

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

During 2015, the principles of the director remuneration policy are similar to those applied in 2014, which were approved by the board of directors and submitted for a consultative vote of the shareholders at the general shareholders' meeting of 28 March 2014, receiving 91.422% votes in favour.

Such principles are the following:

a) Remuneration of directors in their capacity as such

The remuneration of the directors in their capacity as such will be based on the positions held by the directors on the collective decision-making body, membership on and attendance at the various committees, and any other objective circumstances that the board might take into account.

b) Remuneration of the executive directors

Independently of the directors' right to receive remuneration for their status as such, they are also entitled to receive such other compensation (salaries, incentives, bonuses, pensions, insurance and severance payments) as, following a proposal made by the remuneration committee and upon resolution by the board of directors, may be considered appropriate in consideration for the performance of other duties in the Company, whether they are the duties of an executive director or otherwise, other than the duties of supervision and collective decision-making that they discharge in their capacity as members of the board.

The principles of the remuneration policy for the performance of executive duties are the following:

- 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 compensation.
- 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.

The most significant changes in the 2014 remuneration policy consist of the change in the terms of the Bonus and the LTI, variable components of the remuneration of the executive directors. In summary, and without prejudice to the more detailed description in section A.5:

- The 2015 Bonus, which extended its deferral period: 60% of the Bonus of the executive directors will be deferred for 5 years, instead of 3, and any payment thereof will be made in fifths in the years 2017, 2018, 2019, 2020 and 2021.
- The 2015 long-term incentive or LTI changed these terms in two regards: on the one hand, additional metrics are introduced to obtain better alignment with the strategic priorities of the Bank, and on the other it is entirely deferred until 2019, instead of being paid in thirds over three years.

Remunerative mix:

- The variable components of remuneration include the Bonus, the LTI and, if applicable, the portion of contributions to the benefits system that are calculated on the variable remuneration of the relevant director (described in sections A.4 and A.5 below).
- The fixed components of remuneration include the other items of remuneration that each director receives for the performance of executive duties (described in section A.3), including contributions to the benefits system calculated based on fixed remuneration (described in section A.5), and all by-law mandated emoluments that the relevant director is entitled to receive in his capacity as such. The executive directors do not receive variable remuneration.

The variable components of the remuneration may not exceed 200% of the fixed components thereof.

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

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
<p>Preparatory work and participation of the appointments and remuneration committee in determining the remuneration policy</p> <p>Pursuant to the Bylaws and the Rules and Regulations of the Board of the Bank, the remuneration committee⁽⁷⁾ has the following duties, among others, relating to the remuneration of the directors:</p> <ul style="list-style-type: none">• Propose the director remuneration policy and prepare the corresponding report.• Propose to the board the individual remuneration of the directors for the performance of duties other than those of a mere director.• Ensure compliance with the director remuneration policy and the transparency of remuneration, and regularly review remuneration programmes.

At its meeting of 20 February 2015, the remuneration committee prepared the annual report on director remuneration required by section 541 of the Spanish Capital Corporations Law, which is made available to the shareholders on occasion of the call to the ordinary general shareholders' meeting of 2015, and which shall be submitted to a consultative vote as a separate item on the agenda. At that same meeting, the remuneration committee prepared the director remuneration policy for 2015 and 2016.

The annual director remuneration report for financial year 2014 and the reasoned proposal on the director remuneration policy for financial years 2015 and 2016 were approved by the board at its meeting held on 23 February 2015.

Remuneration committee

The Bylaws and the Rules and Regulations of the Board provide that the remuneration committee may only be comprised of non-executive directors and that its chairman must be an independent director.

At the date hereof^(**), the composition of the remuneration committee is as follows:

Chairman:

Mr Bruce Carnegie-Brown (Vice-chairman of the board, independent)

Members:

Ms Sol Daurella Comadrán (independent)

Mr Guillermo de la Dehesa Romero (Vice-chairman of the board, independent^(****))

Mr Ángel Jado Becerro de Bengoa (independent)

Ms Isabel Tocino Biscarolasaga (independent)

Secretary:

Mr Ignacio Benjumea Cabeza de Vaca

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

As provided in its regulations, the remuneration committee meets as many times as it is called to meeting by resolution of the committee itself or of its chairman, and at least four times a year. During 2014, it met on four occasions. Prior to the separation of the appointments and remuneration committee, it met on twelve occasions during 2014^(*).

External advisors

In all its decision-making processes, the 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 remuneration committee and the board of directors have had the assistance of Towers Watson in the preparation of this report and in the formulation of the remuneration policy.

(*) Under the provisions of article 54.1 of the Bylaws and article 17.10 of the Rules and Regulations of the Board, at its meeting of 23 October 2014, the board of directors resolved to separate the appointments and remuneration committee into two committees. The appointments committee assumed the duties relating to appointments contained in article 17.4 of the Rules and Regulations of the Board, and the remuneration committee assumed those included in article 17.5 of the Rules and Regulations of the Board, as well as, in both cases, any other duties corresponding thereto under applicable law.

(**) The board of directors, at its meeting of 25 November 2014, took notice of the resignation of Mr Fernando de Asúa Álvarez. The board, upon a proposal of the appointments committee, appointed as his replacement Mr Bruce Carnegie-Brown as chairman of the remuneration committee, which appointment is effective as from 12 February 2015. Mr Rodrigo Echenique Gordillo ceased also to be a member of the remuneration committee on 16 February 2015. In 2015, Ms Sol Daurella Comadrán and Mr Ángel Jado Becerro de Bengoa have been appointed as new members of the remuneration committee.

(***) Pursuant to the provisions in transitory provision two of order ECC/461/2013, Mr Guillermo de la Dehesa Romero will continue to 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 nor independent due to having held the position for more than 12 years.

- 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 directors in 2015 in their capacity as such. Bylaw-mandated payments

In 2015, the directors, for their status as such, shall continue to receive remuneration for the performance of duties of supervision and collective decision-making in the collective amount of up to six million euros as authorised by the shareholders at the 2013 ordinary general shareholders' meeting (and again subject to approval of the shareholders at the 2015 general shareholders' meeting), with two components: annual allotment and attendance fees.

i) Annual allotment: The specific amount payable for the above-mentioned items to each of the directors and the form of payment shall be determined by the board of directors. The principles described in section A.1 of this report shall be taken into account for such purpose.

ii) Attendance fees The directors will also receive attendance fees in 2015 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 specific amount to be paid shall be approved by the board of directors, taking into account the principles described in section A.1 of this report.

In addition, in 2015 the Company will pay the premium for the civil liability insurance for its directors, obtained upon customary market terms and proportional to the circumstances of the Company.

B) Fixed remuneration in 2015 for the performance of executive duties

i) Gross annual salary

The executive directors' gross annual salary for 2015, approved by the board upon a proposal of the remuneration committee, is as follows (in thousands of euros):

- Ms Ana Botín-Sanz de Sautuola y O'Shea: 2015: 2,500; 2014: 2,500^(*); Chng (%): 0.0%.

(*) The gross annual salary for 2014 was determined on occasion of her appointment as executive chairman of the Santander Group, to reflect the assumption of new responsibilities. The actual amount paid in 2014 was 2,225 thousand euros, which amount includes the portion relating to duties as CEO of Santander UK and the portion corresponding to duties as executive chairman of the Group.

- Mr José Antonio Álvarez Álvarez^(**): 2015: 2,000; 2014: -; Chng (%): N/A.

(**) At its meeting of 25 November 2014, the board of directors appointed Mr José Antonio Álvarez Álvarez as chief executive officer to replace Mr Javier Marín Romano. Mr José Antonio Álvarez Álvarez took possession of the office of director on 13 January 2015, with Mr Javier Marín Romano withdrawing from the position effective 12 January 2015.

