

**GUIDANCE NOTE ON SPANISH FORM 210
SALE OR GIFT OF BANCO SANTANDER SHARES BY SHAREHOLDERS
WHO ARE NOT RESIDENT IN SPAIN**

1. GENERAL

- 1.1 This note is intended as a general guide to filling in and submitting a Form 210 (*Spanish Non-Residents Income Tax*). It is based on current Spanish law and practice as of July 2017. It does not purport to provide tax advice. Any Banco Santander shareholders who are in any doubt as to their tax position should consult their own professional advisers.
- 1.2 This note does not provide official guidance on the Form 210 and it has not been reviewed by the Spanish tax authorities and may not include all the options available for the taxpayer to complete or file a Form 210.

2. WHO IS THIS GUIDANCE FOR?

- 2.1. This note is addressed to shareholders of Banco Santander, S.A. (“**Banco Santander**”) who acquired their shares as a result of the acquisition of Alliance & Leicester plc (“**A&L**”) by Banco Santander on 10 October 2008 pursuant to a scheme of arrangement (the “**Scheme**”) and to shareholders of Banco Santander who acquired their shares as a result of the acquisition of Abbey National plc (“**Abbey**”) by Banco Santander in November 2004 pursuant to a scheme of arrangement and who do not own any other Banco Santander shares. Most of these shareholders will hold their entitlement to Banco Santander shares through the Santander Nominee Service provided by Equiniti Financial Services Limited.
- 2.2. Shareholders who sell their Banco Santander Shares or rights to Banco Santander shares will have to deal with the Spanish tax formalities themselves and may find this guidance useful in doing so. Section 3 below explains when shareholders are required to submit a Form 210 to the Spanish tax authorities. In such cases, a Form 210 will generally need to be filed online or, exceptionally, delivered physically to the Spanish tax authorities. Shareholders may be required by the Spanish tax authorities to appoint a tax representative in Spain. If required by the Spanish tax authorities to appoint a tax representative, the shareholders will need to comply with certain formalities and a fee will generally be payable for the services offered by that tax representative. The Spanish tax representative may offer additional services such as actually filling in a Form 210 for the shareholder. It is recommended that shareholders contact a Spanish agent or tax representative who can offer these services, as this may ease the compliance with this Spanish tax obligation. The Spanish agent or tax representative should then advise you how to proceed. Below are the details of one such agent or tax representative although you are of course free to select any tax representative of your choosing:

Post: FREEPOST, Spanish Tax Forms (no stamp needed)

Email: enquiries@spanishtaxforms.co.uk

Website: www.spanishtaxforms.co.uk

Where a shareholder agrees to send a completed Form 210 to the Spanish tax representative, this guidance may assist the shareholder in filling in the form. However, this is subject to any advice received by the shareholder from the Spanish tax representative or tax advisor about the procedure for filling in the form.

- 2.3. This guidance is addressed only to shareholders who hold their shares through the Santander Nominee service, including former A&L and Abbey shareholders (the “**Shareholders**”) who became Banco Santander shareholders and (i) are not tax resident in Spain and are tax resident in a Member State of the European Union (including the UK), other than a tax haven country or jurisdiction for Spanish tax purposes (such as Gibraltar), or in a country with which Spain has signed a double tax treaty containing provisions which exempt from Spanish tax any capital gains derived by such a person from the sale of shares in a Spanish company (Appendix 1 sets out a non-exhaustive list of countries which have entered into such a double tax treaty with Spain); (ii) are the beneficial owners of their Banco Santander shares; (iii) do not carry on business through a permanent establishment in Spain or a country or territory outside the European Union with which their holdings of Banco Santander shares are effectively connected; (iv) do not own, directly or indirectly, 5% or more of the share capital or shares carrying 5% or more of the voting rights in Banco Santander; and (v) the acquisition value of their shares in Banco Santander is, individually, less than €20 million.
- 2.4. Shareholders who do not fall within the description in section 2.3 may still qualify for an exemption from Spanish tax on capital gains in relation to the sale or gift of their Banco Santander shares or rights to Banco Santander shares. Such Shareholders and any shareholders who are in any doubt as to their tax position in respect of a sale of Banco Santander shares or rights to Banco Santander shares should consult their own professional advisers.

3. WHY DO I NEED TO FILE FORM 210?

- 3.1 Shareholders disposing of Banco Santander shares or subscription rights¹ to Banco Santander shares by way of sale or gift and who realise a gain on that disposal are required by Spanish law to file a tax return (Form 210) with the Spanish tax authorities declaring the gain made on the disposal. A Form 210 must be filed annually for all such transfers carried out in each calendar year.
- 3.2 A Form 210 must be filed by the Shareholders between 1st-20th January in the year following the year in which the sale or gift of the shares was completed. Even if no tax is payable, failure to file a Form 210 on time can give rise to a €100 fine which may increase to €200 if a Form 210 is not filed before a request has been issued by the Spanish tax authorities.

