary for the executive directors in 2014:</p> <p>Mr Emilio Botín-Sanz de Sautuola y García de los Ríos: 1,344 thousand euros; Mr Javier Marín Romano: 2,000 thousand euros; Mr Matías Rodríguez Inciarte: 1,710 thousand euros; Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea: 1,702 thousand pounds Sterling; and Mr Juan Rodríguez Inciarte: 1,200 thousand euros;</p> <p>At the proposal of the committee, the board has resolved to revise the gross annual salary of Mr Juan Rodríguez Inciarte to properly reflect his level of responsibility within the Group, and also to adjust his remuneration to market rates for executive directors at other comparable institutions</p>
<p>iii) Variable remuneration</p> <p>The variable remuneration policy for the executive directors for financial year 2014, which has been approved by the board at the proposal of the appointments and remuneration committee, is based on the same principles discussed in section A.1, and also include a new element consisting of a long-term incentive based on the performance of the Bank over a multi-year period, in order to increase the alignment of variable remuneration with the creation of long-term value for the shareholders. The main characteristics of the variable remuneration for 2014 are summarised below.</p> <ul style="list-style-type: none">• <u>Components of variable remuneration.</u> The total variable remuneration will be made up of: (i) a "Bonus", to be received partly in cash and partly in shares,

with payment of a portion of the Bonus to be deferred for three years; and (ii) a long-term incentive or "LTI" that, if applicable, will be entirely received in shares on a deferred basis.

- Limitations on variable remuneration. The variable components of the total remuneration of the executive directors (including the Bonus and LTI) with respect to financial year 2014 may not exceed 100% of the fixed components, or 200% if so approved at the general shareholders' meeting.
- Determination of Bonus. At the beginning of 2015, the board of directors, at the proposal of the appointments and remuneration committee, will determine any Bonus for 2014 for each executive director, based on the bonus approved (*) for financial year 2013, taking into account for such purpose certain quantitative metrics, as well as additional qualitative factors:

(*) In the case of Mr Emilio Botín-Sanz de Sautuola y García de los Rios, the bonus deemed to be authorised according to the standards approved for financial year 2013 is 1,825,2450 euros. In the case of Mr Juan Rodríguez Inciarte, the review of the gross annual salary mentioned at the beginning of this section.

a) Quantitative metrics:

- 75% of the Bonus will be determined based on the attributed NOP for 2014 (*) compared to that recorded in 2013.

(*) NOP refers to attributed net ordinary profit, adjusted positively or negatively in terms of those transactions which in the board's opinion have an impact that is beyond the performance of the officers being evaluated. For such purpose, extraordinary capital gains, corporate transactions, special restructuring and accounting or legal adjustments occurring in the year, where applicable, will be assessed.

- 25% of the Bonus will be determined in accordance with the return on risk-weighted assets (RORWA) in 2014 compared with that estimated and adjusted for annual growth in NOP.

The NOP and RORWA of the Group are taken into account for applying these metrics. By way of exception, in the case of the director Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea, both the NOP and the RORWA of Santander UK plc (with a weighting of 70%) and those of the Group (with a weighting of 30%) will be taken into account.

b) Additional qualitative factors

In order to evaluate the quality of the results of the above metrics and to determine the individual bonus, the following factors will also be taken into account:

- Appropriate risk management and efficient consumption of capital.
- Competitive benchmarking of results to those of comparable institutions.
- Competitive benchmarking of customer satisfaction to that of comparable institutions.
- Changes in core capital, the Group's economic capital, the

balance sheet and other relevant management factors.

c) Additional conditions

Finally, the following rules will also be applied to determine the Bonus:

- If the Group's NOP in 2014 is more than 50% below that of 2013, the appointments and remuneration committee will analyse the results and will determine a Bonus that will in no case exceed 50% of the Bonus approved for 2013.
- If the Group's NOP is negative, the Bonus will be zero.

- Form of payment of the Bonus. The Bonus will be paid 50% in cash and 50% in shares, part in 2015 and the deferred portion over three years, as follows:

- a) 40% of the Bonus will be paid in 2015, in halves and net of taxes, in cash and shares.
- b) The remaining 60% will be deferred in thirds and will be paid, if applicable, in 2016, 2017 and 2018. The corresponding amount will be paid each year net of taxes, half in cash and half in shares.

- Determination of LTI. Likewise, the board of directors at the proposal of the appointments and remuneration committee and based on the relative performance of the Bank in 2014 as compared to a reference group, will determine the LTI, if any, for each executive director starting with an amount of 15% of their reference bonus.

To determine the LTI that may apply, the following percentages will be applied to 15% of the reference bonus based on the relative performance of the Bank's total shareholder return (TSR) in 2014 compared with the TSR of a reference group made up of 15 credit institutions (the "Reference Group").

Santander TSR Position: from 1st to 8th, 100%; from 9th to 12th, 50%; and from 13th to 16th, 0%.

