

FONDO DE TITULIZACIÓN DE ACTIVOS SANTANDER EMPRESAS 8

SECURITIZATION BONDS

€6,450,000,000

Series A:	€5,014,900,000	EURIBOR 3M + Margin of 0.45%	Moody's Aaa(sf)	DBRS AAA(sf)
Series B:	€1,435,100,000	EURIBOR 3M + Margin of 1.75%	Caa1(sf)	B(sf)

BACKED BY ASSETS ASSIGNED BY



LEAD MANAGER OF THE ISSUE



SUBSCRIBER



PAYING AGENT



PROMOTED AND SERVICED BY:



SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A.

Prospectus recorded at the CNMV Registry on January 19, 2011

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This document is a Prospectus registered with the CNMV, prepared in accordance with the provisions of Regulation (EC) No. 809/2004 and formed, in turn, by the following documents:

- 1.-Document describing the principal risk factors of the Fund, of the Assets backing the issue and of the securities issued by the Fund (“Risk Factors”).
- 2.-Registration Document prepared in accordance with Annex VII of Regulation (EC) No. 809/2004.
- 3.-Securities Note prepared in accordance with Annex XIII of Regulation (EC) No. 809/2004.
- 4.-Additional Building Block to (the) Securities Note prepared in accordance with Annex VIII of Regulation (EC) No. 809/2004.
5. – A glossary of definitions (“Definitions”).

RISK FACTORS

I. Specific risk factors of the Fund:

(i) Risk of insolvency of the Fund:

In the event of impossibility by the Fund to meet payment of its obligations on a generalized basis, the provisions of Article 11 of Royal Decree 926/1998 will apply: that is, the Manager, after reporting to the CNMV, will proceed with the orderly liquidation of the Fund, in accordance with the rules established in this regard in this Prospectus.

The Fund shall only be liable for the performance of its obligations up to the amount of its assets.

(ii) Absence of legal status of the Fund:

The Fund lacks separate legal status. Consequently, the Manager must carry out its administration and representation and comply with the obligations legally established in relation to the Fund. It shall be liable to the bondholders and the remaining unsecured creditors of the Fund, up to the limit of its net worth in the event of breach of said obligations.

(iii) Compulsory substitution of Manager:

In accordance with Article 19 of Royal Decree 926/1998, the Manager shall be replaced in the event it is held to be insolvent vis-à-vis its creditors or its administrative authorization is revoked as to the terms and requirements provided for in section 3.7.3 of the Additional Building Block.

The replacement must be effective before the lapse of four (4) months from the date on the happening of the replacing event. If four (4) months had elapsed from the date on which the replacing event took place, and the Manager had not appointed a new manager company, the Early Liquidation of the Fund and the Early Redemption of the Bonds shall take place, so that the actions provided for in section 4.4.3.(3) of the Registration Document must be carried out.

(iv) Restrictions on actions against the Manager

Bondholders and the rest of the ordinary creditors of the Fund will have no action against the Manager of the Fund, only for the non-compliance of its functions or non-observance of that provided in the Deed of Incorporation or in this Prospectus and in the applicable legislation in force.

(v) Applicability of the Insolvency Procedures Law:

In the event of the insolvency of the Assignor, assets of the Fund, with the exception of cash due to its status as a replaceable good, that are held by the Assignor will be property of the Fund and must be made available to it under the terms of Articles 80 and 81 of the Insolvency Procedures Law.

Notwithstanding the above, this Prospectus and the Deed of Incorporation provide for certain mechanisms in order to mitigate the aforementioned effects in relation to cash due to its status as a replaceable good.

To mitigate the consequences that a declaration of insolvency of the Assignor could have for the purposes of this document on the rights of the Fund, for the purposes of Articles 1527 of the Civil Code, paragraph 3.3.2 states that *“in the event of insolvency or signs thereof, of intervention by the Banco de España, liquidation or the replacement of the Administrator or because the Manager considers that there is reasonable justification for doing so, the*

Manager may request that the Administrator inform the Debtors (and, where applicable, third parties acting as guarantors and insurance companies), the transmission to the Fund of the Credit Rights pending reimbursement, as well as payments derived from the same, will only be exempt if they are made on the Cash Account or Interest Account, as appropriate, opened in the name of the Fund. Nevertheless, if the Administrator has not provided the stipulated notification to the Debtors, the third party guarantors or insurance companies within fifteen (15) Business Days of receipt of the requirement in the event of the insolvency or liquidation of the Administrator, the Manager will, if it so decides, either directly or through a new Administrator it has appointed, notify the Debtors and, where applicable, third party guarantors and insurance companies”.

If the Assignor is declared insolvent, monies received and held by it on behalf of the Fund as a counterparty in the additional contracts signed by it described in paragraphs 3.4.2, 3.4.3 and 3.4.4 of the Additional Building Block before the date of declaration of insolvency, could be subject to the results of the insolvency according to the majority doctrinal interpretation of Articles 80 and 81 of the Insolvency Procedures Law.

If the Assignor becomes insolvent, the assignment of Assets of the Fund could be the object of repayment pursuant to the provisions of the Insolvency Proceedings Law and special regulations applicable to securitization funds.

By virtue of Articles 10 and 15 of Law 2/1981 and Additional Provision Five of Law 3/1994, as per the wording given by Final Provision One of the Law 41/2007, the assignment of Assets of the Fund can only be rescinded or challenged under the protection of the provisions of Article 71 of the Insolvency Procedures Law that will have to prove the existence of fraud.

In the event of the insolvency of the Manager, the Manager shall be replaced by another manager, as provided for under Article 19 of Royal Decree 926/1998.

The structure of the relevant assets securitization operation does not allow, except for the case of breach by the Parties, the existence of cash amounts that may be integrated in the bankruptcy estate of the Manager, since the amounts corresponding to payments from the Fund shall be deposited, under the terms contained in this Prospectus, into the accounts opened in the name of the Fund by the Manager (which takes part in the opening of such accounts, not only as a simple agent of the Fund but also as a legal representative of the same).

Notwithstanding the above, the insolvency of any of the Parties (whether the Assignor or any other counterparty of the Fund) could affect their contractual relationships with the Fund.

(vi) Non compliance of agreements by third parties:

The Fund, represented by the Manager, has entered into agreements with third parties to rendering certain services and financial transactions regarding the Assets and the Bonds. Those include the Subordinated Loan Agreement, the Subordinated Loan Agreement for the Reserve Fund, the Liquidity Line, the Swap Agreement, the Guaranteed Rate Reinvestment Agreements and the Issue's Management, Subscription and Paying Agent.

Bondholders could be harmed in case that any of the counterparts of the Fund in the referred agreements breached the obligations assumed by virtue of any of the agreements.