¹ As of 1 January 2017, the amount realised on the transfer of subscription rights to Banco Santander shares is deemed to be a taxable capital gain.

- 3.3 If a Shareholder wishes to apply for an exemption from Spanish tax in relation to the sale or gift of shares or subscription rights as a resident of a Member State of the European Union or the exemption provided for under a double tax treaty ratified between Spain and the country in which the Shareholder is tax resident, a Form 210 must be accompanied by an appropriate certificate of residence issued by the relevant tax authority (see sections 5 and 6 below for further details). If the shareholder does not fall within the description contained in the section 2.3 above, the gain may still be exempt in accordance with Spanish internal law. However, this note does not give guidance for such shareholders.

4. WHERE DO I FIND AND HOW CAN I FILL IN FORM 210?

- 4.1. The Form 210 should either be filed online, with an Electronic Certificate or, exceptionally, delivered physically to the Spanish tax authorities. Regardless of the way the Form 210 is submitted, it has to be filled in online (see paragraph 7 below for further details on how to submit the form).
- 4.2. Detailed instructions on how to fill in the Form 210 are set out in Appendix 2. In addition, the Spanish tax authorities' websites shown below provide guidance to ease the fulfilment of Form 210.
- 4.3. If required, the official instructions in English can be found on the Spanish tax authorities' website at the following website:

https://www.agenciatributaria.gob.es/static_files/AEAT_Sede/Ayuda/GF00/en_Instr_210.pdf.

Filling in the form on-line in cases of its physical delivery

- 4.4. In cases where the Form 210 will be physically delivered to the Spanish tax authorities, it must first be filled in online. You can fill in the Form 210, validate it and generate it from the following link:

<https://www2.agenciatributaria.gob.es/es13/h/ie02100b.html?idi=en>

Each copy of the Form 210 has a unique barcode and the form must therefore be printed off the website after all the relevant information has been completed online (i.e. a photocopy of another existing form is not sufficient). If you are not able to fill in, validate and generate the Form 210 from the internet you should consult your Spanish agent or tax representative (see paragraph 2.2 above).

Once you have completed the Form you should print it, and ensure that you sign where indicated.

- 4.5. The person who signs the Form 210 can be either the Shareholder or specific other persons, including the Shareholder's Spanish tax representative (see paragraph 2.2 above). Who fills in and signs the form will depend on what the Shareholder has agreed with his/her/its Spanish tax representative. The

instructions in Appendix 2 have been drafted on the assumption that the Shareholder himself/herself (or in the case of a corporate entity, an authorised representative) will be completing and signing Form 210 which will then be delivered to the Spanish tax authorities by the Shareholder's Spanish agent or tax representative. However, this is subject to any advice received by the Shareholder from the Spanish tax representative about the procedure for filling in the form.

Filing in the form when filing online

- 4.6. Where the Form 210 is filed by electronic means, assuming you hold an Electronic Certificate of Individuals, or you empowered a third party holding that certificate to do so in your name and on your behalf, you (or your Spanish agent or tax representative) should fill in the Form 210 at the following link:

www.agenciatributaria.gob.es/AEAT.sede/en_gb/tramitacion/GF00.shtml

- 4.7. When the form has been completed, this should be filed with the Spanish tax authorities online only (as explained in section 7 below). In order to file it by electronic means yourself, you should have previously obtained an Electronic Certificate of Individuals (*Certificado Electrónico de Persona Física*) for tax purposes from the Spanish National Factory of Coins and Stamps (*Fábrica Nacional de Moneda y Timbre*). To obtain an Electronic Certificate of Individuals, we recommend you contact a Spanish agent or tax representative.

5. WHAT DOCUMENTS DO I NEED TO FILE WITH FORM 210

- 5.1. As mentioned above, in order for a Shareholder to benefit from the exemption from Spanish tax in relation to the gain on the sale or gift of shares, or sale of subscription rights to shares as a resident of a Member State of the European Union or the exemption provided in a relevant double tax treaty ratified between Spain and the country in which the Shareholder is tax resident, a Form 210 must be accompanied by a certificate obtained within the past 12 months from the relevant tax authority stating that, to the best of their knowledge, the Shareholder is resident in that country (or, where the Shareholder seeks to benefit from a double tax treaty, that the Shareholder is resident in that country within the meaning of the double tax treaty). Shareholders who are eligible for more than one exemption (for example someone who is resident in the UK may be able to benefit from the exemption for European Union residents and from the exemption in the double tax treaty between the UK and Spain) may choose which exemption to claim. There is no difference in terms of the exemption itself (i.e. the gain is fully exempt in Spain), although when completing a Form 210 the box required to be checked in order to claim the exemption is different in the two cases (see 1.8 Appendix 2).
- 5.2. Therefore, if a UK resident Shareholder wishes to claim exemption from Spanish tax arising from the existence of the double tax treaty between the United Kingdom and Spain, a Form 210 must be accompanied by a certificate obtained within the past 12 months from HM Revenue and Customs

