

SUPPLEMENT DATED 14 SEPTEMBER 2021 TO THE BASE PROSPECTUS DATED 15 MARCH 2021



BANCO SANTANDER, S.A.

(incorporated with limited liability in Spain)

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

This first supplement (the “**Supplement**”) is supplemental to, forms part of and must be read and construed in conjunction with the base prospectus dated 15 March 2021 (the “**Base Prospectus**”), in each case, prepared by Banco Santander, S.A. (“**Santander**”, “**Banco Santander**”, the “**Issuer**” or the “**Bank**”) in connection with its programme (the “**Programme**”) for the issuance of up to €25,000,000,000 in aggregate principal amount of debt instruments (the “**Instruments**”). Terms given a defined meaning in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

This Supplement constitutes a supplement to the Base Prospectus for the purposes of Article 23 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of the EU of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (as amended, the “**Prospectus Regulation**”) and has been approved by the Central Bank of Ireland as competent authority for the purpose of the Prospectus Regulation. The Central Bank of Ireland only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed under Irish and European Union (“**EU**”) law pursuant to the Prospectus Regulation.

This Supplement has been prepared for the purposes of (i) updating the risk factors in respect of the Issuer in order to reflect the changes in the ratings assigned to the Group by the major rating agencies, the latest recommendations by the relevant supervisors on the distribution of dividends by credit institutions as well as updates on the replacement and reform of benchmark indices and (ii) incorporating by reference the June 2021 Financial Statements and the 2021 January-June Financial Report (both terms as defined below).

IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Supplement and declares that, to the best of its knowledge, the information contained in this Supplement is in accordance with the facts and contains no omission likely to affect its import.

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

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

AMENDMENTS OR ADDITIONS TO THE BASE PROSPECTUS

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

RISK FACTORS

The following risk factor shall replace in its entirety the risk factor “Credit, market and liquidity risk may have an adverse effect on the credit ratings of the Group and its cost of funds. Any downgrade in the credit rating of the Group would likely increase its cost of funding, require the Group to post additional collateral or take other actions under some of its derivative and other contracts and adversely affect its interest margins and results of operations” in the sub-section of the Base Prospectus entitled “Risk Factors—2. Risks Relating to the Issuer and the Group Business”:

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

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

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

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

Rating agency	Long	Short	Last report date	Outlook
Banco Santander				
Fitch Ratings ⁽¹⁾	A-	F2	June 2021	Stable
Moody's ⁽²⁾	A2	P-1	July 2021	Stable
Standard & Poor's ⁽³⁾	A	A-1	June 2021	Stable
DBRS ⁽⁴⁾	A (High)	R-1 (Middle)	October 2020	Stable
Santander UK plc				
Fitch Ratings ⁽¹⁾	A+	F1	September 2020	Stable
Moody's ⁽²⁾	A1	P-1	October 2020	Stable
Standard & Poor's ⁽³⁾	A	A-1	June 2020	Stable

Rating agency	Long	Short	Last report date	Outlook
Banco Santander (Brasil), S.A.				
Moody's ⁽²⁾	Ba1	-	December 2020	Stable
Standard & Poor's ⁽³⁾	BB-	B	August 2020	Stable
(1) Fitch Ratings España, S.A.U. (Fitch Ratings). (2) Moody's Investor Service Spain, S.A. (Moody's). (3) S&P Global Ratings Europe Limited (Standard & Poor's). (4) DBRS Ratings Limited (DBRS).				

The Group conducts substantially all of its material derivative activities through Banco Santander and Santander UK. The Group estimates that as of 31 December 2020, if all the rating agencies were to downgrade Banco Santander's long-term senior debt ratings by one notch the Group would be required to post up to €85 million in additional collateral pursuant to derivative and other financial contracts. A hypothetical two-notch downgrade would result in a further requirement to post up to €258 million in additional collateral. The Group estimates that as of 31 December 2020, if all the rating agencies were to downgrade Santander UK's long-term credit ratings by one notch, and thereby trigger a short-term credit rating downgrade, this could result in contractual outflows from Santander UK's total liquid assets of GBP 1.5 billion of cash and additional collateral that Santander UK would be required to post under the terms of secured funding and derivatives contracts. A hypothetical two-notch downgrade would result in a further outflow of GBP 1.9 billion of cash and collateral under secured funding and derivatives contracts.