- Mr Matías Rodríguez Inciarte 2015: 1,710; 2014: 1,710; Chng (%): 0.0%.

- Mr Juan Rodríguez Inciarte 2015: 1,200; 2014: 1,200; Chng (%): 0.0%.

- Mr Rodrigo Echenique Gordillo 2015: 1,500; 2014: -; Chng (%): N/A.

(ii) Other fixed components of remuneration

- Benefits systems: defined contribution plans. For more information, see section A.5 of this report.
- Social welfare benefits: The executive directors will also receive certain social welfare benefits such as life insurance premiums, medical insurance, company store vouchers, and the allocation of remuneration for employee loans, all on market terms.

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

As stated in section A.1 above, only the executive directors are beneficiaries of the variable components of remuneration included in the director remuneration policy for financial year 2015.

The executive director variable remuneration policy for financial year 2015, which has been approved by the board upon a proposal of the remuneration committee, is based on the principles of the remuneration policy described in section A.1 above, and also takes into account the items described below.

- Variable components of remuneration. The variable components of the remuneration of executive directors shall include: (i) a "Bonus", to be received partly in cash and partly in shares, while deferring collection of a portion of the Bonus for five years; (ii) a long-term incentive or "LTI" that, if applicable, will be entirely received in shares on a deferred basis; and (iii) if applicable, contributions to benefits systems calculated based on the variable remuneration of the corresponding director.
- Limitations on variable remuneration. The variable components of the executive directors' total remuneration (including the Bonus and the LTI) for financial year 2015 must comply with a limit of 200% of the fixed components.

The Bonus and the LTI are described in this section A.4 and the contributions to savings schemes are described in section A.5.

A) Bonus

(i) Determination of Bonus.

The 2015 Bonus for executive directors shall be determined based on a standard benchmark bonus of the executive directors to comply with 100% of the established targets, which is called a "benchmark bonus", and which takes into account certain quantitative metrics, as well as additional qualitative factors:

a) *Quantitative metrics:*

- 75% of the Bonus has been set based on NOP for 2015, compared to the NOP targeted for the financial year and modified based on growth over the prior year.

NOP is attributed net ordinary profits, adjusted positively or negatively for those transactions that in the opinion of the board involve an impact outside of the performance of the directors being evaluated, for which purpose, there will be an evaluation of extraordinary profits, corporate transactions, special allowances, or accounting or legal adjustments that may occur during the year.

- 25% of the Bonus has been set based on the return on risk-weighted assets (Rorwa) in 2015 compared with that estimated for the year.

For purposes of applying the above metrics, it shall be deemed that the NOP and Rorwa of the Group, and for the directors in charge of a specific business division, shall also be considered the results of the division that they manage.

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.
- Benchmarking of results against competing institutions.
- Benchmarking of customer satisfaction against competing institutions.
- Changes in core capital, the Group's economic capital, the balance sheet and other relevant management factors.

c) *Additional conditions:*

Finally, in determining the Bonus, there will be a verification as to whether the following circumstances occurred:

- If the NOP of the Group for 2015 is less than 50% of the NOP for financial year 2014, the Bonus will in no event be greater than 50% of the benchmark bonus for 2015.
- If the NOP of the Group is negative, the Bonus would be zero.

(ii) Form of payment of the Bonus:

The Bonus is paid 50% in cash and 50% in shares, part in 2016 and the deferred portion over five years, as follows:

- a) 40% of the Bonus is paid in 2016, in halves and net of taxes, in cash and shares.
- b) The remaining 60% will be deferred in fifths and will be paid, if applicable, in 2017, 2018, 2019, 2020 and 2021. The corresponding amount will be paid each year net of taxes, half in cash and half in shares.

The portion in shares may not be sold until the passage of one year from delivery thereof.

(iii) Conditions for accrual of the deferred portion of the Bonus.

In addition to the beneficiary remaining with the Santander Group, the accrual of the deferred portion of the Bonus is conditional upon the non-triggering of the provisions known as "bad actor" (*malus*) provisions (see letter C) below).

B) LTI

(i) Determination of LTI.

The board of directors, upon a proposal of the remuneration committee, shall set an LTI for each executive director based on an amount equal to 20% of their benchmark bonus in 2015.

To determine the LTI that might apply, the following ratios will be applied to 20% of the benchmark bonus based on:

- (1) The earnings per share (EPS) of the Santander Group during financial year 2015 compared to the forecast for such year:
 - If the EPS in 2015 is $\geq 90\%$ than the forecast: "2015 EPS Coefficient" = 1
 - If the EPS in 2015 is between 90% and 75% of the forecast: 2015 EPS Coefficient = $0.75 - 1 *$
 - If the EPS in 2015 is $\leq 75\%$ than the forecast: 2015 EPS Coefficient = 0

* Straight-line increase in 2015 EPS Coefficient based on the specific percentage that 2015 EPS represents of the target within this line of the scale.

(2) The return on tangible equity (“ROTE”) ratio of the Santander Group for financial year 2015 compared to the forecast for such year—:

- If the ROTE in 2015 is $\geq 90\%$ than the forecast: “2015 ROTE Coefficient”= 1
- If the ROTE in 2015 is between 90% and 75% of the forecast: 2015 ROTE Coefficient= $0.75 - 1 *$
- If the ROTE in 2015 is $\leq 75\%$ than the forecast: 2015 ROTE Coefficient= 0

* Straight-line increase in 2015 ROTE Coefficient based on the specific percentage that 2015 ROTE represents of the target within this line of the scale.

Therefore, the formula for determining the LTI shall also be the following (the result of such formula being the Approved LTI Amount):

Approved LTI Amount= Bench. Amt. x (0.5 x 2015 EPS Coefficient + 0.5 x 2015 ROTE Coefficient)

where,

- “Bench. Amt.” is the amount resulting from multiplying the percentage of 20% of the benchmark bonus of the executive director.
- the 2015 EPS Coefficient and the 2015 ROTE Coefficient shall have the applicable values resulting from the scales above based on the performance of the EPS and ROTE during financial year 2015.

For each executive director, the Approved LTI Amount shall determine the maximum number of shares that they might receive and shall be calculated taking into account the listing price of Santander’s shares for the 15 trading sessions prior to the board meeting approving the Bonus for financial year 2015.

Notwithstanding the foregoing, the accrual and final amount of the LTI are linked to the level of achievement of the multiyear objectives of the plan and other conditions described below.

(ii) Accrual of LTI based on Multiyear Objectives.

The accrual of the LTI and the amount thereof are subject to meeting certain targets for the 2015-2017 period (the “Multiyear Objectives”) and to the metrics and compliance scales associated with such Multiyear Objectives, as well as compliance with the other conditions of the plan for the 2015-2018 period.

The Multiyear Objectives and the metrics and scales for compliance therewith are as set forth below:

(a) The relative performance of the EPS growth of the Santander Group for the 2015-2017 period compared to a peer group of 17 credit institutions (the “Peer Group”).

EPS growth shall be understood as the percentage ratio between the earnings per share according to the initial and final consolidated annual accounts for the comparison period (i.e. the consolidated accounts ended 31 December 2014 and 31 December 2017, respectively).

- If the EPS growth position during the period is ranked from 1st to 5th: “EPS Coefficient” =1
- If in 6th place: EPS Coefficient=0.875
- If in 7th place: EPS Coefficient=0.75
- If in 8th place: EPS Coefficient=0.625
- If in 9th place: EPS Coefficient=0.50
- If in 10th to 18th place: EPS Coefficient= 0

The Peer Group is made up of the following institutions: Wells Fargo, JP Morgan Chase, HSBC, Bank of America, Citigroup, BNP Paribas, Lloyds, UBS, BBVA, Barclays, Standard Chartered, ING, Deutsche Bank, Société Générale, Intesa SanPaolo, Itaú-Unibanco and Unicredito.