(“HMRC”) stating that, to the best of their knowledge, the Shareholder is resident in the United Kingdom within the meaning of the double tax treaty between the United Kingdom and Spain.

- 5.3. When a Form 210 is filed through electronic means, you should file the certificate obtained from the HMRC through the Spanish tax authorities’ website, at

www.agenciatributaria.gob.es/AEAT.sede/en_gb/tramitacion/GF00.shtml

and then by clicking on “Provide supplementary documentation”. This section of the website is only available in Spanish. You should fill in the reference of the corresponding Form 210 (“Expediente/Referencia (nº registro asignado)”) and then click on “Añadir Fichero”. You should then attach a pdf copy of the certificate issued by the HMRC. When the document is attached, click on “Presentar” to submit the certificate to the Spanish tax authorities.

6. HOW DO I OBTAIN A CERTIFICATE OF TAX RESIDENCE?

- 6.1. Shareholders who are tax resident in the United Kingdom can request an appropriate certificate of tax residence from HMRC using the pro forma letter attached at Appendix 4 (for individuals) or Appendix 5 (for companies). These letters can be printed off and used by filling in the relevant details. Shareholders who are in any doubt as to their tax residence should seek appropriate professional advice.
- 6.2. Shareholders will need to fill in certain details such as their address and their national insurance number (for individuals who live in the UK and have a national insurance number), company tax reference number (for UK companies) or other local tax reference number, if any (for non-UK Shareholders). Shareholders should sign and date the letter and send it, in the case of an individual, to the HMRC office that deals with the individual’s tax affairs and, in the case of a company, to the HMRC office that deals with the company’s accounts.
- 6.3. Shareholders who are resident elsewhere should consult the tax authorities in their jurisdiction of residence in order to find out how to obtain an appropriate tax residence certificate.

7. HOW DO I FILE FORM 210 ONCE I HAVE COMPLETED IT?

- 7.1. If you have appointed a Spanish agent or tax representative (see paragraph 2.2 above), such agent or tax representative should advise you how to proceed to arrange for a Form 210 to be submitted to the Spanish tax authorities.
- 7.2. If you are not obliged to appoint a Spanish tax representative, then you could file a Form 210 physically, in which case you should generate the file on-line and print it, and then (i) file it with the Spanish tax authorities personally (or through an attorney for this purpose); or (ii) send it by registered post to the

branch in Madrid of the Spanish tax authorities (*Delegación de la Agencia Estatal de Administración Tributaria* en Madrid).

- 7.3. Finally, as indicated in section 4 above, if you file the Form 210 with an Electronic Certificate of Individuals online, this can be done at the following link (by clicking “filing of tax returns”):

https://www.agenciatributaria.gob.es/AEAT.sede/en_gb/tramitacion/GF00.shtml

In order to file it by electronic means, you must have previously obtained an Electronic Certificate of Individuals (*Certificado Electrónico de Persona Física*) for tax purpose from the Spanish National Factory of Coins and Stamps (*Fábrica Nacional de Moneda y Timbre*). For the purpose of obtaining the Electronic Certificate of Individuals, we recommend you contact your Spanish agent or tax representative.

You should file it with the Spanish tax authorities by clicking “Sign and Send” in the above website for “Form 210-Non-Residents income tax. Non- residents who are not permanently established”.

8. JOINT HOLDERS AND TRUSTEES

- 8.1. Where Banco Santander shares or subscription rights are held in joint names, each Shareholder should fill in a Form 210 in respect of his/her fractional interest in the shares or subscription rights.
- 8.2. In relation to trusts and partnerships, it is thought that the correct procedure under Spanish law is for each beneficiary or partner, respectively, to fill in a Form 210 and obtain a certificate of tax residence. However, this is a complex area and trustees or partnerships selling their Banco Santander shares or subscription rights should seek appropriate professional tax advice.

9. OTHER MATTERS

- 9.1. Certain other Spanish tax issues may be relevant to Banco Santander Shareholders – for UK resident Shareholders these are in particular (a) the recipient of a gift of Banco Santander shares or subscription rights may need to comply with Spanish tax requirements and (b) requirements apply on death of a Shareholder owning Banco Santander shares or subscription rights. These are set out in Appendix 6.