II. Specific risk factors of the Assets backing the issue:

(i) Risk of non-payment of the Assets:

The bondholders issued against the Fund shall run the risk of non-payment of the Assets pooled therein.

Santander assumes no liability for non-payment of the Debtors, whether for principal, interests, or any other amount they may owe by virtue of the Assets. According to Section 348 of the Commercial Code, the Assignor shall only be liable for the existence and legitimacy of the Assets at the time of the assignment and in the terms and conditions stated in the Prospectus and in the Deed of Incorporation, as well as for the legal status pursuant to which the assignment is made. The Assignor does not guarantee the good result of the transaction.

(ii) Risk of prepayment of the Assets:

The Assets pooled into the Fund are susceptible to being redeemed early when the Debtors prepay, in the terms provided by each one of the Loan and Lines of Credit Agreements from which the Assets derive, the portion of principal pending amortization.

(iii) Liability:

The Bonds issued by the Fund do not represent an obligation of the Manager or the Assignor. The flow of funds employed to meet the obligations to which the Bonds give way is insured or guaranteed solely under the specific circumstances and up to the limits described under section 3.4.2. of the Additional Building Block. With the exception of these guarantees, there are no others granted by any public or private entity, including the Assignor, the Manager and any affiliate company or participated company of any of the above. The Assets pooled into the Fund and the rights they carry with them constitute the sole source of income of the Fund and, therefore, of payments to the holders of its liabilities, without prejudice of the existence of credit improvements described in section 3.4.2. of the Additional Building Block.

(iv) Limited protection:

An investment in Bonds may be affected, *inter alia*, by an impairment of the general economic conditions which has an adverse effect on the payments of the Assets which back the issue of the Fund. In the event that non-payments should reach an elevated level, they could reduce, or even eliminate, the protection against losses in the portfolio of Loans and Lines of Credit sustained by the Bonds as a result of the existence of the credit enhancements described under section 3.4.2 of the Additional Building Block. Notwithstanding the foregoing considerations, bondholders have their risk mitigated by the Order of Priority of Payments described under section 3.4.6.(b) of the Additional Building Block and by the Order of Priority of Payments for Liquidation described in section 3.4.6.(d) of the Additional Building Block.

(v) Sectoral concentration:

As described in detail in paragraph 2.2.2.k) of the Additional Building Block on the Loans and Lines of Credit selected on December 21, 2010 for the assignment of the Assets to the Fund on the Date of Incorporation (i.e. January 17, 2011), the debtors whose activity (CNAE) represent a greater concentration are those that belong to the following categories:

- “*Construction of Buildings*”, with outstanding principal of 1,395,711,436.28 euros, or 20.41% of the total Preliminary Portfolio;

- “*Property Activities*”, with outstanding principal of 725,037,137.05 euros, or 10.60% of the total Preliminary Portfolio; and
- “*Wholesale Trade*”, with outstanding principal of 448,972,167.51 euros, or 6.56% of the total Preliminary Portfolio.

Given these levels of concentration, a situation of any nature that may have a substantial bearing on the activities indicated in the previous paragraph might affect the payments of the Credit Rights that support the issue of the Bonds.

(vi) Risk of non-sufficiency of mortgage:

44.59% of the outstanding principal of the Mortgages have a ratio stated in percentage, between the amount of the outstanding principal and the appraised value of the real estate (LTV) of more than eighty per cent (80%), with their average weighted LTV at 82.18%.

(vii) Risk of age of Assets:

Of the Loans and Lines of Credit selected as at December 21, 2010 for the assignment of the Assets of the Fund on the Date of Incorporation, 83.46% of the outstanding principal of the Preliminary Portfolio have a formalization date that falls after January 1, 2009, which indicates that the period in which most of the portfolio was acquired was in the fifteen (15) months thereafter.

(viii) Risk of geographical concentration:

As detailed in section 2.2.2 l) of the Additional Building Block, the Autonomous Regions representing a highest concentration of the domicile of the Preliminary Portfolio Debtors selected for their assignment to the Fund on the Date of Incorporation are, in percentages of the principal outstanding payment, as follows: Madrid, 25.69%; Catalonia, 17.46%; and Andalucía, 12.04%, between them accounting for 55.19%.

Given these levels of concentration, a situation of any nature that may have a negative impact on the Autonomous Regions might affect the payments on Loans and Lines of Credit that support the issue of the Bonds.

(ix) Risk of the grace period and with repayment of the principal upon maturity:

As detailed in section 2.2.2 o) of the Additional Building Block, 11.13% of the outstanding principal of the Loans selected as at December 21, 2010 for the assignment of Assets to the Fund on the Date of Incorporation has a grace period of principal that ends no later than July 17, 2013.

For its part, 67.46% of the outstanding principal on Loans selected as at December 21, 2010 for the assignment of Assets to the Fund on the Date of Incorporation has the repayment of principal on maturity.

(x) Risk of periodicity in the payment of principal and/or interest on Loans and Lines of Credit:

As detailed in section 2.2.2. n) of the Additional Building Block, the Loans and Lines of Credit selected as at December 21, 2010 for the assignment of Assets to the Fund on the Date of Incorporation:

- 15.60% of the outstanding principal on Loans in the Preliminary Portfolio has a half-yearly payment of principal and interest; 1.50% of the outstanding principal on Loans in the Preliminary Portfolio has a yearly payment of principal and interest; and 1.43% of the outstanding principal on Loans in the Preliminary Portfolio has payment on maturity, compared with interest paid on Bonds, which is paid

quarterly. In total, 18.53% of the outstanding principal on Loans in the Preliminary Portfolio has payment at intervals longer than quarterly.

- 6.88% of outstanding principal on Lines of Credit in the Preliminary Portfolio has a half-yearly payment of interest; 3.96% of the outstanding principal on Lines of Credit in the Preliminary Portfolio has an annual payment of interest; and 0.05% of the outstanding principal on the Lines of Credit in the Preliminary Portfolio has payment of interest on maturity, compared with the payment of interest on Bonds, which is paid quarterly. In total, 10.89% of the outstanding principal on Lines of Credit in the Preliminary Portfolio has payment at intervals longer than quarterly.

(xi) Risk of non-sufficient information on the classification of the guarantees of Mortgages:

Irrespective of the disclosure requirements of Banco Santander to the Banco de España in this regard, the database does not contain information on the type of real estate subject to guarantee in the Mortgages.

(xii) Risk of concentration by Debtor:

The greatest concentrations by Debtor are, as detailed in paragraph 2.2.2 b) of the Additional Building Block:

- The sum of the Outstanding Balance of the 2 largest Debtors accounts for 1.99% of the total of the Preliminary Portfolio.
- The sum of the Outstanding Balance of the 10 largest Debtors accounts for 7.91% of the total of the Preliminary Portfolio.
- The sum of the Outstanding Balance of the 20 largest Debtors accounts for 12.72% of the total of the Preliminary Portfolio.