(b) Santander Group ROTE for 2017:

- If the ROTE in 2017 is $\geq 12\%$: “ROTE Coefficient”= 1
- If the ROTE in 2017 is between 11% and 12%: ROTE Coefficient = $0.75 - 1 \cdot *$
- If the ROTE in 2017 is $\leq 11\%$: ROTE Coefficient = 0

* Straight-line increase in ROTE Coefficient based on the specific percentage of the Santander Group ROTE in financial year 2017 within this line of the scale.

(c) Employee satisfaction, measured by whether or not included in the “Top 3” of the best banks to work at in the principal markets in which the group operates.

No of principal markets in which Santander is in the Top 3 of the best banks to work at in 2017.

- 6 or more: “Employees Coefficient” = 1
- 5 or less: Employees Coefficient = 0

For these purposes, the “Principal Markets” of the Santander Group are: Germany, Argentina, Brazil, Chile, Spain, United States, Mexico, Poland, Portugal and United Kingdom.

(d) Customer satisfaction, measured by whether or not included in the “Top 3” of the best banks on the customer satisfaction index in the Principal Markets.

No of Principal Markets in which Santander is in the Top 3 of the best banks on the customer satisfaction index in 2017:

- 10: “Customers Coefficient”= 1
- Between 6 and 9: Customers Coefficient= $0.2 - 0.8$, such that, within this line of the scale, the ratio is increased by 0.2 for each additional Principal Market in which the customer satisfaction index is in the Top 3.
- 5 or less: Customers Coefficient = 0

(e) Customer loyalty, taking into account the targets at the level of the Santander Group level, which are that at 31 December 2017 there are 17 million retail loyal customers and 1.1 million SME and corporate loyal customers.

(i) Number of retail loyal customers

- If ≥ 17 million: “Retail Coefficient”= 1
- If between 15 and 17 million: Retail Coefficient = $0.5 - 1 \cdot **$
- If ≤ 15 million: Retail Coefficient = 0

(ii) Number of SME and corporate loyal customers

- If ≥ 1.1 million: "Corporates Coefficient" = 1
- If between 1 and 1.1 million: Corporates Coefficient = $0.5 - 1$ **
- If ≤ 1 million: Corporates Coefficient = 0

** Straight-line increase in Retail Coefficient and Corporate Coefficient based on the number of loyal customers of each kind at 31 December 2017.

Based on the compliance metrics and scales above and on the data for year-end 2017, the accrued LTI amount for each executive director (the "Accrued LTI Amount") shall be determined in accordance with the following formula:

$$\text{Accrued LTI Amount} = \text{Amt.} \times (0.25 \times A + 0.25 \times B + 0.2 \times C + 0.15 \times D + 0.075 \times E_1 + 0.075 \times E_2)$$

where,

- "Amt." is the Approved LTI Amount for the executive director.
- "A" is the EPS Coefficient resulting from the scale in paragraph (a) above based on the performance during the 2015-2017 period of the EPS growth of the Santander Group compared to the Peer Group.
- "B" is the ROTE Coefficient resulting from the scale in paragraph (b) above based on the performance during financial year 2017 of the ROTE of the Santander Group.
- "C" is the Employees Coefficient resulting from the scale in paragraph (c) above.
- "D" is the Customers Coefficient resulting from the scale in paragraph (d) above.
- "E₁" is the Retail Coefficient resulting from the scale in paragraph (e) above regarding retail loyal customers.
- "E₂" is the Corporates Coefficient resulting from the scale in paragraph (e) above regarding SME and corporate loyal customers.

(iii) Other conditions for accrual of the LTI.

The LTI accrual period ends on 31 December 2018, and therefore the plan conditions must be met by the end of this period, without prejudice to the above metrics referring to the 2015-2017 period.

Therefore, to determine the final LTI amount for each executive director (the "Final LTI Amount"), the board of directors, upon a proposal of the remuneration committee, may at any time prior to the payment date reduce the Accrued LTI Amount of each director if they have incurred excessive risks to meet the Multiyear Objectives.

In addition, the accrual of the LTI remuneration is conditional upon the beneficiary remaining with the Santander Group and the non-triggering of the "bad actor" (*malus*) provisions until the delivery of the shares.

(iv) Form of payment of the LTI:

The LTI shall be paid wholly in shares and the payment thereof shall be deferred to financial year 2019. The date of payment is expected to take place during the first quarter of 2019.

C) Common terms of the Bonus and the LTI

(i) Continuity and bad actor (malus) clauses applicable to the Bonus and the LTI

In addition to continuity of the beneficiary within the Group (see note at the end of this section), the accrual of the deferred remuneration (both the Final LTI Amount 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 remuneration committee, during the period before each delivery as a consequence of actions taken in 2015:

- (i) Poor financial performance of the Group;
- (ii) Violation by the beneficiary of internal regulations, particularly those relating to risks;
- (iii) Material restatement of the Group's financial statements, when so considered by the external auditors, except when appropriate pursuant to a change in accounting standards; or
- (iv) Significant changes in the financial 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 differed amount of the Bonus and the Final LTI Amount to be paid.

(ii) 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, 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 Dividendo Elección* scrip dividend scheme applies, the price paid shall be the price offered by the Bank for the bonus share rights corresponding to such shares.

The estimated maximum amount of the 2015 Bonus payable to executive directors, bearing in mind the maximum amounts to be handed over in shares, to be submitted to the vote of shareholders at the 2015 general meeting, would be 18.2 million euro, the accrual and payment of which would be subject to the conditions described herein. With respect to the estimated maximum amount of the 2015 LTI (long-term incentive plan) for executive directors, bearing in mind the maximum amounts to be handed over in shares to be submitted to the vote of shareholders at the 2015 general meeting, would be 3.7 million euro. As already explained, the accrual period for the 2015 LTI concludes on 31 December 2018. Therefore, and bearing in mind the accrual criterion defined in CNMV Circular 4/2013, the annual report on 2015 director remuneration will not include any amount arising from the 2015 LTI as remuneration accrued in such year.

Note: When termination of the relationship with Banco Santander or another entity of the Santander Group is due to retirement, early retirement or pre-retirement of the beneficiary, for a termination judicially declared to be improper, unilateral separation for good cause by an employee (which includes, in any case, the situations 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), permanent disability or death, or as a result of 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 LTI and the deferred amount of the Bonus (as well as applicable dividends and interest) shall remain under the same conditions 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 shall be no change in the rights thereof.

If the 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 LTI or the deferred amount of the Bonus in advance. If the beneficiary or the successors thereof maintain the right to receive the LTI or the deferred amount of the Bonus (as well as the corresponding dividends and interest), they shall be delivered within the periods and on the terms provided in the rules for the respective plans.

- 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 indemnity 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

The executive directors other than Mr Rodrigo Echenique Gordillo participate in the defined benefit system created in 2012, which covers the contingencies of retirement, disability and death. The Bank makes annual contributions to the benefit plans for the benefit of the other executive directors, except in the case of Mr Matías Rodríguez Inciarte, for whom new contributions are not made. The annual contributions are calculated in proportion to their pensionable bases of the executive directors, and shall continue to be made until they leave the Group or until their retirement within the Group, death or disability (including, if applicable, during pre-retirement). The pensionable base for purposes of the annual contributions is the one indicated in section A.7 f) for the calculation of the allotment for pre-retirement (except in the case of Mr José Antonio Álvarez Álvarez, who during his term of office as CEO, will have a pensionable base equal to the sum of his fixed remuneration as such and 30% of the average of the last three of the variable remuneration payments), with the amount of the contributions being 55% in the cases of Ms Ana Botín-Sanz de Sautuola y O'Shea and Mr José Antonio Álvarez Álvarez and 50% in the case of Mr Juan Rodríguez Inciarte.