TSR measures the return on investment for shareholders as a sum of the change in share price plus dividends and other similar items (including the Santander Scrip Dividend programme) that the shareholder may receive during the period in question.

The Reference Group is made up of the following institutions: HSBC, BNP Paribas, Société Générale, JP Morgan, Citigroup, BBVA, Nordea, Unicredito, Intesa SanPaolo, Itaú-Unibanco, Bank of Nova Scotia, Deutsche Bank, Lloyds, Bradesco and UBS.

The LTI thus determined for each beneficiary will be referred to as the "Approved LTI Amount", without prejudice to the accrual and quantity thereof being linked to the level of achievement of the multi-year objectives described below. The Approved LTI Amount will determine the maximum number of shares, if any, that each executive director may receive, which will be calculated taken into account the listing price for the 15 trading sessions prior to the date on which the board of directors approves the Bonus for 2014.

- Form of payment of LTI. The LTI will be paid entirely in shares and will be deferred in thirds for payment, if applicable, in 2016, 2017 and 2018.

- Accrual of LTI. The accrual of LTI and the amount thereof are subject to the relative performance of Banco Santander's TSR compared to that of the

entities of the Reference Group over a multi-year period. On an annual basis, there will be a determination of the amount, if any, that corresponds to each executive director in connection with the LTI (the "Annual LTI Amount"), applying the percentage from the following table to one third of the Approved LTI Amount for such year:

Santander's TSR position corresponds to the corresponding percentages payable: from 1st to 4th, 100%; 5th, 87.5%; 6th, 75%; 7th, 62.5%; 8th, 50%; and 9th to 16th, 0%.

For the 2016 accrual, the reference TSR will be that accumulated between 1 January 2014 and 31 December 2015; for the 2017 accrual, the reference TSR will be that accumulated between 1 January 2014 and 31 December 2016; and for the 2018 accrual, the reference TSR will be that accumulated between 1 January 2014 and 31 December 2017.

- Continuity and bad actor (*malus*) clauses applicable to the Bonus and the LTI. In addition to continuity of the beneficiary within the Group (on the terms described in section A.4), the accrual of the deferred remuneration (both the LTI and the deferred portion of the Bonus) is subject to none of the following circumstances arising, in the opinion of the board of directors at the proposal of the appointments and remuneration committee, during the period before each delivery as a consequence of actions taken in 2014:
 - (i) deficient financial performance of the Group;
 - (ii) violation by the beneficiary of internal rules or regulations, particularly those relating to risks;
 - (iii) material restatement of the Group's financial statements, except when appropriate pursuant to a change in accounting standards; or
 - (iv) significant changes in economic capital or risk profile of the Group.

The board of directors, at the proposal of the appointments and remuneration committee and based on the level of achievement of such conditions, will determine the specific amount of the deferred amount of the Bonus and the LTI to be paid.

- Other rules applicable to the Bonus and the LTI.
 - The hedging of Santander shares received during the retention and deferral periods is expressly prohibited. The sale of shares is also prohibited for one year from the receipt thereof.
 - On the occasion of each delivery of shares in 2016, 2017 and 2018, and subject to the same requirements, the executive directors shall be paid an amount in cash equal to the dividends corresponding to such shares, and to the interest accrued on the portion of the deferred amount of the Bonus to be paid in cash, in both cases, from the date of payment of the percentage of immediate payment of the Bonus through the date of payment of the corresponding Bonus or LTI. In those cases in which the *Santander Scrip Dividend* programme applies, the price paid shall be the price offered by the Bank for the free allotment rights corresponding to such shares.
 - The shares to be delivered on each occasion will be determined taking into account the average weighted daily volume of the average weighted listing prices of Santander's shares during the 15 trading sessions prior to the date on which the board of directors approves the Bonus for 2014.

To the extent that both the Bonus as well as the LTI involve the delivery of shares of the Bank, the board of directors will submit to the shareholders at the next general shareholders' meeting the application of the fourth cycle of the deferred conditional delivery share plan, through which the Bonus will be implemented, and the first cycle of the performance shares plan, which will be used to implement the LTI.

As of the date hereof and except as otherwise indicated in this section, no material changes are expected in the basic principles of the director remuneration policy described in section A.1 of this report, for which reason such principles will continue to apply in future years unless the competent corporate decision-making bodies decide to change them in view of the circumstances, whether for regulatory, economic, strategic or other reasons. The board of directors and the appointments and remuneration committee, in the exercise of their powers, periodically review the principles of the remuneration policy for such purpose.

- B.2** Explain the decision-making process for configuring the remuneration policy for future financial years, and any role played by the remuneration committee.

Explain the decision-making process for configuring the remuneration policy

No substantial changes for future years are expected regarding the decision-making process for configuring the director remuneration policy described in section A.2.

- B.3** Explain the incentives created by the company in the remuneration system to reduce excessive risks and to align them with the long-term goals, values and interests of the company.