Given these levels of concentration by Debtor, there is the possibility that the failure of any of these main Debtors may have a serious negative effect for the Fund and Bondholders in terms of its assignment to the generation of cash flow for the payment of the repayment of the Bonds.

(xii) Risk of Loans and Lines of Credit without a specific guarantee:

As detailed in section 2.2.2 a) of the Additional Building Block of the Preliminary Portfolio selected as at December 21, 2010 for the assignment of Assets to the Fund on the Date of Incorporation, 64.02% of the Outstanding Balance of the Preliminary Portfolio corresponds to Loans and Lines of Credit with no specific guarantee, that is, loans and lines of credit solely guaranteed by the universal personal liability of the Debtor.

(xiii) Assumptions on the Portfolio:

The assumptions described in section 4.10 of the Securities Note in terms of the early repayment rates, a prevalence of payments more than ninety (90) days late of 6.30% with recovery of 50% between 90 days and 12 months and a non-payment rate of 3.45% with a recovery rate of 30% after 12 months, are based on the historical performance of the Credit Rights with similar characteristics of the Assignor, which does not mean that said hypotheses cannot change in future.

III. Risk factors specific to the securities

(i) Price:

The issue of Bonds is carried out to be subscribed by the Assignor, who irrevocably undertakes to fully subscribe it, in accordance with the Management, Subscription and Payment Agency Agreement. The Assignor, upon subscription of the Bonds, intends to use them as collateral in credit transactions of the Eurosystem, without this meaning any limitation to any other use thereof or its eventual disposal. Since the issue shall be fully subscribed by the Assignor and, therefore, its price shall not be subject to contrast by means of market transaction, an affirmation cannot be made in the sense that the economic conditions of the Bonds correspond to those applicable to the secondary market at the Date of Incorporation of the Fund. Such consideration upon the valuation of the Bonds is made for the purposes of information to third parties, in particular, to investors or drawees of the Bonds as a guarantee, such as in the case of the European Central Bank in credit transactions of the Eurosystem.

(ii) Limited liquidity:

The issue shall be subscribed by the Assignor. Notwithstanding the above, in the event there was a future reactivation of the market and the Bonds subscribed by the Assignor were then disposed therein, there is no guarantee that trading in the Bonds with a minimum frequency or volume will come to take place in the market.

There is no commitment for intervention in secondary dealing on the part of any entity, thereby giving liquidity to the Bonds through the offering of compensation.

Furthermore, in no case may the Fund repurchase the Bonds from the bondholders, although they may indeed be redeemed early in their entirety, in the case of Early Liquidation of the Fund, in the terms established under section 4.4.3 of the Registration Document.

(iii) Yield:

The Determination of the average life, return and duration of the Bonds is subject, *inter alia*, to hypotheses relating to prepayment rates of the Assets which may not materialize, as well as future market interest rates, given the variable nature of the nominal interest rates. The rate for early redemption can be influenced by diverse geographical, economical and social factors, such as seasonality, interest rates in the market, distribution by sectors of the Preliminary Portfolio, and in general, the level of economic activity.

(iv) Penalty interest

Under no circumstances will the existence of delays in interest payments or the repayment of principal to bondholders produce the accrual of Penalty interest in its favor.

(v) Duration:

The Determination of the average life and duration of the Bonds of each Series that is established in section 4.10 of the Securities Note is subject to, among other hypothesis, fees of early redemption and defaulting of the Assets that could not be fulfilled. The fulfilment of the early redemption fee of the Assets is influenced by a variety of economic and social factors such as the evolution of the interest rates of the market, the economic situation of the Debtors and the general level of economic activity, that prevent its foreseeability.

(vi) Rating of the Bonds:

The credit risk of the Bonds issued against the Fund has been evaluated by ratings agencies Moody's Investors Service, S.A. and DBRS Ratings Limited.

The final ratings assigned can be reviewed, suspended or retired at any moment for the said rating entity in the light of any information that comes to their knowledge.

Their ratings, the meaning of which is described under section 7.5 of the Securities Note, do not constitute and will not be able to be interpreted as an invitation, recommendation or incitement to investors to carry out any kind of transaction on Bonds, and in particular, to acquire, preserve, charge or sell said Bonds.

REGISTRATION DOCUMENT

This Registration Document has been prepared in accordance with Annex VII of Regulation (EC) No. 809/2004 and approved by the Comisión Nacional del Mercado de Valores (*Spanish Securities Market Commission*) on January 19, 2011.

1. PERSONS RESPONSIBLE

1.1 Persons responsible for the information appearing in the Registration Document.

MR. IGNACIO ORTEGA GAVARA, acting in his capacity of General Manager, by virtue of the powers expressly conferred upon him by the Board of Directors at its meeting on April 12, 2005, for and on behalf of SANTANDER DE TITULIZACION, S.G.F.T., S.A., having its registered offices at Ciudad Grupo Santander, Avda. de Cantabria s/n, 28660, Boadilla del Monte (Madrid), assumes responsibility for the information contained in this Registration Document.

MR. IGNACIO ORTEGA GAVARA, acts exercising the faculties conferred in his favor for the incorporation of the Fund by the Board of Directors of the Manager in its meeting of November 22, 2010.

SANTANDER DE TITULIZACION, S.G.F.T., S.A. is the promoter of the securitization fund FONDO DE TITULIZACION DE ACTIVOS, SANTANDER EMPRESAS 8 and shall be responsible for the administration and legal representation thereof.

1.2 Declaration by those responsible for the Registration Document.

MR. IGNACIO ORTEGA GAVARA, declares that, having taken all reasonable care to ensure that it is so, the information given in the Registration Document is, to the best of his knowledge, in accordance with the facts and does not omit anything that could affect its import.

2. STATUTORY AUDITORS OF THE FUND

2.1 Name and address of the Fund's auditors (together with membership of any relevant professional body).

As it is set forth in section 4.4 of this Registration Document, the Fund has no historical financial information.

However, during the life of the Fund, the annual financial statements shall be audited annually by auditors.

The Board of Directors of the Manager, at its meeting on November 22, 2010 at which the establishment of this Fund was resolved, appointed the following accounting firm as the Fund's Statutory Auditors: Deloitte, S.L., whose data are detailed in section 5.2 of this Registration Document.

2.2. Fiscal years, accounting principles and statutory filing of annual financial statements.

The Fund's fiscal year shall coincide with the calendar year. However, and as an exception, the first fiscal year will begin the Date of Incorporation (i.e. January 24, 2011) and the last fiscal year shall end on the day the Fund is cancelled.

The Manager shall file the Fund's annual financial statements with the CNMV, together with the auditors' report in respect thereof, within four (4) months following the closing date of the Fund's fiscal year (i.e. prior to April 30th of each year).