While certain potential impacts of these downgrades are contractual and quantifiable, the full consequences of a credit rating downgrade are inherently uncertain, as they depend upon numerous dynamic, complex and inter-related factors and assumptions, including market conditions at the time of any downgrade, whether any downgrade of the Group's long-term credit rating precipitates downgrades to its short-term credit rating, and assumptions about the potential behaviours of various customers, investors and counterparties. Actual outflows could be higher or lower than the preceding hypothetical examples, depending upon certain factors including which credit rating agency downgrades the credit rating of the Group, any management or restructuring actions that could be taken to reduce cash outflows and the potential liquidity impact from loss of unsecured funding (such as from money market funds) or loss of secured funding capacity. Although unsecured and secured funding stresses are included in the stress testing scenarios of the Group and a portion of its total liquid assets is held against these risks, a credit rating downgrade could still have a material adverse effect on the Group.

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

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

The following risk factor shall replace in its entirety the risk factor "The Group depends in part upon dividends and other funds from subsidiaries" in the sub-section of the Base Prospectus entitled "Risk Factors—2. Risks Relating to the Issuer and the Group Business":

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

Some of the operations of the Group are conducted through its financial services subsidiaries. As a result, its ability to pay dividends, to the extent the Group decides to do so, depends in part on the ability of its subsidiaries to generate earnings and to pay dividends to the Group. Payment of dividends, distributions and advances by the subsidiaries of the Group will be contingent upon their earnings and business considerations and is or may be limited by legal, regulatory and contractual restrictions. For instance, the repatriation of dividends from its Argentine subsidiaries have been subject to certain restrictions. Currently, distribution of results are suspended until 30 June 2021. Additionally, the right of the Group to receive any assets of any of its subsidiaries as an

equity holder of such subsidiaries upon their liquidation or reorganization will be effectively subordinated to the claims of its subsidiaries' creditors, including trade creditors. The Group also has to comply with increased capital requirements, which could result in the imposition of restrictions or prohibitions on Discretionary Payments including the payment of dividends and other distributions to the Group by its subsidiaries. For instance, the ECB adopted on 27 March 2020 its Recommendation ECB 2020/19, recommending banks not to pay dividends or buy back shares during the covid-19 pandemic until at least 1 October 2020. On 28 July 2020, the ECB extended this recommendation until 1 January 2021. On 15 December 2020, the ECB issued its Recommendation 2020/35 on dividend distributions during the covid-19 pandemic repealing its previous recommendation on this matter, and recommending that banks under the scope of its direct supervision exercise extreme prudence on dividends and share buy-backs. The ECB asked banks to consider not distributing any cash dividends or conducting share buy-backs, or to limit such distributions until 30 September 2021. Given the persisting uncertainty over the economic impact of the covid-19 pandemic, the ECB also considered that it would not be prudent for credit institutions to make a distribution or conduct a share buy-back amounting to more than 15 per cent. of their accumulated profit for the financial years 2019 and 2020, or more than 20 basis points in terms of the CET1 ratio, whichever is lower. Lastly on 23 July 2021, once the most recent macroeconomic projections confirmed the economic rebound and pointed to a further reduction in the level of economic uncertainty, the ECB decided not to extend beyond September 2021 its previous recommendation that all banks limit dividends. Instead, supervisors will assess the capital and distribution plans of each bank as part of their regular supervisory process.

In relation to the UK, on 31 March 2020, the Prudential Regulation Authority (the “PRA”) at the Bank of England sent a letter to Santander UK requesting to suspend the payment of dividends until the end of 2020. On 10 December 2020, the PRA published its statement on capital distributions by large UK banks, on which it stated that there was scope for banks to recommence some distributions should their boards choose to do so, within an appropriately prudent framework. In connection with full-year 2020 results, the PRA considers that distributions should not exceed the highest of 20 basis points of Risk Weight Assets (“RWAs”) at the end of 2020 or 25 per cent. of cumulative eight-quarter profits covering 2019 and 2020 after deducting prior shareholder distributions over that period. Dividend income from Santander UK Group Holdings Ltd in 2020 amounted to €186 million. On 13 July 2021, the PRA, taking into account the interim results of the 2021 stress tests, judged that banks remained well capitalised and resilient and that the level of uncertainty has decreased significantly since December 2020, and therefore concluded that the extraordinary guardrails within which it asked bank boards to determine the appropriate level of distributions in relation to full-year 2020 results were no longer necessary and removed them with immediate effect.

In June 2020, the Federal Reserve Board imposed limitations on capital distributions for certain bank holding companies, including Santander Holding USA, which took effect in the third quarter of 2020. In March 2021, the Federal Reserve Board announced that it would not extend these temporary limitations after the second quarter of 2021 and, effective July 1, 2021, these limitations expired.

To the extent that these recommendations, or other similar measures that may be taken by supervisors from other geographies, are applied by some of the subsidiaries of the Group, it could have a material adverse effect on its business, financial condition and results of operations.

At 31 December 2020, dividend income for Banco Santander, S.A. represented 49 per cent. of its total income.”