Explain the incentives created to reduce risks

See sections A.4, A.13 and B.1. of this report. As regards the new items expected for remuneration for 2014 (which would supplement what is described in section A.13), as stated in section B.1 above, there is expected to be a new element in variable remuneration (the LTI) based on the Bank's performance over a multi-year period, in order to increase the alignment of variable remuneration with the creation of long-term value for the shareholders.

OVERALL SUMMARY OF THE APPLICATION OF THE REMUNERATION POLICY DURING THE FINANCIAL YEAR JUST ENDED

- C.1 Summarise the main features of the structure and items of remuneration from the remuneration policy applied during the financial year just ended, which give rise to the breakdown of individual remuneration accrued by each of the directors as reflected in section D of this report, as well as a summary of the decisions made by the board to apply such items.

Explain the structure and items of remuneration from the remuneration policy applied during the financial year

The director remuneration plan for 2013 consists of remuneration for the performance of their duties of supervision and collective decision-making described in section A.3, and the remuneration that the executive directors receive for the performance of their duties, which are based on the principles described in sections A.3 and A.4 of this report, which also provide a summary of the decisions made by the board for the application of each of the items of remuneration. All remuneration received by the directors accrue at the company except for those indicated in section D.1.b) i),

The items of remuneration from the remuneration policy applied during 2013 are the following:

i) Remuneration of the directors for the performance of duties of collective supervision and decision-making. Bylaw-mandated payments:

- Annual allotment

For purposes of the description of the accrued individual remuneration reflected in section D, as stated, the annual allotment of each director for belonging to the board and for being the first or fourth vice-chairman corresponds to *Fixed Remuneration* and the amounts received for being a member of the executive, audit and compliance and appointments and remuneration committees are included in *Remuneration for belonging to committees of the board*.

- Attendance fees

For purposes of describing the accrued individual remuneration reflected in section D, as stated, the total amount of all fees for attending meetings of the board and, if applicable, the risk committee and other committees of the board, are included under *Attendance fees*.

ii) Remuneration of the directors for the performance of executive duties:

- Gross annual salary (included in section D under *Salary*)
- Variable remuneration deriving from the third cycle of the deferred conditional delivery share plan (included in section D under *Short-term variable remuneration* (for the amount of the bonus to be paid in cash) and "No. of affected shares" under the heading *Options allocated during 2013* (for the amount to be paid in shares), all for the reasons set forth in section A.4).
- Other items: remuneration in kind for life insurance, medical insurance, company store vouchers, and the allocation of remuneration for employee loans provided to some directors (described in section A.10).

Apart from the above, the benefits system described in section A.5 of this report

should also be taken into account.

D BREAKDOWN OF INDIVIDUAL REMUNERATION ACCRUED BY EACH OF THE DIRECTORS

Name	Class	Accrual period
Mr Emilio Botín-Sanz de Sautuola	Executive	From 01/01/2013 through 31/12/2013
Mr Javier Marín Romano	Executive	From 01/01/2013 through 31/12/2013
Mr Fernando de Asúa Álvarez	Independent	From 01/01/2013 through 31/12/2013
Mr Matías Rodríguez Inciarte	Executive	From 01/01/2013 through 31/12/2013
Mr Guillermo de la Dehesa Romero	Independent	From 01/01/2013 through 31/12/2013
Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea	Executive	From 01/01/2013 through 31/12/2013
Mr Javier Botín-Sanz de Sautuola y O'Shea	Proprietary	From 01/01/2013 through 31/12/2013
Lord Burns (Terence)	Other Non-Executive	From 01/01/2013 through 31/12/2013
Mr Vittorio Corbo Lioi	Other Non-Executive	From 01/01/2013 through 31/12/2013
Mr Rodrigo Echenique Gordillo	Independent	From 01/01/2013 through 31/12/2013
Ms Esther Giménez-Salinas i Colomer	Independent	From 01/01/2013 through 31/12/2013
Mr Ángel Jado Becerro de Bengoa	Independent	From 01/01/2013 through 31/12/2013
Mr Abel Matutes Juan	Independent	From 01/01/2013 through 31/12/2013
Mr Juan Rodríguez Inciarte	Executive	From 01/01/2013 through 31/12/2013
Ms Isabel Tocino Biscarolasaga	Independent	From 01/01/2013 through 31/12/2013
Mr Juan Miguel Villar Mir	Independent	From 07/05/2013 through 31/12/2013
Mr Alfredo Sáenz Abad	Executive	From 01/01/2013 through 29/04/2013
Mr Manuel Soto Serrano	Independent	From 01/01/2013 through 29/04/2013

D.1 Complete the following tables regarding the individualised remuneration of each of the directors (including the remuneration for the financial year for executive duties) accrued during the financial year.

a) Accrued remuneration at the company covered by this report:

i) Cash remuneration (in thousands of €)