The Fund's annual financial statements and relevant auditors' report shall be filed with the Commercial Registry on an annual basis.

The accounting standards to be used in preparing the Fund's accounting information will be those that result from current regulations.

3. RISK FACTORS

The risk factors specific to the Fund are those described under section I of the document included at the beginning of this Prospectus entitled "RISK FACTORS".

4. INFORMATION ABOUT THE ISSUER

4.1 Statement that the Issuer has been established as a securitization fund.

The Issuer is an asset securitization fund, opened by the Asset until the repayment in full of the Lines of Credit so that variations in the rise that occur in the Lines of Credit are transferred to the Fund as described in detail in section 3.4.3 b) of the Additional Building Block, and closed by the Asset, without legal status and established according to Royal Decree 926/1998 for the purpose of acquiring the Assets assigned to the Fund by Santander and issuing the Bonds.

4.2 Legal and professional name of the Fund.

The name of the Fund is “FONDO DE TITULIZACION DE ACTIVOS, SANTANDER EMPRESAS 8”.

4.3 Registration of the Issuer.

The establishment of the Fund and issuance of the Bonds have as a prior requisite the registration thereof in the official registries of the CNMV in Spain. This Prospectus was registered with the CNMV on January 19, 2011.

It is recorded that neither the incorporation of the Fund nor the Bonds issued charged against its assets will be recorded in the Commercial Registry, exercising the option set forth in Article 5.4 of Royal Decree 926/1998.

4.4 Date of incorporation and period of activity of the Fund, if not indefinite.

4.4.1 Date of Incorporation.

The execution of the Deed of Incorporation is scheduled to take place and, consequently, the Fund's Date of Incorporation to be on January 24, 2011.

In accordance with the provisions of Article Seven of Law 19/1992, by virtue of Additional Provision Four of Law 5/2009 which amend Law 24/1988 of July 28th on the stock market, Law 26/1988 of July 29th on discipline and intervention by lending entities and the Consolidated Text on the Regulation and Supervision of Private Insurance Activity, approved by Royal Legislative Decree 6/2004 of October 29th for the reform of the system of significant holdings in investment service companies, lending institutions and insurance companies, the Deed of Incorporation can be amended, at the request of the Manager, provided that the amendment (a) does not alter the nature of the Assets assigned to the Fund, (b) does not transform the Fund into a mortgage securitization fund or (c) does not result in the *de facto* creation of a new fund. To this end, the procedure established in said Article Seven of Law 19/1992 must be adhered to.

The Manager guarantees that the contents of the Deed of Incorporation will coincide with that of the Prospectus and that the Deed of Incorporation will coincide with the draft deed which has been submitted to the CNMV as a consequence of the registration of this Prospectus, and in no event, the terms of the Deed of Incorporation contradict, modify, amend or nullify the content of the current Prospectus.

4.4.2 Period of activity of the Fund.

The Fund is scheduled to carry out its activity until the Legal Maturity Date, i.e. April 16, 2052, or, if not a Business Day, the first following Business Day, date that corresponds with the Payment Date immediately following to the thirty six (36) months of the last maturity of the Assets.

4.4.3 Early liquidation of the Fund: Cases. Cancellation of the Fund. Actions for liquidation and cancellation of the Fund.

(1) Early liquidation: Cases.

Notwithstanding the provisions of section 4.4.2, *supra*, the Manager is empowered to proceed with the Early Liquidation of the Fund and, consequently, the early redemption on a Payment Date of the entire Bond issue, in the terms established in this section, under the following circumstances:

- (i) When the amounts accrued in principal and not collected on Loans by the Fund, together with amounts of principal not yet accrued and pending maturity of the Loans, as well as Payouts of the Lines of credit not collected by the Fund as at said date (the “Outstanding Balance”) is less than ten percent (10%) of the Outstanding Balance thereof at the Date of Incorporation, provided that the amount of the sale of the Assets pending redemption, together with the balance existing at that time in the Cash Account and Interest Account, allows for total cancellation of all outstanding obligations with the bondholders, and respecting the prior payments thereto, whose order of priority takes preference as provided by the Order of Priority of Payments for Liquidation described in section 3.4.6 (d) of the Additional Building Block;
- (ii) When as a consequence of any event or circumstance of any nature foreign or not to the development of the Fund, a substantial alteration takes place, or the financial equilibrium of the Fund is permanently impaired, to the Manager’s judgment , required by Article 5.6 of Law 19/1992, applicable by remission of Article 1.2 of Royal Decree 926/1998. Circumstances as a change of the legislation or complementary legislative developments, the establishment of withholding obligations or other situations that could affect in a permanent manner the financial balance of the Fund, are included in this event;
- (iii) Compulsorily, in the circumstance contemplated by Article 19 of Royal Decree 926/1998, which establishes the obligation to liquidate the Fund early in the event that four (4) months have transpired since an event determining the compulsory substitution of the Manager took place, as a consequence of the latter being declared in insolvency procedures (“*concurso de acreedores*”), as well as for cases in which its authorization was revoked, without a new manager having been found willing to take charge of the management of the Fund, appointed according to section 3.7.3 of the Additional Building Block;
- (iv) When a non-payment takes place or is foreseen to take place which is indicative of a serious and permanent imbalance in relation to any of the Bonds Series;
- (v) At the first Payment Date preceding at least 6 months the Legal Maturity Date;
- (vi) In the event that in the face of a downgrade in the credit rating of Santander it is not possible, due to objective and reasonable circumstances, for Santander to submit within thirty (30) Business Days a deposit for an amount equal to the available balance on the Liquidity Line at the time to a financial institution with a short-term credit rating of at least P-1 from Moody’s and a DBRS rating not lower than BBB (High) and R-1 (Low) for

short- and long-term debt, respectively, for the purposes stated in section 3.4.3 (b) of the Additional Building Block; and

- (vii) In the event that the Manager has the consent and express acceptance of all the Bondholders and all those who have current agreements with the Fund, both in relation to payment of the amounts that such Early Liquidation of the Fund implies and in relation to the procedure that may be followed in order to carry out same.

Liquidation of the Fund shall be first reported to the CNMV and, afterwards, to the bondholders, in the manner contemplated by Section 4 of the Additional Building Block, at least thirty (30) Business Days in advance of the day on which Early Redemption is to take place, which must necessarily be carried out on a Payment Date.

(2) Cancellation of the Fund

The cancellation of the Fund shall take place

- (i) As a consequence of the payment in full of the Assets pooled therein,
- (ii) For the total redemption of the Bonds,
- (iii) For the ending of the procedure of Early Liquidation contemplated in section 4.4.3.(3) below,
- (iv) Due to the arrival of the Legal Maturity Date, and
- (v) When the provisional ratings of the Bonds are not confirmed as definitive on the Date of Subscription (i.e. January 26, 2011).