The benefit plan is outsourced to Santander Seguros y Reaseguros, Compañía Aseguradora, S.A., and the economic rights of the foregoing directors thereunder belong to them regardless of whether or not they are active in the Bank at the time of their retirement, death or disability. As stated in section A.6 above, the contracts of these directors do not provide for any severance payment obligation in the case of termination other than as may be required by law.

The contract with Mr Rodrigo Echenique Gordillo does not provide for any charge to Banco Santander regarding benefits, without prejudice to the pension rights to which Mr Echenique was entitled prior to his appointment as executive director.

Finally, the contracts of Ms Ana Botín-Sanz de Sautuola, Mr José Antonio Álvarez Álvarez and Mr Juan Rodríguez Inciarte include a supplemental benefit scheme for the contingencies of death (surviving spouse and child benefits) and permanent disability of serving directors, which gives the widow/widower and any children under the age of 25 in the case of death, or the director in case of disability, the right to a pension supplemental to that which they would be entitled to receive from Social Security up to an annual maximum amount equal to his or her respective pensionable bases in relation with the pre-retirement. Income to be received from the benefit system described above shall be deducted from the amount of the supplemental benefit, and the supplemental pension could reach zero (but not less than zero).

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 are of indefinite duration and do not provide for any severance payment obligation in the case of termination other than as may be required by law.

Notwithstanding the foregoing, if the termination of their contract occurs before 1 January 2018 other than due to his own decision, death or permanent disability or to a serious breach of his obligations, Mr Rodrigo Echenique Gordillo shall have the right to receive a severance payment in the amount of two times his fixed salary.

In the event of termination of her contract by the Bank, Ms Ana Botín-Sanz de Sautuola y O' Shea must remain permanently available to the Bank for a period of 4 months to ensure a proper transition, during which period she receives her fixed salary.

- 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 terms for the provision of services by each of the executive directors are governed by the contracts signed by each of them with the Bank. The basic terms and conditions of the contracts of the executive directors, besides those relating to the remuneration described above, 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 two years after the termination thereof for reasons other than retirement, pre-retirement or a breach by the Bank. The compensation to be paid by the Bank for this prohibition against competition is 80% of the fixed remuneration of the corresponding director, payable 40% on termination of the contract and 60% at the end of the 2-year period.

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) Termination

See section A.6 above.

f) Pre-retirement and benefit plans

The contracts of the following executive directors allow them the right to pre-retirement upon the terms stated below when they have not reached retirement age:

- Ms Ana Botín-Sanz de Sautuola shall have the right to pre-retirement in the event of separation for reasons other than her breach or resignation prior to reaching the age of 55. In such case, she shall have the right to an annual allotment equal to the sum of her fixed remuneration and 30% of the average amount of the last variable remunerations of the executive chairman, with a maximum of three. This allotment shall be reduced by 20% in the event of voluntary retirement prior to the age of 60.
- Mr Juan Rodríguez Inciarte shall have the right to pre-retirement in the event of separation for reasons other than his breach or resignation. In such case, he shall have the right to an annual allotment equal to his fixed remuneration.
- Mr José Antonio Álvarez Álvarez will be entitled to pre-retire in the event of cessation for reasons other than his own will or breach of duty. In such case, he will be entitled to an annual allocation equivalent to the fixed remuneration corresponding to him as a senior executive vice president.

If Ms Ana Botín-Sanz de Sautuola y O'Shea, Mr Juan Rodríguez Inciarte or Mr José Antonio Álvarez Álvarez 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.

See section A.5 above regarding the benefit schemes.

g) Insurance and other salaries in kind

The Group has obtained life and health insurance for the directors. For financial year 2015, the premiums for this insurance was 511 thousand euros.

The executive directors are also insured under civil liability insurance held by the Bank (see section A.3 above).

Finally, the executive directors may receive other salaries in kind (such as employee loans) in accordance with the customary policy established by the Bank for the senior management.

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 period contained in the contracts with the executive directors is 4 months for decisions of the Bank as well as the director. Excluded from the foregoing are the cases of Ms Ana Botín-Sanz de Sautuola y O'Shea, Mr José Antonio Álvarez Álvarez and Mr Rodrigo Echenique Gordillo and Mr Juan Rodríguez Inciarte, for which there is no contractual provision in this regard. Alternative payments for the advance notice period are not contemplated.

- 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 under appointments approved beginning on 18 March 2002 is for the benefit of the Group.

On the date of this report, it is expected that Mr Matías Rodríguez Inciarte will receive amounts in 2015 similar to those accrued in 2014 for his membership on the board of U.C.I., S.A. (42 thousand euros).

- A.9** State any remuneration in the form of advances, loans or guarantees 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 guarantees provided

During financial year 2015, no transactions are expected other than on arms'-length terms except for the employee loan provided to Mr Juan Rodríguez Inciarte, the terms of which are set forth in the table contained in section D.1. a) iv) of this report. Mr Juan Rodríguez Inciarte will be allocated the corresponding remuneration in kind during financial year 2015.

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

Explain the remunerations in kind

See section A.3 above entitled "*Other fixed components of remuneration*".

- 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

There are none, and as at the date of this report, such circumstance is not expected to change during financial year 2015.

- 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

There are none, and as at the date of this report, such circumstance is not expected to change during financial year 2015.

- 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 any conflicts of interest.

Explain actions taken to reduce risks

Section A.4 hereof describes:

- The measures provided to ensure that the remuneration policy relates to the long-term results of the company, for which purposes, among others, the Bonus contains specific parameters to assess the quality of the results obtained and takes into account the risks assumed and the 2015 LTI includes several multiyear metrics aligned with the strategic priorities of the Group.
- The parameters for setting the Bonus and the LTI, which ensure proper balance between the fixed and variable components of remuneration, subject in all cases to the 200% limit of variable components over fixed ones.
- The continuity, bad actor (*malus*) and other conditions to which the payment of remuneration is subject.

The decision-making processes described in section A.2 also avoid the existence of conflicts of interest in the process of deciding on the remuneration of each director.

All of these measures also apply to the categories of personnel whose professional activities have a material impact on the risk profile of the Santander Group, as the remuneration principles and policy for these categories of employees are based on the same ones established for the executive directors in the director remuneration policy. Furthermore, the remuneration committee has the power to propose 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 other executives performing control duties.

The identification of this group (the “**Identified Staff**”) is determined by section 32.1 of Law 10/2014, by Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile, and by other regulatory or corporate standards of a particular country. By way of reference, at year-end 2014, the Identified Staff (which includes executive directors and members of the senior management excluding directors) was comprised of 1,090 executives from the entire Group, which covers 0.6% of the workforce of the Santander Group.

Every year, the 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.

As stated, the same remuneration principles that apply to the executive directors — described in section A.1— and the same configuration of the variable components of their remuneration —described in section A.4— apply to the members of the Identified Staff other than the executive directors, except for the percentages and any Bonus deferral period that might apply based on their category and the fact that certain metrics for the Bonus and the LTI take into account the specific country or division results for which the relevant beneficiary performs duties. Furthermore, the 2015 LTI and the portion paid or deferred in shares of the 2015 Bonus for executives of the Group in Brazil, Chile, Mexico, Poland and Santander Consumer USA may be delivered, in whole or in part, in shares of Banco Santander and/or of the corresponding listed subsidiaries in the proportion deemed appropriate in each case (subject in any case to the maximum number of Santander shares that the shareholders resolve to deliver and to any regulatory restrictions that might apply in each jurisdiction).

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. A proposal is made to the shareholders at the 2015 ordinary general shareholders' meeting to approve the expansion of this authorisation to the entire Identified Staff.