Name	Salary	Fixed remuneration	Attendance fees	Short-term variable remuneration	Long-term variable remuneration	Remuneration for belonging to committees of the board	Termination benefits	Other items	Total financial year 2013	Total financial year 2012
Mr Emilio Botín-Sanz de Sautuola y García de los Ríos	1,344	85	38	706	0	170	0	1	2,344	2,355
Mr Javier Marín Romano	1,600	57	18	1,250	0	115	0	51	3,091	--
Mr Fernando de Asúa Álvarez	0	113	232	0	0	234	0	0	579	567
Mr Matías Rodríguez Inciarte	1,710	85	191	1,154	0	170	0	265	3,575	3,820
Mr Guillermo de la Dehesa Romero	0	104	69	0	0	221	0	0	394	320
Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea	2,005	85	29	1,106	0	170	0	339	3,734	4,017
Mr Javier Botín-Sanz de Sautuola y O'Shea	0	85	28	0	0	0	0	0	113	108
Lord Burns (Terence)	0	85	19	0	0	0	0	0	104	106
Mr Vittorio Corbo Lioi	0	85	21	0	0	0	0	0	106	106
Mr Rodrigo Echenique Gordillo	0	85	144	0	0	234	0	30	493	415
Ms Esther Giménez-Salinas i Colomer	0	85	29	0	0	0	0	0	114	82
Mr Ángel Jado Becerro de Bengoa	0	85	30	0	0	0	0	0	115	110
Mr Abel Matutes Juan	0	85	45	0	0	40	0	0	170	169
Mr Juan Rodríguez	987	85	127	740	0	0	0	151	2,090	2,159

Inciarte											
Ms Isabel Tocino Biscarolasaga	0	85	208	0	0	139	0	0	0	432	257
Mr Juan Miguel Villar Mir	0	56	15	0	0	0	0	0	0	71	--
Mr Alfredo Sáenz Abad	1,234	28	20	0	0	56	0	0	561	1,899	6,482
Mr Manuel Soto Serrano	0	37	79	0	0	21	0	0	0	137	352

ii) Share-based remuneration systems

Mr EMILIO BOTÍN-SANZ DE SAUTUOLA Y GARCÍA DE LOS RÍOS

Third cycle of the deferred conditional delivery share plan (2013 variable remuneration)

Date of implementation	Options held at beginning of financial year 2013				Options allocated during financial year 2013					Shares delivered during financial year 2013	
	No. of options	No. of shares affected	Exercise price (€)	Exercise period	No. of options	No. of shares affected	Exercise price (€)	Exercise period	Conditions for exercise	Price	Amount
22/03/2013	0	0	0	0	0	0	0	0	0	105,718 shares at 6.68 euros per share	706

Options exercised in 2013	Options expired and not exercised	Options at end of financial year 2013
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No. of options	No. of shares affected	Exercise price (€)	Gross profit (€)	No. of options	No. of options	No. of shares affected	Exercise price (€)	Exercise period	Other requirements for exercise
0	0	0	0	0	0	0	0	0	0

MR JAVIER MARÍN ROMANO

Third cycle of the deferred conditional delivery share plan (2013 variable remuneration)

Date of implementation	Options held at beginning of financial year 2013				Options allocated during financial year 2013					Shares delivered during financial year 2013	
	No. of options	No. of shares affected	Exercise price (€)	Exercise period	No. of options	No. of shares affected	Exercise price (€)	Exercise period	Conditions for exercise	Price	Amount
22/03/2013										187,125 at 6.68 euros per share	1,250

Options exercised in 2013				Options expired and not exercised	Options at end of financial year 2013				
No. of options	No. of shares affected	Exercise price (€)	Gross profit (€)	No. of options	No. of options	No. of shares affected	Exercise price (€)	Exercise period	Other requirements for exercise
0	0	0	0	0	0	0	0	0	0

Mr MATÍAS RODRÍGUEZ INCIARTE

Third cycle of the deferred conditional delivery share plan (2013 variable remuneration)

Date of implementation	Options held at beginning of financial year 2013				Options allocated during financial year 2013					Shares delivered during financial year 2013	
	No. of options	No. of shares affected	Exercise price (€)	Exercise period	No. of options	No. of shares affected	Exercise price (€)	Exercise period	Conditions for exercise	No. Price Amount	
22/03/2013	0	0	0	0	0	0	0	0	0	172,731 at 6.68 euros per share	1,154

Options exercised in 2013				Options expired and not exercised	Options at end of financial year 2013				
No. of options	No. of shares affected	Exercise price (€)	Gross profit (€)	No. of options	No. of options	No. of shares affected	Exercise price (€)	Exercise period	Other requirements for exercise
0	0	0	00	0	0	0	0	0	0

Ms ANA PATRICIA BOTÍN-SANZ DE SAUTUOLA Y O'SHEA

Third cycle of the deferred conditional delivery share plan (2013 variable remuneration)

Date of implementation	Options held at beginning of financial year 2013				Options allocated during financial year 2013					Shares delivered during financial year 2013	
	No. of options	No. of shares affected	Exercise price (€)	Exercise period	No. of options	No. of shares affected	Exercise price (€)	Exercise period	Conditions for exercise	No. Price Amount	
22/03/2013	0	0	0	0	0	0	0	0	0	165,603 at 6.68 euros per share	1,106