In the event that any of the situations described in the foregoing sections should occur, the Manager shall inform the CNMV, by means of relevant fact and shall initiate the pertinent formalities for cancellation of the Fund.

(3) Actions for the liquidation and cancellation of the Fund.

In order that the Fund, through its Manager, may carry out the liquidation and cancellation of the Fund and, as the case may be, the Early Liquidation of the Fund and Early Redemption of the Bonds in those cases determined by section 4.4.3. (1), *supra*, and specifically, in order that the Fund shall have sufficient liquidity to meet its payment obligations, the Manager, on behalf of the Fund, shall proceed to carry out any of or all the following actions:

- (i) Sell the Assets for a price which may not be less than the sum of the value of the principal plus interest accrued and not paid on the Assets pending amortization. For this purpose, the Manager shall request an offer from at least five (5) entities of those most active in the sale and purchase of similar assets, and may not sell them at a price less than the best offer received. The Assignor shall have a pre-emption right to acquire said Assets, in the conditions established by the Manager at the time of the liquidation, in such a manner that it shall have preference over third parties to acquire the Assets. In order to exercise the pre-emption right, the Assignor shall have a period of five (5) Business Days from the date on which the Manager notifies him of the conditions (price, form of payment, etc.) under which the

disposal of the Assets shall be carried out. The Assignor's offer must equate to at least the best of the offers made by third parties.

In the event that no offer covers the value of the principal plus interest accrued and not paid on the Assets pending amortization, the Manager shall be obliged to accept the best offer received for the Assets among those mentioned in the previous paragraph above which, in its judgment, covers the market value thereof. In order to set the market value, the Manager may obtain from third party entities different from the above, such appraisal reports as it deems necessary. In this case, the Assignor shall also enjoy the pre-emption right described above, provided that its offer at least equals the best of those made by third parties.

This pre-emption right in no event implies an agreement or obligation to repurchase the Assets on the part of the Assignor; and/or

- (ii) Sell any other assets of the Fund other than the Assets and other than the cash for a price not less than market value. In order to set the market value, the Manager will request from at least one entity specializing in the appraisal or marketing of assets similar to those whose sale is intended such appraisal reports as it deems necessary, procedure with the sale of the referred assets through the procedure that allows obtaining a higher price in the market; and/or
- (iii) Cancelling those contracts not necessary for the liquidation of the Fund.

The Manager shall immediately apply all amounts it has obtained on transfer of the Assets and any other assets of the Fund towards payment of the various concepts, in the manner, amount and order of priority which applies, as set forth in the Order of Priority of Payments for Liquidation described in section 3.4.6. (d) of the Additional Building Block. The Early Redemption of all Bonds in any of the cases provided under section 4.4.3. (1), *supra*, shall be carried out for the total Outstanding Balances of the Bonds from all Series, i.e. the principal balance pending payment (the "**Principal Balance Pending Payment**") through to that date, plus interest accrued and not paid from the last Payment Date through the Early Redemption date, minus, where applicable, any tax withheld and free of expenses for the holder, amounts that, for all legal purposes, shall be deemed due and payable on this latter date.

In the event that, once the Fund has been liquidated and all scheduled payments have been made pursuant to the Order of Priority of Payments for Liquidation contemplated under section 3.4.6.(d) of the Additional Building Block, any remainder should exist or any judicial or notary procedures brought as a consequence of the non-payment by any Debtor of the Assets should remain pending resolution (all in accordance with the provisions of section 3.4.5.a) of the Additional Building Block), both the said remainder as well as the continuation and/or proceeds of the resolution of the procedures cited above shall accrue to Santander's favor.

In any case, the Manager, acting for and on behalf of the Fund, shall not proceed with cancellation of the Fund until it has not proceeded

with liquidation of the Assets and any other remaining assets of the Fund and the distribution of the Fund's available funds, following the Order of Priority of Payments for Liquidation contemplated under 3.4.6. (d) of the Additional Building Block.

Once a maximum period of six (6) months since the liquidation of the Assets and any other remaining assets of the Fund and the distribution of the available funds has elapsed, the Manager shall execute an official attestation before a notary public declaring (a) the Fund to be cancelled, as well as the causes contemplated in this Registration Document which motivated its cancellation, (b) the procedure carried out for notifying the bondholders and the CNMV, and (c) the distribution of the available amounts of the Fund following the Order of Priority of Payments for Liquidation contemplated under section 3.4.6.(d) of the Additional Building Block and shall comply with such further administrative formalities as may be applicable. Said notarized attestation shall be sent by the Manager to the CNMV.

In the event that the cause of termination stated under section 4.4.3. (2)(v), *supra*, (that is, when the provisional ratings of the Bonds are not confirmed as definitive on the Date of Subscription) should occur, the incorporation of the Fund as well as the Bond issue and the contracts executed by the Manager, acting on behalf of the Fund, shall be terminated, except for the Subordinated Loan Agreement, against which the incorporation and issue expenses incurred by the Fund shall be paid. Said termination shall be reported forthwith to the CNMV and, once one (1) month from the cause for termination of the incorporation of the Fund has transpired, the Manager shall execute before a notary public the attestation which it shall send to the CNMV, Iberclear, AIAF and the Rating Agencies, declaring the cancellation of the Fund and the cause thereof.

4.5 Domicile and legal form of the Issuer, legislation under which it operates.

a) Domicile of the Fund.

The Fund lacks a registered office because it lacks separate legal status. For all purposes, the Fund's registered office is deemed to be that of the Manager:

SANTANDER DE TITULIZACION, S.G.F.T., S.A.

Ciudad Grupo Santander

Avenida de Cantabria, s/n

28660 Boadilla del Monte (Madrid)

Telephone: 91.289.32.97

b) Legal status of the Fund.

The Fund shall establish its pool of assets and liabilities, lacking separate legal status, opened by the Asset until the repayment in full of the Lines of Credit so that variations in the rise that occur in the Lines of Credit are transferred to the Fund as described in detail in section 3.4.3 b) of the Additional Building Block, and closed by the Asset in accordance with the provisions of Article 3 of Royal Decree 926/1998.

c) Legislation under which it operates and country of incorporation.

The incorporation of the Fund and the issue of the Bonds charged against it takes place under Spanish law, and specifically, according to the legal regime provided in (i) Royal Decree 926/1998 and provisions implementing the

same; (ii) Law 19/1992 of July 7th in respect of mortgage securitisation funds and companies with regard to anything not contemplated by Royal Decree 926/1998 and as applicable thereto; (iii) Law 24/1988 of July 28th on the Securities Market, (iv) Additional Provision Five of Law 3/1994 as per the wording given by Final Provision One of the Law 41/2007; (v) Royal Decree 1310/2005; (vi) Royal Decree 116/1992 of February 14th on the representation of securities via annotations on account and clearing and liquidation of stock market operations, Order EHA/3537/2005 and (vii) other legal and regulatory provisions in force and applicable from time to time.