APPENDIX 1
LIST OF CERTAIN COUNTRIES WITH WHICH SPAIN HAS ENTERED
INTO A DOUBLE TAX TREATY²

Austria	Belgium
Bulgaria	Czech Republic
United States	Estonia
Finland	France
Germany	Greece
Hungary	Ireland
Italy	Latvia
Lithuania	Luxembourg
Malta	Netherlands
Poland	Portugal
Romania	Slovakia
Slovenia	Sweden
United Kingdom	Canada
Israel	Switzerland

² This is not a comprehensive list. Shareholders whose jurisdiction does not appear on the above list should seek their own professional advice.

APPENDIX 2 A

INSTRUCTIONS FOR FILLING IN FORM 210

SHAREHOLDERS SIGNING HIMSELF/HERSELF

Before you start filling in the Form 210, please ensure that you have read the main guidance note as it contains important information to enable you to fill in the Form 210 properly (including where to find the Form 210). Please, follow the instructions provided below in order to fulfil and validate Form 210. These instructions are divided in 10 parts, in accordance with the number of sections to be completed in the form.

1. Section headed “Person performing the self-assessment”



The screenshot shows the 'Person performing the self-assessment' section of the Form 210. It features a 'NIF' field with a small icon and a link that says 'if you are filing as a taxpayer and you do not have an NIF tax code, click Taxpayer[S] and click here to get your identification code'. Below this is a text field for 'Surname(s) and first name or company name: *'. The 'In your capacity as *:' section contains several radio button options: S Taxpayer (Jointly responsible), R Taxpayer's representative, P Payer, D Trustee, G Manager, and T Withholder (for self-assessment with refund request only).

1.1. First of all, we refer to the bottom line of boxes of the image, as far as there should be indicated in what capacity the person who performs the self-assessment does so. The options are the following:

- Box headed “S” for the taxpayer or jointly responsible person
- Box headed “R” for the appointed representative of the taxpayer
- Box headed “P” for the payer of the income declared in the Form 210
- Box headed “D” for the trustee
- Box headed “G” for manager
- Box headed “T” for withholder (only for returns with the request for refund)

Please note, that any of the above persons may file this form. However usually you will have to tick the box S (for taxpayer) or R (for appointed representative). As follows, all the identification data in this section must refer to the person who is performing the self-assessment.

1.2. In the box headed “NIF”, you should introduce your Spanish tax identification number. If you are filing as a taxpayer and you do not have a Spanish tax identification code, tick “Taxpayer” box and click on the button next to the box “NIF” to obtain your identification code. A separate window (shown below) will be displayed to enable you to register your details to obtain the necessary identification code. You will need this code to be able to print and save a pdf of the Form 210. The NIF will be emailed to you.

Allocation of non-resident Identification Code

Allocation of non-resident Identification Code

1. Identity Details | 2. Personal Details | 3. Details of Residence | 4. Confirmation

NOTICE

After completing the details required on this page, a message will be sent to the e-mail address entered, providing you with the "electronic key" which you will need in the Confirmation stage of the operation to "Obtain a Non-Resident Identification Code".

The asterisk * means that you must provide this information

Please fill in the following details in order to register.

* Surname(s) and Name / Company name
AN OTHER

Tax Identification Number in the country of residence

* e-mail

* Confirm e-mail

* Nationality
- Select -

* Country of residence
- Select -

* Type of person
 Individual
 Legal person or organisation

- 1.3. In the box headed "Surname(s) and first name or company name" in case of individuals, you should indicate your surname and your name (in this order) or the full name of the company or organisation (acronyms are not allowed), in case of legal person.

2. Section headed "Accrual"

Accrual

Grouping

Period * Accrual year * Accrual date

Income obtained

[02] Income type *

[03] Currency keys

1Q - First quarter
2Q - Second quarter
3Q - Third quarter
4Q - Fourth quarter
QA - Annual

- 2.1. Box headed "Grouping". Capital gains realised are considered to be accrued when the sale or transfer of your Banco Santander Shares or rights to Banco Santander shares takes place.

In case you (as Shareholder) have carried out several transfers or sales of Banco Santander shares or rights to Banco Santander shares during the same calendar year, you may group such capital gains. If you decide to group your capital gains, please tick this box.

- 2.1. Box headed “Period”. Please, select the period to which the declared capital gains refer to. To the extent that your capital gains are exempt from NRIT, you should click “0A - Annual”.
- 2.2. Box headed “Accrual year”. You should introduce the year in which the capital gains have been realised.
- 2.3. Box headed “Accrual date”. You should introduce the date of the transfer of the Banco Santander shares or subscription rights in case you declare an individual transaction (without grouping).