Options exercised in 2013				Options expired and not exercised	Options at end of financial year 2013				
No. of options	No. of shares affected	Exercise price (€)	Gross profit (€)	No. of options	No. of options	No. of shares affected	Exercise price (€)	Exercise period	Other requirements for exercise
0	0	0	0	0	0	165,603	0	0	0

Mr JUAN RODRÍGUEZ INCIARTE

Third cycle of the deferred conditional delivery share plan (2013 variable remuneration)

Date of implementation	Options held at beginning of financial year 2013	Options allocated during 2013	Shares delivered during financial year 2013

	No. of options	No. of shares affected	Exercise price (€)	Exercise period	No. of options	No. of shares affected	Exercise price (€)	Exercise period	Conditions for exercise	Price	Amount
22/03/2013	0	0	0	0	0	0	0	0	0	110,747 at 6.68 euros per share	740

Options exercised in 2013				Options expired and not exercised	Options at end of financial year 2013				
No. of options	No. of shares affected	Exercise price (€)	Gross profit (€)	No. of options	No. of options	No. of shares affected	Exercise price (€)	Exercise period	Other requirements for exercise
0	0	0	0	0	0	0	0	0	0

iii) Long-term savings systems

Name/Type/Total accrual period by financial year	Contribution for the year by the Company (€thousands)		Amount of accumulated funds (€thousands)	
	Financial Year 2013	Financial Year 2012	Financial Year 2013	Financial Year 2012 (*)
Mr Emilio Botín-Sanz de Sautuola y García de los Ríos	0	0	25,864	25,566
Mr Javier Marín Romano	2,006	-	4,346	-
Mr Fernando de Asúa Álvarez	0	0	2,743	2,841
Mr Matías Rodríguez Inciarte	0	0	46,058	45,524
Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea	1,443	2,088	37,202	34,941

Mr Rodrigo Echenique Gordillo	0	0	15,263	15,574
Mr Juan Rodríguez Inciarte	609	78	13,410	12,824
Mr Alfredo Sáenz Abad	0	0	0	88,174

(*) Corresponds to the figures from the initial balance corresponding to these directors in 2012 upon the transformation of their pension commitments.

iv) Other benefits (in thousands of €)

Remuneration in the form of advances, loans			
Name/Type	Interest rate for the transaction	Main features of the transaction	Amounts potentially returned
Mr Javier Marín Romano	0.343% (65% of Euribor, per agreement with Banco Santander employees)	Employee mortgage in the amount of 571 thousand euros maturing 14 June 2033	13,803 euros (*)
Mr Juan Rodríguez Inciarte	3%	Personal loan in the amount of 901 thousand euros maturing 30 October 2017	52,616 euros (*)

(*) Amount repaid during the year.

Name/Type	Life insurance premiums		Collateral provided by the company in favour of the directors	
	Financial Year 2013	Financial Year 2012	Financial Year 2013	Financial Year 2012
Mr Javier Marín Romano	21	--	0	--
Mr Matías Rodríguez Inciarte	118	137	0	0
Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea	44	12	0	0
Mr Rodrigo Echenique Gordillo	30	40	0	0
Mr Juan Rodríguez Inciarte	61	64	0	0
Mr Alfredo Sáenz Abad	263	324	0	0

b) Remuneration accrued by directors of the company for belonging to boards at other companies of the group:

i) Cash remuneration (in thousands of €)

Name/Type/Accrual period for financial year 2013	Salary	Fixed remuneration	Attendance fees	Short-term variable remuneration	Long-term variable remuneration	Remuneration for belonging to committees of the board	Termination benefits	Other items	Total financial year 2013	Total financial year 2012
Lord Burns (Terence)	0	736	0	0	0	0	0	0	736	708
Mr Matías Rodríguez Inciarte	0	0	42	0	0	0	0	0	42	42
Mr Vittorio Corbo Lioi	0	0	122	0	0	0	0	284	406	448

ii) Share-based remuneration systems

iii) Long-term savings systems

iv) Other benefits (in thousands of €)

c) Summary of remuneration (in thousands of €):

The summary should include the amounts for all items of remuneration included in this report that have been accrued by the director, in thousands of euros. In the case of long-term saving systems, include contributions or funding for these types of systems:

Name/Type	Accrued remuneration at the Company				Accrued remuneration at the Company				Total		
	Total cash remuneration	Amount of shares provided	Gross profit on options exercised	Total 2013 contribution for the year by the Company	Total cash remuneration	Amount of shares provided	Gross profit on options exercised	Total by the Group for financial year 2013	Total financial year 2013	Total financial year 2012	Contribution to savings systems during the year
Mr Emilio Botín-Sanz de Sautuola y García de los Ríos	2,344	706	0	3,050	0	0	0	0	3,050	3,061	0
Mr Javier Marín Romano	3,091	1,250	0	4,341	0	0	0	0	4,341	-	2,006
Mr Fernando de Asúa Álvarez	579	0	0	579	0	0	0	0	579	567	0
Mr Matías Rodríguez Inciarte	3,575	1,154	0	4,729	42	0	0	42	4,771	5,196	0
Mr Guillermo de la Dehesa Romero	394		0	394	0	0	0	0	394	320	0
Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea	3,734	1,106	0	4,840	0	0	0	0	4,840	5,140	1,443
Mr Javier Botín-Sanz de Sautuola y O'Shea	113	0	0	113	0	0	0	0	113	108	0
Lord Burns (Terence)	104	0	0	104	736	0	0	736	840	813	0
Mr Vittorio Corbo Lioi	106	0	0	106	406	0	0	406	512	553	0
Mr Rodrigo Echenique Gordillo	493	0	0	493	0	0	0	0	493	415	0
Ms Esther Giménez-Salinas i Colomer	114	0	0	114	0	0	0	0	114	82	0
Mr Ángel Jado	115	0	0	115	0	0	0	0	115	110	0

Becerro de Bengoa											
Mr Abel Matutes Juan	170	0	0	170	0	0	0	0	170	169	0
Mr Juan Rodríguez Inciarte	2,090	740	0	2,830	0	0	0	0	2,830	2,937	609
Ms Isabel Tocino Biscarolasaga	432	0	0	432	0	0	0	0	432	257	0
Mr Juan Miguel Villar Mir	71	0	0	71	0	0	0	0	71	0	0
Mr Alfredo Sáenz Abad	1,899	0	0	1,899	0	0	0	0	1,899	8,237	0
Mr Manuel Soto Serrano	137	0	0	137	0	0	0	0	137	352	0
Total:	19,561	4,956	0	24,517	1,184	0	0	1,184	25,701	28,317	4,058

D.2 Report the relationship between remuneration obtained by the directors and the results or other measures of the entity's performance, explaining how any changes in the company's performance may have influenced changes in the remuneration of the directors.

Response
<p>The calculation methodology for the variable remuneration was based on the level of achievement of the quantitative goals and qualitative factors defined in the director remuneration report submitted to a consultative vote of the shareholders at the general shareholders' meeting of 22 March 2013.</p> <p>The quantitative goals corresponded to the Group's estimated results in attributed net ordinary profit (NOP) and Rorwa, which are set based on the ability of the Group to sustainably generate results with an appropriate management of risk and efficient consumption of capital.</p> <p>The weighting of the above metrics in the determination of variable remuneration was the following: attributed net ordinary profit (NOP) makes up 75% of variable remuneration and Rorwa determines the other 25%.</p> <p>In order to set the variable component of remuneration, a distinction was made between executive directors with general duties within the Group and those entrusted with the management of a specific business division, taking into account the Group's net profits and Rorwa for the former and putting a premium on the net profits and Rorwa of the division that they manage for the latter (with the targets of the division representing 70% and those of the Group representing 30%).</p> <p>The executive directors with responsibilities for general duties of the Group are Mr Emilio Botín-Sanz de Sautuola y García de los Ríos, Mr Javier Marín Romano, Mr Matías Rodríguez Inciarte and Mr Juan Rodríguez Inciarte. To determine the variable remuneration of the executive director Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea, a premium is put on the results of the business division for which she is responsible, Santander UK plc.</p> <p>From the beginning of financial year 2013, all executive directors had a standard reference bonus for the achievement of 100% of the targets set. In the case of Mr Javier Marín Romano, the standard reference was fixed upon his appointment as chief executive officer.</p> <p>To provide remuneration for achievement of the established NOP and Rorwa targets the Group uses achievement scales that determine, before qualitative factors, the bonus for each executive director in accordance with their reference bonus. At the Group level, the bonus is 85% of the reference if 100% of the NOP and Rorwa targets are achieved. In the case of Santander UK plc, the bonus is 90% for meeting 100% of the targets.</p> <p>On both scales, each percentage point above or below the target results in one more or one less point, respectively, in the bonus calculation.</p> <p>The Group obtained NOP of 4,370 million euros at the consolidated level in 2013, 92% of the budgeted target. Rorwa reached 97.9% of the target in 2013. Therefore, the level of achievement of the targets was 93.5%(*).</p> <p>(*) This percentage is calculated by giving a 75% weighting to the percentage NOP achieved of the amount budgeted (92.0%) and 25% weighting to the Rorwa achieved of the budgeted amount (97.9%).</p> <p>With the scale applicable in 2013 to executive directors with general duties for the management of the Group, the achievement of approximately 93.5% achievement of</p>

targets would have entailed a bonus of 78.5% of the standard reference established for this financial year. The qualitative adjustments (positive and negative) applied to this result are described as follows.

- Appropriate risk management and efficient consumption of capital.

The remuneration risk evaluation committee (RREC) is the body entrusted with evaluating the risks and controls of the Group as a whole and of the business divisions, and with proposing the corresponding adjustment to the appointments and remuneration committee.