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>At the date of this report, no material changes are expected for future financial years regarding the components of the remuneration of directors in their capacity as such or regarding the performance of executive duties. With relation to the latter, changes are not expected in the fixed components of their remuneration (in accordance with the remuneration policy which is submitted to the general shareholders' meeting, the maximum increase of the fixed components for 2016 will be 3%), nor are material changes expected regarding the ratio between remuneration and results, the social benefit systems, or the terms of the contracts with executive directors, as these elements of remuneration policy have been described in sections A.4, A.5 and A.6 of this report.</p> <p>For more information, please consult the director remuneration report submitted for approval by the shareholders at the next ordinary general shareholders' meeting.</p>

- 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
<p>No substantial changes for future years are expected regarding the decision-making process for configuring the director remuneration policy described in section A.2.</p> <p>Also, as stated in section A.2., the board, upon a proposal of the remuneration committee, has resolved to submit the director remuneration policy, which includes the policy that will apply in 2016, to the approval of the shareholders at the next general shareholders' meeting. Pursuant to subsection 5 of section 529 <i>nodecies</i>, decisions on remuneration made by the board must be consistent with the policy approved by the shareholders.</p>

- 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
<p>See sections A.4 and A.13 of this report.</p> <p>For more information, please consult the director remuneration report submitted for approval by the shareholders at the next ordinary general shareholders' meeting.</p>

C **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 remuneration scheme in 2014 has been based on the principals described in section A.1, and the components thereof are similar to those indicated in the other subsections of section A of this report. All remuneration received by the directors are based on their status as such or their executive duties, except as indicated in the table in section D.1.b) i).

The items of remuneration from the remuneration policy applied during 2014 are the following:

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

- Annual allotment

For purposes of the description of the accrued individual remuneration reflected in section D, the annual allotment of each director for belonging to the board and for being the non-executive first vice-chairman corresponds to “*Fixed Remuneration*” and the amounts received for being a member of the executive, audit, appointments, remuneration and risk supervision, regulation and compliance 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, the total amount of all fees for attending meetings of the board and, if applicable, the executive risk committee and other committees of the board, are included under *Attendance fees*.

In addition, in 2014 the Company paid the premium for the civil liability insurance covering its directors.

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

- Gross annual salary (included in section D under *Salary*).

- Variable remuneration arising from the 2014 Bonus (fourth cycle of the deferred and conditional variable remuneration plan). Set forth below are the amounts of the 2014 Bonus for the executive directors that were approved by the board at its meeting of 16 January 2015, upon a proposal of the remuneration committee:

• Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea: 2,212 thousand euros for her responsibilities as CEO of Santander UK. She also received 1,550 thousand euros as executive chairman of the Group: 2013: 2,212 thousand euros.

• Mr Matías Rodríguez Inciarte: 2014: 2,868 thousand euros; 2013: 2,308 thousand euros.

• Mr Juan Rodríguez Inciarte: 2014: 2,223 thousand euros; 2013: 1,480 thousand euros.

• Mr Emilio Botín-Sanz de Sautuola y García de los Ríos (*): 2014: 0 euros; 2013: 1,412 thousand euros.

(*) Ceased to be a director due to death on 9 September 2014.

- Mr Javier Marín Romano (**): 2014: 3,966 thousand euros; 2013: 500 thousand euros (as executive vice president for four months) and 2,000 euros (as CEO).

(**) Ceased to be a director on 12 January 2015.

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

Immediate payment:

- Ms Ana Patricia Botín-Sanz de Sautuola y O’Shea: 752 thousand euros and 121,629 shares.
- Mr Matías Rodríguez Inciarte: 574 thousand euros and 92,726 shares.
- Mr Juan Rodríguez Inciarte: 445 thousand euros and 71,872 shares.
- Mr Javier Marín Romano: 793 thousand euros and 128,225 shares.

Deferred payment:

- Ms Ana Patricia Botín-Sanz de Sautuola y O’Shea: 1,129 thousand euros and 182,444 shares.
- Mr Matías Rodríguez Inciarte: 860 thousand euros and 139,088 shares.
- Mr Juan Rodríguez Inciarte: 667 thousand euros and 107,808 shares.
- Mr Javier Marín Romano: 1,190 thousand euros and 192,338 shares.

In 3 years: 2016, 2017 and 2018 subject to continued service of the beneficiary within the Group (upon the terms stated in the note included at the end of section A.4 of this report), and the non-triggering of “malus” clauses.

The 2014 Bonus constitutes the variable remuneration accrued during 2014, pursuant to the standards of Circular 4/2013 of the CNMV. Therefore, subsections i) and ii) of section D.1.a) of this report include the total amounts of the 2014 Bonus under the items *Short-term variable remuneration* –for the amount to be paid in cash– and “*No. of shares affected*” under the heading “*Shares delivered in 2014*” –for the amount to be paid in shares–, without prejudice, as stated, to 60% of any such amounts being paid in thirds in 2016, 2017 and 2018.

Furthermore, the annex to this report includes information regarding the gross amounts of the shares delivered to the executive directors during 2014 corresponding to the deferred portion in shares of the variable remuneration accrued during prior financial years. Such annex identifies the accrual period for each item.

The total number of shares for the 2014 Bonus is within the maximum limit of 1,228,581 shares authorised for the executive directors by the shareholders at the general shareholders’ meeting of 28 March 2014, and has been 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 16 January 2015 (the date on which the board approved the Bonus for the executive directors of the Bank for financial year 2014), which was 6.186 euros per share.

- Variable remuneration arising from the 2014 LTI (first cycle of the Performance Shares Plan).

It is stated for the record that the 2014 LTI has not yet accrued; there has only been a determination of the maximum LTI amount for 2014 that might apply to each executive director. Taking into account the characteristics of the 2014 LTI and the definitions of Circular 4/2013 of the CNMV, the Approved LTI Amount (described below) shall be deemed to have accrued, if at all, in thirds during financial years 2015, 2016 and 2017 (without prejudice to any payment thereof occurring in the middle of the financial year following the corresponding accrual period). Therefore, the maximum amount that might correspond to the 2015 accrual period shall be included within the item “No. / Price” under the heading “Shares delivered during the year” in section D.1.a) ii) of the 2015 annual directors’ remuneration report, regardless of whether it is based on the services provided in 2014.

Determination of the Approved LTI Amount for the executive directors:

Measured in terms of TSR, Santander held fourth place in 2014 compared to a peer group, which gave rise to the assignment of 100% of the amount provided, by application of the provisions of the plan. The Approved LTI Amount determined the maximum number of shares that each executive director could receive. This number of shares has been calculated taking into account the same listing price as that stated above in this section.

- Ms Ana Patricia Botín-Sanz de Sautuola y O’Shea: 62,395 shares.
- Mr Matías Rodríguez Inciarte: 75,655 shares.
- Mr Matías Rodríguez Inciarte: 53,346 shares.
- Mr Javier Marín Romano: 65,470 shares.

The total number of shares indicated is within the maximum limit of 323,311 shares authorised for the executive directors by the shareholders at the general shareholders’ meeting of 28 March 2014, and has been calculated on the basis of said listing price of 6.186 euros per share.

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 peer group over a multiyear period. During financial years 2016, 2017 and 2018 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:

Ranking of Santander’s TSR: From 1st to 4th: 100%; 5th: 87.5% 6th: 75%; 7th: 62.5%; 8th: 50%; and from 9th to 16th: 0%.

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

In addition, the accrual of the LTI is subject to the continuity and the following bad actor (*malus*) clauses.

In addition to continuity of the beneficiary within the Group (see note at the end of section A.4 above), 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 remuneration committee, during the period before each delivery as a consequence of actions taken in 2014:

- (i) Poor financial performance of the Group.
- (ii) Violation by the beneficiary of internal regulations, particularly those relating to risks;
- (iii) Material restatement of the Group's financial statements, when so considered by the external auditors, except when appropriate pursuant to a change in accounting standards; or
- (iv) Significant changes in the financial 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 each year determine the specific amount of the deferred amount of the Bonus and the Annual LTI Amount to be paid.