3. Section headed “Income obtained”

The screenshot shows a form titled "Income obtained". It contains two dropdown menus: "Income type" with the value "24 From shares accepted for trading" and "Currency keys" with a blank value.

This section should be completed as follows:

- The box headed “Income type” should be filled with code 24 which corresponds to capital gains from shares accepted for trading or subscription rights.
- Box “Currency keys” must be filled with a number 954, which corresponds to Euro.

4. Section headed “Taxpayer”

In this section you should fill in the information for the taxpayer himself/herself. You should complete this section as follows:

The screenshot shows a form titled "Taxpayer" with the following fields:

- NIF: [Text input]
- F/J: [Dropdown menu]
- Surname(s) and first name or company name: [Text input]
- NIF in the country of residence: [Text input]
- Date of birth: [Text input (DDMMYYYY)]
- Place of birth: City: [Text input]
- Country Code: [Dropdown menu]
- [01] Tax residence: Country Code: [Dropdown menu]
- Address in country of residence:
 - Residence: [Text input]
 - Town/City: [Text input]
 - Post Code (ZIP): [Text input]
 - Province/Region/State: [Text input]
 - Land line tel.: [Text input]
- Additional residence information:
 - Additional residence information: [Text input]
 - E-mail: [Text input]
 - Country Code: [Dropdown menu]
 - Mobile tel.: [Text input]
 - Fax no.: [Text input]

- 4.1. In the box “NIF”, you should enter the Spanish tax identification number of the taxpayer.
- 4.2. In the box “F/J” you should indicate whether the taxpayer is an individual (“F” – “persona física”) or a legal person (“J” – “persona jurídica”).
- 4.3. In the box headed “Surname(s) and first name or company name” in case of individuals, you should indicate the surname and name (in this order) of the

taxpayer or the full name of the company or organisation (acronyms are not allowed), in case of legal person.

- 4.4. In the box headed “NIF in the country of residence” you should enter the tax identification code of the taxpayer in the country of residence (for shareholders resident in the UK this will be the shareholders National Insurance Number).
- 4.5. In the boxes headed “Date of birth”, “Place of birth: City” and “Country Code” you should enter the requested information. Please note that this information should not be completed if the taxpayer is a legal person.
- 4.6. In the boxes from the subsection “Address in country of residence” you should enter the address of the taxpayer.

5. Section headed “Taxpayers representative”

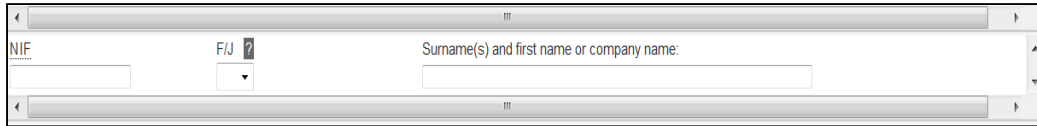
The screenshot shows a web form titled "Taxpayer's representative or, where applicable, residence in Spanish territory for the purpose of notifications". The form is organized into several sections:

- Top Section:** Includes fields for "NIF", "F/J" (with a dropdown), and "Surname(s) and first name or company name:". To the right, there is a "Representative:" section with radio buttons for "Legal" and "Voluntary", and a "Delete" button.
- Address Section:** Contains "Type of street" (dropdown), "Street name", "Type of number" (dropdown), "No. House", "Qual. no." (dropdown), and "Block".
- Additional Data Section:** Includes "Doorway", "Stairway", "Floor", and "Door" (all text boxes), and "Additional data on residence" (text box).
- Location Section:** Includes "Town/City (if different from the Municipality)", "Post Code", "Province" (dropdown), and "Municipality name" (dropdown).
- Contact Section:** Includes "Municipality code" (text box), "Land line tel.", "Mobile tel.", and "Fax no." (all text boxes).

This section should only be completed in those cases where the taxpayer is obliged to have a tax representative in Spain, or even when they are not obliged to do so, the taxpayer still has appointed a tax representative in Spain. In such cases, please select whether the representation is granted on legal or voluntary basis in the boxes located in the left corner of this section.

- 5.1. In the box “NIF”, you should enter the Spanish tax identification number of the representative.
- 5.2. In the box “F/J” you should indicate whether the representative is an individual (“F” – “persona física”) or a legal person (“J” – “persona jurídica”).
- 5.3. In the box headed “Surname(s) and first name or company name” in case of individuals, you should indicate the surname and name (in this order) of the representative or the full name of the company or organisation (acronyms are not allowed), in case of legal person.
- 5.4. In the next lines of boxes, please enter the Spanish address of the representative of the taxpayer, as well as contact information requested.