In its evaluation, the RREC took into account exposure to loss due to credit and market risks, operational and reputational risk, concentration risk, management of liquidity and capital, the general control environment, and the quality and recurrence of results.

- Competitive benchmarking of results as compared to competitor institutions.

A comparison was made between the results of each business division and of the consolidated Group and those of a comparison group. For the comparison of results of the businesses, those of equivalent units at competitor institutions were taken into account. For the results of the Group, those of the competitor institutions as a whole were taken into account. For the determination of variable remuneration in 2013, the comparison group was made up of the following institutions: Barclays, Bank of America, BBVA, BNP Paribas, HSBC Holdings, ING Group, Intesa Sanpaolo, Itaú, JP Morgan Chase, Mitsubishi UFJ, Nordea Bank, Royal Bank of Canada, Société Générale, Standard Chartered, UBS, UniCredit and Wells Fargo.

- Evolution of core capital, Group economic capital, the balance sheet and other general factors in the management of the Group.

The most notable aspects of Group management during the financial year were evaluated, including the following:

i) The capital position continued to strengthen during financial year 2013, achieving a core capital ratio (Basel II) of 11.7%, an increase of 1.38 percentage points compared with the previous year; ii) with relation to the balance sheet, the liquidity position also strengthened, with the Group's loan-to-deposit ratio at 109%; and iii) shareholder compensation was maintained at 0.60 euro per share for the fifth consecutive year.

As a consequence of the above adjustments, the bonus was set at 82.3% of the standard reference, the aggregate bonus for the executive directors as a whole amounting to 10,327 thousand euros whilst the reference total was 12,548 thousand euros. However, the chairman expressed his desire for the bonus to which he would have been entitled to be reduced by 415 thousand euros, thereby maintaining the same amount in 2013 as in 2012, with the committee accepting this request. As a result of this waiver, the aggregate bonus for the executive directors as a whole was 9,912 thousand euros.

D.3 Report the results of the consultative vote of the shareholders on the annual remuneration report for the preceding financial year, indicating the number of votes against, if any:

	Number	% of total
Votes cast	5,795,752,237	98.44%

	Number	% of votes cast
Votes against	376,286,458	6.39%
Votes in favour	5,417,026,930	92.00%
Abstentions	2,438,849	0.04%

OTHER INFORMATION OF INTEREST

If there are any significant aspects regarding director remuneration that could not be included in the other sections of this report, but should be included in order to provide more complete and well-reasoned information regarding the remuneration structure and practices of the company with respect to its directors, briefly describe them.

This annual remuneration report was approved by the board of directors of the company at its meeting of 17 February 2014.

State whether any directors voted against or abstained in connection with the approval of this Report.

Yes

No

Bonuses from prior financial years: shares delivered and pending delivery

Director	Name of plan	Date of implementation	Shares 01/01/2013	Shares delivered in 2013	Shares cancelled in 2013	Shares pending delivery 2013
Mr Emilio Botín-Sanz de Sautuola y García de los Ríos	Performance shares plan I-13	11/06/2010	82,941	-	82,941	-
	Third cycle of obligatory investment share plan	19/06/2009	20,515	20,515	-	-
	Deferred conditional delivery share plan (2010 bonus)	11/06/2010	62,897	31,448	-	31,449
	First cycle of deferred conditional delivery share plan (2011 variable remuneration)	17/06/2011	149,327	49,776	-	99,551
	Second cycle of deferred conditional delivery share plan (2012 variable remuneration)	30/03/2012	109,879	43,952	-	65,927
	Third cycle of deferred conditional delivery share plan (2013 variable remuneration)	22/03/2013	-	-	-	105,718
Mr Javier Marín Romano	Performance shares plan I-13	11/06/2010	54,744	-	54,744	-
	Third cycle of obligatory investment share plan	19/06/2009	11,092	11,092	-	-
	Deferred conditional delivery share plan (2010 bonus)	11/06/2010	25,166	12,583	-	12,583
	First cycle of deferred conditional delivery share plan (2011 variable remuneration)	17/06/2011	77,882	25,961	-	51,921
	Second cycle of deferred conditional delivery share plan (2012 variable remuneration)	30/03/2012	116,908	58,454	-	58,454
	Third cycle of deferred conditional delivery share plan (2013 variable remuneration)	22/03/2013	-	-	-	187,125
Mr Matías Rodríguez Inciarte	Performance shares plan I-13	11/06/2010	105,520	-	105,520	-
	Third cycle of obligatory investment share plan	19/06/2009	25,849	25,849	-	-
	Deferred conditional delivery share plan (2010 bonus)	11/06/2010	90,126	45,063	-	45,063
	First cycle of deferred conditional delivery share plan (2011 variable remuneration)	17/06/2011	188,634	62,878	-	125,756
	Second cycle of deferred conditional delivery share plan (2012 variable remuneration)	30/03/2012	207,648	83,059	-	124,589
	Third cycle of deferred conditional delivery share plan (2013 variable remuneration)	22/03/2013	-	-	-	172,731
Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea	Performance shares plan I-13	11/06/2010	56,447	-	56,447	-
	Third cycle of obligatory investment share plan	19/06/2009	18,446	18,446	-	-
	Deferred conditional delivery share plan (2010 bonus)	11/06/2010	38,482	19,241	-	19,241
	First cycle of Deferred conditional delivery share plan (2011 variable remuneration)	17/06/2011	141,002	47,001	-	94,001