The following risk factor shall replace in its entirety the risk factor “The Group may not effectively manage risks associated with the replacement or reform of benchmark indices.” in the sub-section of the Base Prospectus entitled “Risk Factors—2. Risks Relating to the Issuer and the Group Business”:

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

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

Any of the benchmark reforms which have been proposed or implemented, or the general increased regulatory scrutiny of benchmarks, could also increase the costs and risks of administering or otherwise participating in

the setting of such benchmarks and complying with regulations or requirements relating to them. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain benchmarks, trigger changes in the rules or methodologies used in certain benchmarks or lead to the disappearance of certain benchmarks.

Any of these developments, and any future initiatives to regulate, reform or change the administration of benchmarks, could result in adverse consequences to the return on, value of and market for loans, mortgages, securities, derivatives and other financial instruments whose returns are linked to any such benchmark, including those issued, funded or held by Banco Santander.

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

On 27 July 2017, the Chief Executive of the UK Financial Conduct Authority (the "FCA"), which regulates the London interbank offered rate (LIBOR), announced that the FCA will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmarks after 2021. This announcement indicated that the continuation of LIBORs on the current basis could not be guaranteed after 2021.

Additionally, on 13 September 2018 the working group on euro risk-free rates recommended that the Euro Short Term Rate (€STR) shall replace EONIA. Since 2 October 2019, the date on which the €STR became available, EONIA changed its methodology to be calculated as the €STR plus a spread of 8.5 basis points. This change in EONIA's methodology is intended to facilitate the market's transition from EONIA to €STR, with the former expected to be discontinued by 3 January 2022.

In October 2020, the International Swaps and Derivatives Association ("ISDA") launched the 2020 IBOR Fallbacks Protocol, which amends ISDA's interest rate definitions among protocol adherents to incorporate new fallbacks for legacy non-cleared derivatives linked to LIBOR and certain other interest rate benchmarks. The protocol became effective as of 25 January 2021. The Issuer and several subsidiaries have adhered to this protocol. Similarly, ISDA's IBOR Fallbacks Supplement amended ISDA's standard definitions to incorporate these new fallbacks in new derivatives entered into on or after that same effective date.

In December 2020, the European Union Council endorsed new rules amending the EU BMR. The aim of the amendments to the EU BMR is to make sure that a statutory replacement benchmark can be established by the regulators by the time a systemically important benchmark is no longer in use, and thus protect financial stability on EU markets. It is likely that the regulators decide to use these powers in order to mitigate, as much as possible, systemic risks that might result from the phasing out of LIBOR by the end of 2021. The new rules give the Commission the power to replace the so-called 'critical benchmarks', which could affect the stability of financial markets in Europe, and other relevant benchmarks, if their termination would result in a significant disruption in the functioning of financial markets in the EU. The Commission will also be able to replace third-country benchmarks if their cessation would result in a significant disruption in the functioning of financial markets or pose a systemic risk for the financial system in the EU.

On 5 March 2021, the FCA published an announcement to confirm the dates immediately after which all LIBOR settings will either cease to be provided by any administrator or no longer be representative. This is 31 December 2021 for all EUR, GBP, JPY and CHF LIBOR tenors and 1-week and 2-month USD LIBOR tenors, and 30 June 2023 for the remaining USD LIBOR tenors (overnight, 1-, 3-, 6- and 12-month). Therefore, after 2021, most LIBOR settings will cease to be available. The Federal Reserve Bank of New York currently publishes the Secured Overnight Financing Rate based on overnight US Treasury repurchase agreement

transactions, which has been recommended as the alternative to USD LIBOR by the Alternative Reference Rates Committee convened by the Federal Reserve Board and the Federal Reserve Bank of New York.

These and other reforms may cause benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be fully anticipated which introduces a number of risks for the Group. These risks include (i) legal risks arising from potential changes required to documentation for new and existing transactions; (ii) risk management, financial and accounting risks arising from market risk models and from valuation, hedging, discontinuation and recognition of financial instruments linked to benchmark rates; (iii) business risk of a decrease in revenues of products linked to indices that will be replaced; (iv) pricing risks arising from how changes to benchmark indices could impact pricing mechanisms on some instruments; (v) operational risks arising from the potential requirement to adapt IT systems, trade reporting infrastructure and operational processes; (vi) conduct risks arising from the potential impact of communication with customers and engagement during the transition period and (vii) litigation risks regarding the existing products of the Group and services, which could adversely impact its profitability. The replacement benchmarks and their transition path have been defined, but the mechanisms for implementation are under development. Accordingly, it is not currently possible to determine whether, or to what extent, any such changes would affect the Group. However, the implementation of alternative benchmark rates may have a material adverse effect on the business, results of operations, financial condition and prospects of the Group. The Group may also be adversely affected if the change restricts its ability to provide products and services or if it necessitates the development of additional IT systems.”