This Prospectus has been prepared pursuant to the standard forms contemplated in Regulation (EC) No. 809/2004 of the Commission of April 29, 2004 relating to the application of Directive 2003/71/CE of the European Parliament and the Council as regards information contained in the prospectus, as well as the format, inclusion by reference, the publication of said prospectus and the dissemination of publicity.

d) Tax regime of the Fund.

The tax regime applicable to Asset Securitization Funds is the general regime contained in Royal Legislative Decree 4/2004 of March 5th that approves the Consolidated Text on Corporate Income Tax and its regulations on development, with the specific peculiarities derived from the provisions of Law 19/1992 of July 7th in respect of mortgage securitisation funds and companies, Royal Legislative Decree 1/1993 of September 24th that approves the Consolidated Text of the Law on Transfer Tax and Stamp Duty, Law 37/1992, Law 3/1994 as per the wording given by Final Provision One of the Law 41/2007 and Royal Decree 926/1998, which in summary define the following fundamental principles:

- (i) The incorporation, dissolution and any other company transactions carried out by the Fund are exempt from the concept of “corporate transactions” of Transfer Tax/Stamp Duty (Article 45.I.B.20.4).
- (ii) In accordance with Article 7.1.h of the Consolidated Text of Corporate Income Tax Law, the Fund is subject to Corporate Income Tax. The amount subject to this tax is calculated in accordance with the provisions of Section IV of said law at the rate in force at the time, which at present is thirty per cent (30%).
- (iii) Returns on assets of the Fund are subject to the general regime for the withholding of Corporate Income Tax, with the unique element that Article 59.K) of the Regulations, approved by Royal Decree 1777/2004 of July 30th states that tax will not be withheld on “returns on stakes in mortgages, loans and other credit rights that constitute an income for Securitization Funds”.
- (iv) Management services rendered by the Manager to the Fund shall be exempt from Value Added Tax (Article 20, Additional Provision 18.n. of Law 37/1992).
- (v) The constitution and assignment of guarantees is subject to the general tax regime.
- (vi) The issuance, subscription, transfer, redemption and repayment of Bonds are exempt from Value Added Tax (Article 20, point one, Additional Provision 18 of the VAT Law) and Transfer Tax/Stamp Duty (Article 45.I.B, numeral 15 of Legislative Royal Decree 1/1993).

- (vii) The transfer of the Mortgage Transfer Certificates and Certificates for Credit Rights derived from the Non-Mortgage Loans and Lines of Credit is subject to and exempt from Value Added Tax (Article 20, point one, Additional Provision 18 of the VAT Law) and Transfer Tax/Stamp Duty under the terms provided for in current regulations. With regards to guarantees, the general rules shall apply, without particular considerations for Securitization Funds
- (viii) The Manager shall be governed by obligations, including information obligations, among other obligations, established in the Second Additional Provision of Law 13/1985 of May 25th on investment coefficients, equity and reporting obligations of financial intermediaries. Since January 1, 2008, information obligations procedures have been regulated by Articles 42, 43 and 44 of Royal Decree 1065/2007 of July 27th, which approves the General Regulations on tax management and inspections that abolishes Royal Decree 2281/1998 of October 23rd implementing provisions regarding certain obligations to provide information to the Tax Administration and amending the regulations on Pension Plans and Funds. At present, Article 44 of Royal Decree 1065/2007 is pending amendment as a result of amendments introduced by Law 4/2008 to the Second Additional Provision of Law 13/1985.

4.6 Description of the amount of the Fund's authorized and issued capital.

Non applicable.

5. BUSINESS OVERVIEW

5.1 Brief description of the Issuer's principal activities.

The Issuer is an asset securitization fund and, as such, its principal business consists of acquiring the Assets from Santander and issuing the Bonds. Thus, through this transaction, the payment of the future flows pertaining to the Loans and Lines of Credit is advanced to Santander, i.e. the Assets that were not liquid at the time of assignment to the Fund become so to Santander.

Interest income and income from the repayment of the Loans and Lines of Credit received by the Fund will be quarterly applied, at each Payment Date, to the payment of interests and the repayment of principal of the Bonds issued according to the specific terms of each of the Series in which the Bond issue is divided and the order of priority that is established for the payments of the Fund.

Likewise, the Manager, in the name of and on behalf of the Fund, will agree to a number of financial transactions and rendering of services in order to consolidate the financial structure of the Fund, to increase the security or regularity of payments on the Bonds, cover the time gaps between the calendar of the payments of principal and interest on the Loans, Lines of Credit and the Bonds and, in general, make possible the financial transformation that takes place in the Fund between the financial features of the Loans and Lines of Credit and the financial features of each Bond Series.

5.2 Global overview of the parties to the securitization program.

- a) SANTANDER DE TITULIZACION, S.G.F.T., S.A. is intervening as the Fund's Manager and as legal and financial adviser to the operation's structure.

SANTANDER DE TITULIZACION, S.G.F.T., S.A. is a Securitization Fund Manager having its registered offices at Ciudad Grupo Santander, Avenida de Cantabria sin número, 28660 Boadilla del Monte (Madrid), holder of Tax Identification Code number A-80481419. A brief description thereof is stated under section 6 of the Registration Document and section 3.7.2 of the Additional Building Block.

The Manager has not a rating by any Rating Agency.

- b) BANCO SANTANDER, S.A. (“Santander”) is intervening as the Assignor of the Assets, Subscriber of the Bonds, Lead Manager of the Bond issue, Paying Agent and counterpart of the Fund in the Subordinated Loan Agreement, the Subordinated Loan Agreement for the Reserve Fund, the Liquidity Line, the Swap Agreement and Guaranteed Rate Reinvestment Agreements.

As Lead Manager, it performs the following task as provided for in Article 35.1 of Royal Decree 1310/2005:

- To receive the instructions of the Manager in order to conduct the operations regarding the design of the financial temporary and commercial conditions of the issue, as well as for the coordination of the relationships with the supervisory authorities and market operators.

BANCO SANTANDER, S.A. is a Spanish lending institution having its registered offices in Santander, at Paseo de Pereda 9-12, 39004, with its operational headquarters located at Ciudad Grupo Santander, Avenida de Cantabria sin número, 28660 Boadilla del Monte (Madrid), holder of Tax Identification Code number A-39000013 and C.N.A.E. 651. A brief description thereof is stated under section 3.5 of the Additional Building Block.