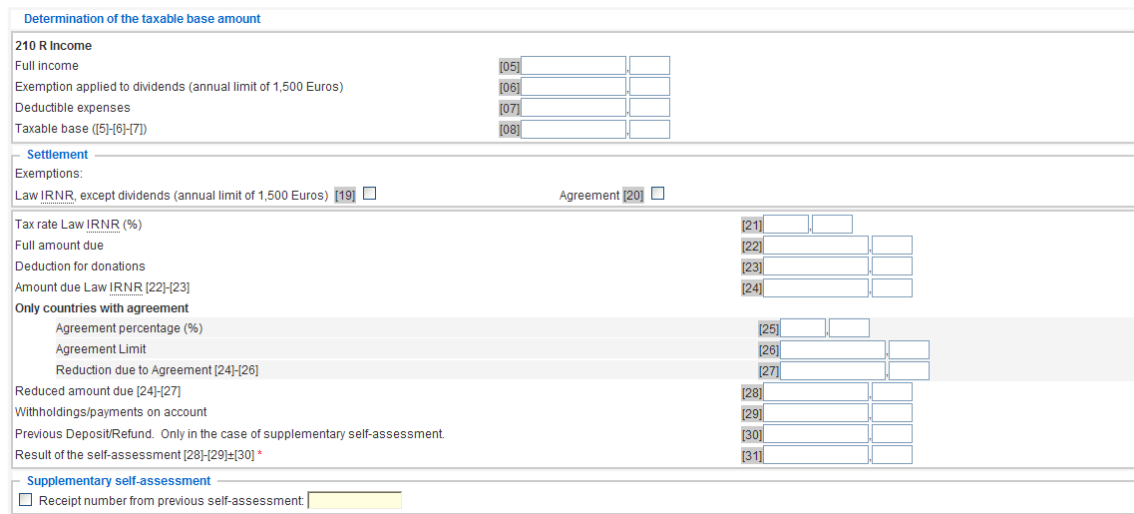
6. Section headed “Payer/Withholder/Issuer”



In this section you should fill in the following information of Banco Santander, as issuer of the Banco Santander shares or rights to Banco Santander shares:

- 6.1. In the box “NIF”, you should enter the Spanish Tax identification number of Banco Santander, which is: A-39000013.
- 6.2. In the box “F/J” you should indicate “J” for legal person (“persona jurídica”)
- 6.3. In the box “Surname(s) and first name or company name” you should enter “BANCO SANTANDER, S.A.”

7. Section headed “Determination of the taxable base amount”



Determination of the taxable base amount	
210 R Income	
Full income	[05] <input type="text"/>
Exemption applied to dividends (annual limit of 1,500 Euros)	[06] <input type="text"/>
Deductible expenses	[07] <input type="text"/>
Taxable base ([5]-[6]-[7])	[08] <input type="text"/>
Settlement	
Exemptions:	
Law IRNR, except dividends (annual limit of 1,500 Euros) [19] <input type="checkbox"/>	Agreement [20] <input type="checkbox"/>
Tax rate Law IRNR (%)	[21] <input type="text"/>
Full amount due	[22] <input type="text"/>
Deduction for donations	[23] <input type="text"/>
Amount due Law IRNR [22]-[23]	[24] <input type="text"/>
Only countries with agreement	
Agreement percentage (%)	[25] <input type="text"/>
Agreement Limit	[26] <input type="text"/>
Reduction due to Agreement [24]-[26]	[27] <input type="text"/>
Reduced amount due [24]-[27]	[28] <input type="text"/>
Withholdings/payments on account	[29] <input type="text"/>
Previous Deposit/Refund. Only in the case of supplementary self-assessment.	[30] <input type="text"/>
Result of the self-assessment [28]-[29]+[30] *	[31] <input type="text"/>
Supplementary self-assessment	
<input type="checkbox"/> Receipt number from previous self-assessment: <input type="text"/>	

In this section you should enter the information regarding the gains realized in the transfer of the shares of Banco Santander or rights to Banco Santander shares, as follows:

- In the box 18 headed “Taxable income” you should enter the amount of capital gain realised in the transfer. If you do not sell on a stock exchange (for example if you sell privately or you gift your shares) then strictly, for Spanish tax purposes the amount of the capital gain is the difference between (i) the higher of the listed price multiplied by the number of shares disposed of or the price paid for the disposal of the shares; and (ii) Spanish Non-resident income tax basis which, for those Shareholders who participated in the A&L acquisition or in the Abbey acquisition, would generally be equal to the market value of your Santander shares at the time the relevant takeover became

effective, less any cash which you have previously received in respect of a sale of your scrip dividend rights (or fractional entitlements) on market in earlier scrip dividends.