	Second cycle of deferred conditional delivery share plan (2012 variable remuneration)	30/03/2012	174,790	69,916	-	104,874
	Third cycle of deferred conditional delivery share plan (2013 variable remuneration)	22/03/2013	-	-	-	165,603
Mr Juan Rodríguez Inciarte	Performance shares plan I-13	11/06/2010	60,904	-	60,904	-
	Third cycle of obligatory investment share plan	19/06/2009	15,142	15,142	-	-
	Deferred conditional delivery share plan (2010 bonus)	11/06/2010	40,924	20,462	-	20,462
	First cycle of deferred conditional delivery share plan (2011 variable remuneration)	17/06/2011	110,070	36,690	-	73,380
	Second cycle of deferred conditional delivery share plan (2012 variable remuneration)	30/03/2012	121,165	48,466	-	72,699
	Third cycle of deferred conditional delivery share plan (2013 variable remuneration)	22/03/2013	-	-	-	110,747
	Mr Alfredo Sáenz Abad ¹	Performance shares plan I-13	11/06/2010	228,445	-	228,445
Third cycle of obligatory investment share plan		19/06/2009	49,000	49,000	-	-
Deferred conditional delivery share plan (2010 bonus)		11/06/2010	208,300	104,150	-	104,150
First cycle of deferred conditional delivery share plan (2011 variable remuneration)		17/06/2011	371,049	123,683	-	247,366
Second cycle of deferred conditional delivery share plan (2012 variable remuneration)		30/03/2012	273,028	109,211	-	163,817
Third cycle of deferred conditional delivery share plan (2013 variable remuneration)		22/03/2013	-	-	-	-

1 Mr Alfredo Sáenz Abad resigned from his position as director on 29 April 2013. As regards the 2010 bonus, and in accordance with the rules of the plan, Mr Sáenz maintains the right to receive, if applicable, 104,150 shares in 2014 subject to compliance with the plan terms for the receipt thereof. He also received 104,150 shares in each of 2012 and 2013 corresponding to the number of shares to which he was entitled as a result of the accrual of the first and second third of the deferred portion of such bonus. As regards variable remuneration from 2011 and 2012, the payment of the deferred amounts, in cash (two gross payments of 702 thousand euros each –corresponding to deferred variable remuneration from 2011– and three gross payments of 351 thousand euros each –corresponding to variable deferred remuneration from 2012) and in shares (two deliveries of 123,683 shares –corresponding to deferred variable remuneration from 2011– and three of 54,605 shares –corresponding to deferred variable remuneration from 2012) corresponding to the deferred variable remuneration from financial years 2011 and 2012, will be paid to him on the respective maturity dates together with the remuneration corresponding to the shares (an amount in cash equal to the dividends and amounts offered for the free allotment rights in case the Santander Scrip Dividend Programme applies) and interest accrued on the amounts in cash, subject to compliance with the requirements set out in the respective resolutions of the shareholders and the rules of such plans as well as the other terms provided with respect thereto. The table above shows the shares paid in 2013 to Mr Sáenz with respect to each of such plans, as well as the shares pending payment at the end of the financial year, upon the terms indicated above.

2 On 23 January 2012, Mr Francisco Luzón López took pre-retirement and resigned from his positions as director and head of the Americas division. As regards the 2010 bonus, and in accordance with the rules of the plan, Mr Luzón maintains the right to receive, if applicable, 51,660 shares in 2014 subject to compliance with the terms set forth in the plan for receipt thereof. In 2012 and 2013 he also received 51,660 shares during each year corresponding to the number of shares to which he was entitled as a result of the accrual of the first and second third of the deferred portion of such bonus. As regards variable remuneration from 2011 to receive in cash and Santander shares, the board, at the proposal of the committee, resolved to deliver to him an immediate payment of 743 thousand euros and 130,996 shares. The payment of the deferred amount in cash and shares corresponding to the first third was made in February 2013, with payment of the rest, if applicable, proceeding on the dates and terms approved by the board and subject to compliance with the requirements set forth in the respective shareholders' resolution and the rules of the plan, as well as to the other terms provided therein (371 thousand euros and 65,498 shares of the Bank in 2014 and 2015). Upon delivery of the shares, and thus subject to the same requirements, he will be paid an amount in cash equal to the dividends paid on such shares, and if the Santander Scrip Dividend Programme applies, the price offered by the Bank for the free allotment rights corresponding to such shares, as well as the interest accrued on the deferred amount in cash.