The ratings of Santander’s non-subordinated and non guaranteed short and long-term debt, as assigned by the rating agencies and currently in force, are:

- Fitch: AA (long-term) with a stable outlook and F1+ (short-term), both of which were confirmed in July 2009.
 - Standard & Poor’s: AA (long-term) (confirmed in April 2009) and A1+ (short-term) with negative perspective, dated April 2009.
 - Moody’s: Aa2 (long-term) (confirmed in July 2009 with negative outlook) and P1 (short-term) (May 2009).
 - DBRS: AA (long term) with a stable outlook R1 (high) (short term), both of which were confirmed on February 9th, 2010.
- c) MOODY’S INVESTORS SERVICE ESPAÑA, S.A. (“Moody’s”) is intervening as credit rating agency of the Bonds.

Moody’s is a Spanish stock company with registered address at Calle Bárbara de Braganza 2, Madrid and holder of Tax Identification Code A-8044875.

- d) DBRS RATINGS LIMITED (“DBRS”) is intervening as credit rating agency of the Bonds.

DBRS is a credit rating agency with registered address at 25 Cophthall Avenue, London EC2R 7BP, the United Kingdom. A sole proprietorship, DBRS conducts independent ratings in North America, Europe and Asia. All DBRS ratings are available electronically at Bloomberg and on the company’s website (www.dbrs.com).

At present, DBRS ratings are used to consider the Bonds of the securitization as guarantees in operations to lend funds to the European banking system (according to information available on the European Central Bank website at <http://www.ecb.int/mopo/assets/ecaf/html/index.en.html>[http://www.ecb.int.mopo/assets/ecaf/html/index.en.html](http://www.ecb.int/mopo/assets/ecaf/html/index.en.html)). Equivalencies between the ratings of DBRS and those of other ratings agencies can be seen on the following website of the European Central Bank (<http://www.ecb.int/paym/coll/eliss/ratingscale/html/index.en.html>).

DBRS cannot be considered a credit ratings agency authorised to operate in Spain and recognised as such by the CNMV. Therefore, the Bonds must be rated by another agency in order to comply with the provisions of Article 2.3 b) of Royal Decree 926/1998.

- e) CUATRE CASAS GONÇALVES PEREIRA, S.L.P. is intervening as the legal advisor on the structure of the operation and has reviewed the tax regime applicable to the Fund contained in section 4.5 d) of the Registration Document.

CUATRE CASAS GONÇALVES PEREIRA, S.L.P. is a limited liability company incorporated in Spain with Tax Identification Code B-59942110 and registered address at Paseo de Gracia 111, 08008, Barcelona and recorded on page 23850 in section 8, folio 30, tome 37673 held at the Barcelona Commercial Registry.

- f) DELOITTE, S.L. is intervening as auditor of the Fund and of the assignable portfolio.

Deloitte, S.L., is an auditors firm, with its registered offices in Madrid, at Torre Picasso, Plaza Pablo Ruiz Picasso, s/n, holder of Tax Identification Code number B-79104469, registered with the Official Registry of Certified Public Accountants (*Registro Oficial de Auditores de Cuentas; R.O.A.C.*) under number S0692.

For the purpose of Article 4 of the Spanish Securities Market Law, SANTANDER DE TITULIZACION, S.G.F.T., S.A. is part of SANTANDER GROUP.

There is no knowledge of the existence of any other relationship involving direct or indirect ownership or control between the aforesaid legal entities participating in the securitization program.

6. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES OF THE MANAGER

6.1 Corporate bodies of the Manager

In accordance with Royal Decree 926/1998, Asset Securitization Funds lack separate legal status. The Securitization Fund Managers are entrusted with the incorporation, administration and legal representation thereof, as well as the representation and defense of the interests of the holders of the securities issued against the funds they administer and of the remaining ordinary creditors thereof.

By virtue of the foregoing, this section details the information relating to SANTANDER DE TITULIZACION, S.G.F.T., S.A., in its capacity as the Manager that is incorporating, administering and representing the securitization fund FONDO DE TITULIZACION DE ACTIVOS, SANTANDER EMPRESAS 8.

- a) **Name and business address.**

Corporate name: SANTANDER DE TITULIZACION, SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, S.A.

Business address: Ciudad Grupo Santander, Avenida de Cantabria s/n, 28660 Boadilla del Monte (Madrid).

Tax Identification Code number A-80481419

C.N.A.E.: 8199

b) Incorporation and registration with Commercial Registry, as well as information relating to administrative authorizations and registration with the Comisión Nacional del Mercado de Valores (*Spanish Securities Market Commission*).

SANTANDER DE TITULIZACION, S.G.F.T., S.A. was incorporated by public deed executed on December 21, 1992 before Madrid Notary Public Francisco Mata Pallarés, under number 1310 of his official record, with the prior authorization of the Ministry of Economy and Finance awarded on December 1, 1992. It is registered with the Commercial Registry of Madrid, under Volume 4789, Folio 75, Page M-78658, 1st registration entry. Furthermore, it is registered with the special registry of the CNMV, under number 1.

In addition, the Manager amended its Bylaws by resolution of its Board of Directors adopted on June 15, 1998, formalized in a public deed authorized by Madrid Notary Public Roberto Parejo Gamir on July 20, 1998, under number 3070 of his official record, in order to adapt to the requisites established for Asset Securitization Fund Managers by Royal Decree 926/1998. Such amendment was authorized by the Ministry of Economy and Finance on July 16, 1998, in accordance with the provisions of the Sole Transitional Provision of the aforesaid Royal Decree 926/1998.

The duration of the Manager is indefinite, except in the event of any of the causes where legal and statutory provisions may call for dissolution.

6.2. Audit of accounts.

The annual accounts of the Manager for the fiscal years closed on December 31, 2007, 2008 and 2009 were audited by the firm Deloitte, S.L. and deposited in the Commercial Registry of Madrid. The report corresponding to each of those annual accounts had no exceptions.

6.3. Principal activities.

As required by law, Article two of the Manager's Corporate Bylaws establishes that: "the company shall have as its exclusive purpose the incorporation, administration and legal representation of Mortgage Securitization Funds in the terms of Article six of Law 19/1992, of July 7th, on the Scheme of Real Estate Investment Companies and Funds and on Mortgage Securitization Funds and Asset Securitization Funds, in accordance with the provisions of Article 12, point 1, of Royal Decree 926/1998, of May 14th, regulating Asset Securitization Funds and Securitization Fund Managers. As a manager of third party businesses, it is responsible for the representation and defense of the interest of the holders of the securities issued against the Funds it administers and of the remaining ordinary creditors thereof, as well as the implementation of the further duties attributed to Securitization Fund Managers by current law in force."