- Other items:

- Contributions to savings schemes, the terms of which are described in section A.5. A breakdown of the contributions during 2014 is included in section D.1.a) iii).
- 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 sections A.3 and A.9). The terms of the loans are described in section D.1. a) iv) of this report. A breakdown of the amounts of this remuneration in kind appears in the column "Other items" in section D.1.a) i).
- Remuneration received for representing the bank: in the case of Mr Matías Rodríguez Inciarte as non-executive director of U.C.I., S.A. and of Mr Vittorio Corbo Lioi –who resigned as a director of the Bank effective 24 July 2014– as chairman and non-executive director of Banco Santander Chile, for the provision of advisory services to such institution and as non-executive director of Grupo Financiero Santander México, S.A.B. de C.V.

BREAKDOWN OF INDIVIDUAL REMUNERATION ACCRUED BY EACH OF THE DIRECTORS

Name	Class	Accrual period
Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea	Executive	From 01/01/2014 through 31/12/2014
Mr Matías Rodríguez Inciarte	Executive	From 01/01/2014 through 31/12/2014
Mr Guillermo de la Dehesa Romero	Independent	From 01/01/2014 through 31/12/2014
Mr Rodrigo Echenique Gordillo	Other External	From 01/01/2014 through 31/12/2014
Ms Sheila C. Bair	Independent	From 27/01/2014 through 31/12/2014
Mr Javier Botín-Sanz de Sautuola y O'Shea	Proprietary	From 01/01/2014 through 31/12/2014
Ms Esther Giménez-Salinas i Colomer	Independent	From 01/01/2014 through 31/12/2014
Mr Ángel Jado Becerro de Bengoa	Independent	From 01/01/2014 through 31/12/2014
Mr Juan Rodríguez Inciarte	Executive	From 01/01/2014 through 31/12/2014
Ms Isabel Tocino Biscarolasaga	Independent	From 01/01/2014 through 31/12/2014
Mr Juan Miguel Villar Mir	Independent	From 01/01/2014 through 31/12/2014
Mr Emilio Botín-Sanz de Sautuola	Executive	From 01/01/2014 through 09/09/2014
Mr Javier Marín Romano	Executive	From 01/01/2014 through 31/12/2014
Mr Fernando de Asúa Álvarez	Independent	From 01/01/2014 through 31/12/2014
Mr Vittorio Corbo Lioi	Other External	From 01/01/2014 through 24/07/2014
Mr Abel Matutes Juan	Independent	From 01/01/2014 through 31/12/2014

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 2014	Total financial year 2013
Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea	2,225	85	31	1,881	-	170	-	448	4,840	3,734
Mr Matías Rodríguez Inciarte	1,710	85	197	1,434	-	170	-	175	3,771	3,575
Mr Guillermo de la Dehesa Romero	-	113	86	-	-	238	-	-	437	394
Mr Rodrigo Echenique Gordillo	-	85	188	-	-	232	-	23	528	493
Ms Sheila C. Bair	-	79	29	-	-	21	-	-	129	-
Mr Javier Botín-Sanz de Sautuola y O'Shea	-	85	25	-	-	-	-	-	110	113
Ms Esther Giménez-Salinas i Colomer	-	85	36	-	-	-	-	-	121	114
Mr Ángel Jado Becerro de Bengoa	-	85	46	-	-	21	-	-	152	115
Mr Juan Rodríguez Inciarte	1,200	85	125	1,112	-	-	-	184	2,706	2,090
Ms Isabel Tocino Biscarolasaga	-	85	206	-	-	193	-	-	484	432
Mr Juan Miguel Villar Mir	-	85	20	-	-	-	-	-	105	-
Mr Emilio Botín-	930	59	22	-	-	118	-	1	1,130	2,344

Sanz de Sautuola y García de los Ríos										
Mr Javier Marín Romano	2,000	85	38	1,983	-	170	-	54	4,330	3,091
Mr Fernando de Asúa Álvarez	-	113	246	-	-	285	-	-	644	579
Mr Vittorio Corbo Lioi	-	48	8	-	-	-	-	-	56	106
Mr Abel Matutes Juan	-	85	54	-	-	44	-	-	183	170

ii) Share-based remuneration systems

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

Name / Type / Accrual period for 2014	Name of plan and date of implementation	Ownership of options at beginning of 2014				Options allocated during 2014					Shares delivered during the year	
		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
	Fourth cycle Deferred conditional variable remuneration plan: (2014 Bonus) 28/03/2014										304,073 at 6.186 euros	1,881

Name / Type / Accrual period for 2014	Name of plan and date of implementation	Options exercised in 2014				Options expired and not exercised	Options at end of 2014					
		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	
	Fourth cycle Deferred conditional variable remuneration plan: (2014 Bonus) 28/03/2014											

MR MATÍAS RODRÍGUEZ INCIARTE

Name / Type / Accrual period for 2014	Name of plan and date of implementation	Ownership of options at beginning of 2014				Options allocated during 2014					Shares delivered during the year	
		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
	Fourth cycle Deferred conditional variable remuneration plan: (2014 Bonus) 28/03/2014										231,814 at 6.186 euros	1,434

Name / Type / Accrual period for 2014	Name of plan and date of implementation	Options exercised in 2014				Options expired and not exercised	Options at end of 2014				
		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
	Fourth cycle Deferred conditional variable remuneration plan: (2014 Bonus) 28/03/2014										

MR JUAN RODRÍGUEZ INCIARTE

Name / Type / Accrual period for 2014	Name of plan and date of implementation	Ownership of options at beginning of 2014				Options allocated during 2014					Shares delivered during the year	
		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
	Fourth cycle Deferred conditional variable remuneration plan: (2014 Bonus) 28/03/2014										179,680 at 6.186 euros	1,112

Name / Type / Accrual period for 2014	Name of plan and date of implementation	Options exercised in 2014				Options expired and not exercised	Options at end of 2014					
		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	
	Fourth cycle Deferred conditional variable remuneration plan: (2014 Bonus) 28/03/2014											

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

Name / Type / Accrual period for 2014	Name of plan and date of implementation	Ownership of options at beginning of 2014				Options allocated during 2014					Shares delivered during the year	
		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
	Fourth cycle Deferred conditional variable remuneration plan: (2014 Bonus) 28/03/2014						-				--	--

Name / Type / Accrual period for 2014	Name of plan and date of implementation	Options exercised in 2014				Options expired and not exercised	Options at end of 2014					
		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	
	Fourth cycle Deferred conditional variable remuneration plan: (2014 Bonus) 28/03/2014							-				

MR JAVIER MARÍN ROMANO

Name / Type / Accrual period for 2014	Name of plan and date of implementation	Ownership of options at beginning of 2014				Options allocated during 2014					Shares delivered during the year	
		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
	Fourth cycle Deferred conditional variable remuneration plan: (2014 Bonus) 28/03/2014										320,563 at 6.186 euros	1,983

Name / Type / Accrual period for 2014	Name of plan and date of implementation	Options exercised in 2014				Options expired and not exercised	Options at end of 2014					
		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	
	Fourth cycle Deferred conditional variable remuneration plan: (2014 Bonus) 28/03/2014											

iii) Long-term savings systems

Name / Type / Total accrual period by year	Contribution for the year by the Company (€ thousands)		Amount of accumulated funds (€ thousands)	
	Financial Year 2014	Financial Year 2013	Financial Year 2014	Financial Year 2013
Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea	2,140	1,443	40,134	37,202
Mr Matías Rodríguez Inciarte	-	-	47,255	46,058
Mr Rodrigo Echenique Gordillo	-	-	14,946	15,263
Mr Juan Rodríguez Inciarte	718	609	13,730	13,410
Mr Emilio Botín-Sanz de Sautuola y García de los Ríos	-	-	-	25,864
Mr Javier Marín Romano	2,126	2,006	4,523	4,346
Mr Fernando de Asúa Álvarez	-	-	2,565	2,743

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	Euribor -35% of Euribor, according to Banco Santander collective bargaining agreement	Employee mortgage in the amount of 571 thousand euros maturing 14 June 2033	27,613 euros (*)
Mr Juan Rodríguez Inciarte	Euribor -35% Euribor, according to Banco Santander collective bargaining agreement	Personal loan in the amount of 5,000 thousand euros maturing 22 June 2022.	500,000 euros (*)

(*) Amount repaid during the year.