DESCRIPTION OF THE ISSUER

The following text shall replace in its entirety the text in the section entitled “Description of the Issuer” on page 60 of the Base Prospectus:

“The description of the Issuer is set out in certain sections of the 2020 Annual Report and the 2021 January-June Financial Report. These sections have been incorporated by reference into this Base Prospectus (see “Documents Incorporated by Reference”, which provides tables reconciling the content of this section with the corresponding page numbers of each of the 2020 Annual Report and the 2021 January-June Financial Report containing such information).”

DOCUMENTS INCORPORATED BY REFERENCE

The information set out below shall supplement the section of the Base Prospectus entitled “Documents Incorporated by Reference” on pages 61 to 63 of the Base Prospectus:

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

1. The English language translation of the audited interim condensed consolidated financial statements of the Issuer prepared under IFRS-EU for the six-month period ended 30 June 2021, together with the relevant Independent Auditor’s Report (the “**June 2021 Financial Statements**”).

<https://www.santander.com/content/dam/santander-com/en/documentos/informacion-publica-periodica-c-n-m-v/2021/cnmv-2021-interim-condensed-consolidated-financial-statements-and-interim-directors-report-1s21-en.pdf>

2. The financial report of the Issuer prepared for the six-month period ended 30 June 2021 (the “**2021 January-June Financial Report**”)

<https://www.santander.com/content/dam/santander-com/en/documentos/resultados-trimestrales/2021/2q/rt-2t-2021-informe-financiero-en.pdf>

In relation to the June 2021 Financial Statements and the 2021 January-June Financial Report, any information not specified in the cross-reference tables set out below but which is included in the documents from which the information incorporated by reference has been derived, is for information purposes only and is not incorporated by reference because it is not relevant for the investor.

Issuer Interim Financial Information and Interim Report

The tables below set out the relevant page references in the June 2021 Financial Statements and the 2021 January-June Financial Report where the following information incorporated by reference in this Base Prospectus can be found:

Information incorporated by reference in this Base Prospectus	June 2021 Financial Statements page reference⁽¹⁾
1. Auditor's report on the interim condensed consolidated financial statements for the six-month period ended 30 June 2020	1-8 ⁽²⁾
2. Audited condensed consolidated balance sheets for the six-month period ended 30 June 2020 and the comparative consolidated financial information of the Issuer for the year ended 31 December 2019	1-2 ⁽³⁾
3. Audited condensed consolidated income statements for the six-month period ended 30 June 2020 and the comparative consolidated financial information of the Issuer for the six-month period ended 30 June 2019	3 ⁽³⁾
4. Audited condensed consolidated statements of recognised income and expense for the six-month period ended 30 June 2020 and the comparative consolidated financial information of the Issuer for the six-month period ended 30 June 2019	4 ⁽³⁾
5. Audited condensed consolidated statements of changes in total equity for the six-month period ended 30 June 2020 and the comparative consolidated statements of changes in total equity for the six-month period ended 30 June 2019	5-6 ⁽³⁾
6. Audited condensed consolidated cash flow statements for the six-month period ended 30 June 2020 and the comparative consolidated cash flow statement of the Issuer for the six-month period ended 30 June 2019	7 ⁽³⁾
7. Explanatory notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2020	8-52 ⁽³⁾

Notes:

- (1) Not all the pages of the June 2021 Financial Statements are paginated continuously. See below for detailed indications on where the relevant sections incorporated by reference in this Base Prospectus are located.
- (2) Page references are to the page numbers of the auditor's report which is located after the financial report (pages 1-97 of the document incorporated by reference) and precedes the June 2021 Financial Statements, located immediately after the front cover page and the interim consolidated directors' report.
- (3) Page references are to the page numbers of the June 2021 Financial Statements, beginning immediately after the auditor's report (the cover page of the June 2021 Financial Statements is not paginated).

Information incorporated by reference in this Base Prospectus	2021 January-June Financial Report page reference
1. Financial Information by Segments	21-45
2. Corporate Governance	48
3. Financial Information	52-72
4. Alternative Performance Measures	73-82
5. Glossary	86
6. Important information	87-88

GENERAL INFORMATION

The following text shall replace in its entirety the text in the sub-section entitled “Significant/Material Change” in the section of the Base Prospectus entitled “General Information”:

“5. Since 30 June 2021 there has been no material adverse change in the prospects of the Issuer or the Group, nor any significant change in the financial or trading position of the Issuer or the Group.”