Therefore where a disposal is not a sale at market value in an arm's length transaction, (i) in the case of a disposal at more than market value, the amount of the disposal proceeds is the price paid, and (ii) in the case of a disposal at an undervalue or a gift, the disposal proceeds must be calculated by multiplying the number of Banco Santander shares disposed of by the mid-market price of the Banco Santander shares on the day they were disposed of (you can obtain the mid-market price for any given day by emailing accionistas@santander.com). If a disposal is not wholly for cash, then different rules may apply and you should seek appropriate professional advice.

For shares acquired as a result of Banco Santander's acquisition of Alliance & Leicester the acquisition cost will be €11.23 per share.

For shares acquired as a result of Banco Santander's acquisition of Abbey the acquisition cost will be €8.44 per share.

- Please note that, since 1 January 2017 the amount realized in the transfer of subscription rights of Banco Santander will be considered a capital gain, which should be declared in the aforementioned form.
- Please, tick the box 19 headed "Law IRNR, except dividends (annual limit of 1.500 Euros)" and/or the box 20 headed "Agreement", these exemptions are applicable to Shareholders

8. Section headed "Choose the type of tax return".

Generally, depending on the outcome of the tax return, you should choose one of the four options provided in this section: positive result, zero tax payable, negative result (to refund), where you can also choose to waive the refund in favour of the Spanish Public Treasury. However, as a Shareholder, due to the application of the aforementioned exemptions, the result of the tax return would be "zero tax payable".

You should then choose the corresponding option and tick the box below headed:

"If the self-assessment results in ZERO TAX PAYABLE, put an X in this box":

Choose the type of tax return
Positive Result
<input type="radio"/> To deposit <input type="radio"/> Deposit through a financial organisation based abroad
Zero tax payable
<input checked="" type="radio"/> Zero tax payable
Negative result.
<input type="radio"/> Request for refund in Spain
<input type="radio"/> Refund by transfer through the financial organisation based abroad
Waiving the refund, in favour of the Public Treasury
<input type="radio"/> Waiving the refund, in favour of the Public Treasury
Zero tax payable
If the self-assessment results in a ZERO TAX PAYABLE, put an X in this box.
Zero tax payable <input type="checkbox"/>

9. Signature and submission of the Form 210

In order to validate and generate a tax form, you should follow the instruction below:

Notices for the submission of form 210 created through this form.

In order to effectively submit this self-assessment, you must complete the following steps:

1. Validate and generate PDF. You can save the document on your computer in PDF format.
2. Print document.
3. Write the NIF [Tax ID Number] on the Deposit or Refund Document and sign it manually.
4. Follow the procedure described in the instructions included in the PDF based on the type of result of the tax return and, where applicable, the chosen payment option.

[Validate and generate PDF](#)

Once you have validated and generated the PDF you should make the payment and file it at the offices of the Spanish tax authorities. If the filing is made through electronic means (online), once you have filled-in the Form 210, you can perform the filing online directly to the Spanish tax authorities.

APPENDIX 2B

INSTRUCTIONS FOR FILLING IN FORM 210

FORM SIGNED BY TAX REPRESENTATIVE

The Form 210 may be completed, filed and signed on your behalf by your tax representative. Where you wish to take advantage of this option please speak to your tax representative (see 2.2 of the Guidance document regarding the tax representative).

In order to complete the form, in general it will be necessary to provide the tax representative with the information required in Appendix 2A regarding the following points:

- Accrual Date
- Price obtained
- Calculation of taxable income

You will also have to provide the tax representative with your personal data and the appropriate certificate of residence from the relevant tax authorities (see paragraph 5 'What documents do I need to file with Form 210?' and 6 'How do I obtain a certificate of tax residence?' for further details).

APPENDIX 3

COUNTRY CODES FOR FORM 210

COUNTRY	COUNTRY CODE
Australia	AU
Belgium	BE
Canada	CA
Cyprus	CY
France	FR
Germany	GE
Greece	GR
Hong Kong	HK
Ireland	IE
Israel	IL
Italy	IT
Malta	MT
Netherlands	NL
New Zealand	NZ
Portugal	PT
South Africa	SA
Switzerland	CH
United Arab Emirates	AE
United Kingdom	GB
United States	US

APPENDIX 4

PRO FORMA LETTER TO HM REVENUE AND CUSTOMS – INDIVIDUALS

From (Name)

..... (Address)

.....

.....

Date:

To:³.....

.....

.....

.....