Name/Type	Life insurance premiums		Guarantees provided by the company in favour of the directors	
	Financial Year 2014	Financial Year 2013	Financial Year 2014	Financial Year 2013
Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea	46	44		
Mr Matías Rodríguez Inciarte	76	118		
Mr Rodrigo Echenique Gordillo	23	30		
Mr Juan Rodríguez Inciarte	63	61		
Mr Javier Marín Romano	22	21		

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 2014	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 2014	Total financial year 2013
Mr Matías Rodríguez Inciarte	-	-	42	-	-	-	-	-	42	42
Mr Vittorio Corbo Lioi	-	-	97	-	-	-	-	156	253	406

ii) Share-based remuneration systems

Name / Type / Accrual period for 2014	Ownership of options at beginning of 2014				Options allocated during 2014					Shares delivered in 2014
	No of options	No of shares affected	Exercise price (€)	Gross profit (€)	No of options	No of shares affected	Exercise price (€)	Exercise period	Conditions for exercise	No. Price Amount

Name / Type / Accrual period for 2014	Options exercised in 2014				Options expired and not exercised	Options at end of 2014				
	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

iii) Long-term savings systems

Name / Type / Total accrual period by year	Contribution for the year by the company (€thousands)		Amount of accumulated funds (€thousands)	
	Financial Year 2014	Financial Year 2013	Financial Year 2014	Financial Year 2013

iv) Other benefits (in thousands of €)

Name/Type	Remuneration in the form of advances, loans		
	Interest rate for the transaction	Main features of the transaction	Amounts potentially returned

Name/Type	Life insurance premiums		Guarantees given by the company in favour of the directors	
	Financial Year 2014	Financial Year 2013	Financial Year 2014	Financial Year 2013

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

Must include in the summary 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 companies of the Group				Totals		
	Total cash remuneration	Amount of shares provided	Gross profit on options exercised	Total 2014 from the Company	Total cash remuneration	Amount of shares delivered	Gross profit on options exercised	Total 2014 from the Group	Total 2014	Total 2013	Contribution to savings scheme during the year
Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea	4,840	1,881	-	6,721	-	-	-	-	6,721	4,840	2,140
Mr Matías Rodríguez Inciarte	3,771	1,434	-	5,205	42	-	-	42	5,247	4,771	-
Mr Guillermo de la Dehesa Romero	437	-	-	437	-	-	-	-	437	394	-
Mr Rodrigo Echenique Gordillo	528	-	-	528	-	-	-	-	528	493	-
Ms Sheila C. Bair	129	-	-	129	-	-	-	-	129	-	-
Mr Javier Botín-Sanz de Sautuola y O'Shea	110	-	-	110	-	-	-	-	110	113	-
Ms Esther Giménez-Salinas i Colomer	121	-	-	121	-	-	-	-	121	114	-
Mr Ángel Jado Becerro de Bengoa	152	-	-	152	-	-	-	-	152	115	-
Mr Juan Rodríguez Inciarte	2,706	1,112	-	3,818	-	-	-	-	3,818	2,090	718
Ms Isabel Tocino Biscarolasaga	484	-	-	484	-	-	-	-	484	432	-
Mr Juan Miguel Villar Mir	105	-	-	105	-	-	-	-	105	71	-

Mr Emilio Botín-Sanz de Sautuola y García de los Ríos	1,130	-	-	1,130	-	-	-	-	1,130	3,050	-
Mr Javier Marín Romano	4,330	1,983	-	6,313	-	-	-	-	6,313	4341	2,126
Mr Fernando de Asúa Álvarez	644	-	-	644	-	-	-	-	644	579	-
Mr Vittorio Corbo Lioi	56	-	-	56	253	-	-	253	309	512	-
Mr Abel Matutes Juan	183	-	-	183	-	-	-	-	183	170	-
Total:	19,726	6,410	-	26,136	295	-	-	295	26,431	24,085	4,984

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 2014 Bonus of the executive directors is determined based on the benchmark bonus, which is the amount of the bonus approved in 2013, with the following fine-tuning:</p> <ul style="list-style-type: none">• For Ms Ana Botín-Sanz de Sautuola y O'Shea, the benchmark used to calculate the portion of her 2014 bonus corresponding to the period during which she acted as executive chairman of the Group was the new benchmark bonus determined for her upon her appointment as such.• For Mr Juan Rodríguez Inciarte, the change in his terms at the beginning of the year was taken into account in adjusting his remuneration to the market references for executive directors of other comparable institutions.• For Mr Javier Marín Romano, his 2014 Bonus was calculated using as a benchmark the annualised amount of the portion of his 2013 bonus corresponding to the period during which he performed duties as CEO. <p>The 2014 Bonus has been determined based on certain quantitative metrics as well as additional qualitative factors: Las quantitative metrics are the following:</p> <ul style="list-style-type: none">– Average attributed net ordinary profit (NOP) (*) compared to that recorded in 2013, which comprises 75% of the Bonus; and– The Rorwa obtained in 2014, compared to the target amount and adjusted by the annual growth in NOP, which determines the remaining 25%. <p>(*) NOP is attributed net ordinary profits, adjusted positively or negatively for those transactions that in the opinion of the board involve an impact outside of the performance of the directors being evaluated, for which purpose, there will be an evaluation of extraordinary profits, corporate transactions, special allowances, or accounting or legal adjustments that may occur during the year.</p> <p>In order to set amount of the Bonus, a distinction was made between executive directors with general management duties within the Group and those entrusted with the management of a specific business division, taking into account the Group's NOP and Rorwa for the former and putting a premium on the NOP 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>In 2014 the executive directors with general duties within the Group have been Mr Javier Marín Romano, Mr Matías Rodríguez Inciarte and Mr Juan Rodríguez Inciarte. The variable remuneration of Ms Ana Botín-Sanz de Sautuola y O'Shea was determined based on the results of Santander UK plc. until her appointment as executive chairman and the results of the Group thereafter.</p>

Quantitative metrics.

Attributed net ordinary profit (75% weighting): at Santander Group: +33% over financial year 2013 (*); and at Santander UK plc: +27% over financial year 2013.

(*) The increase would have been 39% if it had not been chosen to exclude the effect of restating the 2013 financial statements due to early application of the interpretation of accounting standard IFRIC 21 on levies, which has entailed a change in accounting for contributions made by Santander UK to the Financial Services Compensation Scheme and by Spanish institutions to the Deposit Guarantee Fund. Notwithstanding the foregoing, the growth data used to determine the Bonus was 33%.

Rorwa (25% weighting): at the Santander Group, there was 92% compliance with the target Rorwa in 2014, which, adjusted by the NOP in 2014 compared to 2013 (133%), resulted in this metric of 122% (+22%); and at Santander UK there was 114% compliance with the Rorwa target in 2014, which, adjusted by the NOP in 2014 compared to 2013 (127%), resulted in this metric of 145% (+45%).

Qualitative factors (positive and negative).

- 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 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.

The result of the evaluation is: at the Santander Group: 0% (neutral); and at Santander UK: 6% (positive adjustment), supported by the management of operational risk, liquidity risk, the general control and quality environment, and the recurrence of earnings.

- Benchmarking of results against competing 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 2014, the comparison group was 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. For Santander UK plc, the comparison group was made up of retail banking earnings in the United Kingdom of RBS, Braclays, HSBC, Lloyd's and Nationwide. The results of the evaluation of this factor are the following: at the Santander Group: 4% (positive adjustment); and at Santander UK plc: 3% (positive adjustment).

- Benchmarking of customer satisfaction level against competing institutions.

A comparison was formed based on local customer satisfaction surveys. These surveys are taken in the principal countries in which the Group does business. The Financial Research Survey was used for Santander UK. The result of this evaluation is the following: at the Santander Group: 0% (neutral); and at Santander UK plc: 2% (positive adjustment).

- Changes in core capital, the Group's economic capital, the balance sheet and other relevant management factors.

There was an assessment of the most noteworthy aspects of the Group's management during the year, taking into account that the general evolution of the Group in these areas was as expected and in line to reach the long-term goals. No positive or negative adjustments have been determined for this factor.

The result of aggregating the weighted quantitative results as applicable (75% or 25%) and of the qualitative factors is as follows: at the Santander Group: +34.2%; and at Santander UK plc: +42.5%.

These percentages determine the maximum growth over the benchmark bonus stated above. In applying these percentages, the Bonuses that have been approved for the executive directors with respect to 2014 are those stated in section D.1 a) i) under the short-term variable remuneration column (for the payment in cash portion) and D.1.a) ii) (for the payment in shares) of this report.

Ratio of variable to fixed components of remuneration in 2014.

The shareholders acting at the general shareholders' meeting of 28 March 2014 resolved to amend the Bylaws to conform the rules on remuneration of the executive directors to the provisions contained in Royal Decree-Law 14/2013 (today Law 10/2014) and in the CRD IV Directive, such that the variable components of their remuneration may not exceed 100% of the fixed components, unless the shareholders acting at the general shareholders' meeting approve a higher ratio, which shall in no case exceed 200%.

With relation to the foregoing, the shareholders acting at the aforementioned general shareholders' meeting approved a maximum ratio between variable and fixed components of executive directors' remuneration of 200%.

The variable components of total remuneration compared to the fixed components for each executive director in 2014 were as follows:

- Ms Ana Botín-Sanz de Sautuola y O'Shea: 105%.
- Mr Matías Rodríguez Inciarte: 2015: 143%.
- Mr Juan Rodríguez Inciarte: 2015: 116%.
- Mr Emilio Botín-Sanz de Sautuola y García de los Ríos*: -.
- Mr Javier Marín Romano**: 122%

(*) Ceased to be a director due to death on 9 September 2014.

(**) Ceased to be a director on 12 January 2015.

For these purposes:

- The variable components of remuneration include the 2014 Bonus, the 2014 LTI and, if applicable, the portion of contributions to the benefits system that are calculated on the variable remuneration of the relevant director.
- The fixed components of remuneration include the other items of remuneration that each director receives for the performance of executive duties, including contributions to the benefits system calculated based on fixed remuneration, as well as all by-law mandated emoluments that the relevant director is entitled to receive in his capacity as such.

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	6,538,825,730	96.15%

	Number	% of votes cast
Votes against	274,895,273	4.04%
Votes in favour	6,216,892,439	91.42%
Abstentions	47,038,018	0.69%

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 23 February 2015.

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

The annex to this report includes information regarding the gross amounts of the shares delivered to the executive directors during 2014 corresponding to the deferred portion in shares of the variable remuneration accrued during prior financial years. The data in this table reflects the gross remuneration amounts, without taking into account any withholding.

No information regarding the 2014 Bonus or the 2014 LTI is included in this table, as shares corresponding to these plans were not delivered during 2014. As described in section C of the report, the 2014 LTI has not yet accrued. The 2014 Bonus has accrued and the total amounts thereof are included not only in the aforementioned section C but also in sections D.1.a) i) (under the item “*Short-term variable remuneration*” –for the amount to be paid in cash) and “*No. / Price*” under the heading “*Shares delivered during the year*” –for the amount to be paid in shares), without prejudice to 40% of such amounts having been paid at the beginning of 2015 and the remaining 60%, if applicable, to be paid in thirds in 2016, 2017 and 2018.

Director	Name of plan	Date of implementation	Shares 01/01/2014	Shares delivered in 2014	Shares retired in 2014	Shares pending delivery at 31/12/2014
Ms Ana Patricia Botín-Sanz de Sautuola y O'Shea	Deferred conditional delivery share plan (2010 variable remuneration)	11/06/2010	19,240	19,240	-	-
	First cycle of Deferred conditional variable remuneration plan (2011 variable remuneration)	17/06/2011	94,001	47,001	-	47,000
	Second cycle of Deferred conditional variable remuneration plan (2012 variable remuneration)	30/03/2012	104,874	34,958	-	69,916
	Third cycle of Deferred conditional variable remuneration plan (2013 variable remuneration)	22/03/2013	165,603	66,241	-	99,362
Mr José Antonio Álvarez Álvarez	Deferred conditional delivery share plan (2010 variable remuneration)	11/06/2010	20,551	20,551	-	-
	First cycle of Deferred conditional variable remuneration plan (2011 variable remuneration)	17/06/2011	64,077	32,039	-	32,038
	Second cycle of Deferred conditional variable remuneration plan (2012 variable remuneration)	30/03/2012	72,140	24,047	-	48,093
	Third cycle of Deferred conditional variable remuneration plan (2013 variable remuneration)	22/03/2013	117,362	58,631	-	58,681
Mr Matías Rodríguez Inciarte	Deferred conditional delivery share plan (2010 variable remuneration)	11/06/2010	45,063	45,063	-	-
	First cycle of Deferred conditional variable remuneration plan (2011 variable remuneration)	17/06/2011	125,756	62,878	-	62,878
	Second cycle of Deferred conditional variable remuneration plan (2012 variable remuneration)	30/03/2012	124,589	41,530	-	83,059
	Third cycle of Deferred conditional variable remuneration plan (2013 variable remuneration)	22/03/2013	172,731	69,092	-	103,639
Mr Juan Rodríguez Inciarte	Deferred conditional delivery share plan (2010 variable remuneration)	11/06/2010	20,462	20,462	-	-
	First cycle of Deferred conditional variable remuneration plan (2011 variable remuneration)	17/06/2011	73,380	36,690	-	36,690
	Second cycle of Deferred conditional variable remuneration plan (2012 variable remuneration)	30/03/2012	72,699	24,233	-	48,466
	Third cycle of Deferred conditional variable remuneration plan (2013 variable remuneration)	22/03/2013	110,747	44,299	-	66,448

Mr Emilio Botín-Sanz de Sautuola y García de los Ríos ¹	Deferred conditional delivery share plan (2010 variable remuneration)	11/06/2010	31,448	31,448	-	-
	First cycle of Deferred conditional variable remuneration plan (2011 variable remuneration)	17/06/2011	99,551	49,776	-	49,775
	Second cycle of Deferred conditional variable remuneration plan (2012 variable remuneration)	30/03/2012	65,927	21,976	-	43,951
	Third cycle of Deferred conditional variable remuneration plan (2013 variable remuneration)	22/03/2013	105,718	42,287	-	63,431
Mr Javier Marín Romano ²	Deferred conditional delivery share plan (2010 variable remuneration)	11/06/2010	12,583	12,583	-	-
	First cycle of Deferred conditional variable remuneration plan (2011 variable remuneration)	17/06/2011	51,921	25,961	-	25,960
	Second cycle of Deferred conditional variable remuneration plan (2012 variable remuneration)	30/03/2012	58,454	19,485	-	38,969
	Third cycle of Deferred conditional variable remuneration plan (2013 variable remuneration)	22/03/2013	187,125	74,850	-	112,275

¹ Ceased to be a director due to death on 9 September 2014.

² Ceased to be a director on 12 January 2015.