Dear Sirs

Sale of shares in Banco Santander, S.A.: request for tax residence certificate

I hereby request a certificate confirming that to the best of your knowledge I am resident in the United Kingdom within the meaning of the Spain/United Kingdom tax convention.

Please send such certificate to me at the address set out above.

Yours faithfully

..... Signature

..... Name

..... National Insurance Number (if any)

..... Date of Birth

..... Male / Female⁴

³ Insert name and address of the HM Revenue and Customs office that deals with the individual's tax affairs.

⁴ Please specify. This information is requested as it may facilitate HMRC's process for certifying if you are resident in the UK for tax purposes.

APPENDIX 5

PRO FORMA LETTER TO HM REVENUE AND CUSTOMS – COMPANIES

From Company Name
..... Registered Address
.....
.....

Date:

To:⁵.....
.....
.....
.....

Dear Sirs

Sale of shares in Banco Santander, S.A.: request for tax residence certificate

I hereby request a certificate confirming that to the best of your knowledge is resident in the United Kingdom within the meaning of the Spain/United Kingdom tax convention.

Please send such certificate to the address set out above.

Yours faithfully

..... Signature
..... Name
..... Capacity (e.g. Director/Secretary)
..... Date of Birth
..... Male / Female

For and on behalf of.....⁶

Company Tax Reference Number⁷

⁵ Insert name and address of the HM Revenue and Customs office that deals with the individual's tax affairs.

⁶ Insert name of company.

⁷ Insert company tax reference number.

APPENDIX 6
OTHER MATTERS RELATING TO SPANISH TAX ISSUES
ADDITIONAL INFORMATION FOR UK SHAREHOLDERS

Spanish Inheritance and Gift Tax

Transfers of Banco Santander shares or subscription rights to Banco Santander shares on death to a beneficiary who is an individual may be subject to Spanish Inheritance and Gift Tax, depending on the circumstances of the beneficiary.

Generally, where the beneficiary is the spouse, child, adopted child, grandchild, parent or grandparent of the deceased, a transfer on death will be exempt from Spanish Inheritance and Gift Tax provided that the value of the Banco Santander shares or subscription rights together with any other Spanish assets inherited by that beneficiary from the deceased, does not exceed €15,956. This threshold may be increased in the case of certain beneficiaries under the age of 21. To the extent that the threshold is exceeded, Spanish Inheritance and Gift Tax will be chargeable at progressive rates ranging from 7.65% to 34% (depending on the total value of Spanish assets transferred to that beneficiary) on the excess. A higher effective tax rate may apply if, at the time of such transfer, the beneficiary owns assets subject to Spanish Wealth Tax worth over €402,678 (excluding the Banco Santander shares or subscription rights being transferred). Where the beneficiary is resident in the United Kingdom for the purposes of the UK – Spain Treaty, the beneficiary's assets which are subject to Spanish Wealth tax will generally be limited to real estate located in Spain and assets attributable to a Spanish permanent establishment.

Where the beneficiary is within one of a number of other classes of relative specified by Spanish law, the relevant threshold is from €7,993 to €47,858. For other beneficiaries there is no exempt amount. In each such case higher effective rates of tax may be payable depending on the relationship between the beneficiary and the deceased and the value of Spanish assets owned by the beneficiary.

A transfer of Banco Santander shares or subscription rights by way of gift to a beneficiary who is an individual is subject to Spanish Inheritance and Gift Tax in the same manner as it would be if it were a transfer on death, save that there are no applicable thresholds for which transfers do not attract tax for the recipient.

A transfer of Banco Santander shares or subscription rights on death or by gift to a company which is resident in the United Kingdom for the purposes of the UK – Spain Treaty, and which does not have a permanent establishment in Spain with which the Banco Santander shares or subscription rights are connected, will not be subject to Spanish Inheritance and Gift Tax for the recipient. However, the recipient would have to comply with the Spanish tax formalities, *i.e.* they would be required by Spanish law to file a tax return (Form 210) with the Spanish tax authority, accompanied by a certificate of UK tax residence obtained from HMRC.

A beneficiary of Banco Santander shares or subscription rights transferred on death will be required to report such transfer within six months of the date of death in accordance with the applicable formalities under Spanish law, which will involve the

submission of certain documentation to the Spanish tax authority. The beneficiary will be required to appoint a representative in Spain for the purposes of administering this tax.

A recipient of Banco Santander shares or subscription rights transferred by way of gift will be required to comply with similar formalities to those described in the previous paragraph under Spanish law within one month of the date of gift.

In addition, if the deceased, heir or the donee is resident in an EU or European Economic Area member State, depending on specific circumstances, the applicable rules may be those corresponding to the relevant autonomous region. As such, prospective shareholders should consult their own tax advisors.