The total assets managed by the Manager at December 31, 2010 are as follows:

ASSETS SECURITIZATION FUNDS						
FUNDS	SERIES	OUTSTANDING BALANCE OF THE BONDS	INTERES RATE BY SERIES	RATING AGENCIES	DATE OF INCORPORATION	BONDS INITIAL BALANCE
FTA SANTANDER CONSUMER	Series A	1,493,120,593.20	Euribor 3M + 0.15%	S&P España / Fitch España	05/21/2007	€2,000,000,000.00
	Series B		Euribor 3M + 0.28%			
		78,000,000.00				
SPAIN AUTO 07-01	Series C	20,000,000.00	Euribor 3M + 0.60%			
	Series D	40,000,000.00	Euribor 3M + 3.50%			
	Total	€1,631,120,593.20				
FTA SANTANDER	Series A1	0.00	Euribor 3M + 0.08%	S&P España / Moody's España	05/28/2007	€3,500,000,000.00
	Series A2	1,176,910,200.00	Euribor 3M + 0.17%	Fitch España		
	Series A3	501,918,550.50	Euribor 3M + 0.25%			
	Series B	39,700,000.00	Euribor 3M + 0.28%			
	Series C	117,300,000.00	Euribor 3M + 0.32%			
	Series D	70,000,000.00	Euribor 3M + 0.65%			
	Series E	45,500,000.00	Euribor 3M + 2.30%			
	Series F	45,500,000.00	Euribor 3M + 0.50%			
	Total	€1,996,828,750.50				
FINANCIACIÓN FTA	Series A	€513,289,256.00	Euribor 3M + 0.16%	S&P España / Moody's España	06/25/2007	€800,000,000.00
	Series B	€24,000,000.00	Euribor 3M + 0.25%			
	Series C	€6,000,000.00	Euribor 3M + 0.38%			
	Total	€553,289,256.00				
FTA PITCH	Series 1	€1,200,000,000.00	5.1353%	S&P España / Moody's España	07/17/2007	€1,200,000,000.00
	Total	1.200.000.000,00 €				
FTA SANTANDER SPAIN 07-2	Series A	666,578,309.60	Euribor 3M + 0.25%	S&P España / Moody's España	09/17/2007	€1,000,000,000.00
	Series B	27,000,000.00	Euribor 3M + 0.50%	Fitch España		
	Series C	17,500,000.00	Euribor 3M + 1.00%			
	Series D	26,500,000.00	Euribor 3M + 1.75%			
	Series E	20,000,000.00	Euribor 3M + 3.50%			
	Total	€757,578,309.60				
FTA SANTANDER	Series A1	145,055,084.28	Euribor 3M + 0.13%	S&P España / Moody's España	10/01/2007	€1,230,000,000.00
	Series A2	631,649,184.30	Euribor 3M + 0.26%	Fitch España		
	Series A3	265,294,566.00	Euribor 3M + 0.34%			
	Series B	20,900,000.00	Euribor 3M + 0.36%			
	Series C	30,700,000.00	Euribor 3M + 0.52%			
	Series D	27,100,000.00	Euribor 3M + 1.20%			
	Series E	27,100,000.00	Euribor 3M + 3.50%			
	Series F	14,800,000.00	Euribor 3M + 0.50%			
	Total	€1,162,598,834.58				
EMPRESAS BANESTO	Series A1	133,425,592.00	Euribor 3M + 0.09%	S&P España	10/05/2007	€2,000,000,000.00
	Series A2	800,000,000.00	Euribor 3M + 0.25%			
	Series B	70,000,000.00	Euribor 3M + 0.35%			
	Series C	35,000,000.00	Euribor 3M + 0.80%			
	Series D	35,000,000.00	Euribor 3M + 1.50%			
	Total	€1,073,425,592.00				
FTA SANTANDER	Series A1	72,245,415.34	Euribor 3M + 0.12%	S&P España / Moody's España	10/29/2007	€3,540,000,000.00
	Series A2	1,505,363,635.48	Euribor 3M + 0.25%	Fitch España		
	Series A3	531,179,286.89	Euribor 3M + 0.34%			
	Series B	90,200,000.00	Euribor 3M + 0.40%			
	Series C	97,400,000.00	Euribor 3M + 0.60%			
	Series D	79,700,000.00	Euribor 3M + 1.30%			
	Series E	56,600,000.00	Euribor 3M + 3.50%			
	Series F	46,000,000.00	Euribor 3M + 0.65%			
	Total	€2,478,688,337.71				
FTA SANTANDER	Series A	593,791,891.50	Euribor 3M + 0.25%	Fitch España	12/14/2007	€1,471,800,000.00
	Series B	58,000,000.00	Euribor 3M + 0.40%			
	Series C	44,900,000.00	Euribor 3M + 0.80%			
	Series D	29,000,000.00	Euribor 3M + 1.30%			
	Series E	63,800,000.00	Euribor 3M + 3.50%			
	Series F	21,800,000.00	Euribor 3M + 0.50%	Fixed part + Variable part		
	Total	€811,291,891.50				
FTA UCI 18	Series A	1,536,326,609.50	Euribor 3M + 0.32%	S&P España	02/27/2008	€1,700,000,000.00
	Series B	38,300,000.00	Euribor 3M + 0.60%			
	Series C	21,200,000.00	Euribor 3M + 1.20%			
	Series D	23,000,000.00	Euribor 3M + 2.20%			
	Total	1.618.826.609,50 €				
FTA SANTANDER	Series A	1,096,836,697.60	Euribor 3M + 0.50%	Moody's	03/26/2008	€2,000,000,000.00
	Series B	140,000,000.00	Euribor 3M + 0.55%			
	Series C	100,000,000.00	Euribor 3M + 0.60%			
	Series D	112,000,000.00	Euribor 3M + 1.30%			
	Series E	80,000,000.00	Euribor 3M + 3.50%			
	Series F	100,000,000.00	Euribor 3M + 0.65%			
	Total	€1,628,836,697.60				
FTA	Series A	601.922.568,00	Euribor 3M + 0.30%	S&P España / Moody's España	05/12/2008	€1.000.000.000,00

ASSETS SECURITIZATION FUNDS						
FUNDS	SERIES	OUTSTANDING BALANCE OF THE BONDS	INTERES RATE BY SERIES	RATING AGENCIES	DATE OF INCORPORATION	BONDS INITIAL BALANCE
SANTANDER FINANCIACIÓN 3	Series B	49.000.000,00	Euribor 3M + 0,40%	Fitch España		
	Series C	28.000.000,00	Euribor 3M + 0,80%			
	Series D	36.000.000,00	Euribor 3M + 1,30%			
	Series E	42.000.000,00	Euribor 3M + 3,50%			
	Series F	22.000.000,00	Euribor 3M + 0,50%			
		€78.922.568,00				
FTA EMPRESAS BANESTO 2	Series A	1.445.700.935,00	Euribor 3M + 0,30%	S&P España	06/26/2008	€1.611.700.935,00
	Series B	106.000.000,00	Euribor 3M + 0,60%			
	Series C	60.000.000,00	Euribor 3M + 1,20%			
		€1.611.700.935,00				
SANTANDER SPAIN 08-1	Series A	397.715.476,80	Euribor 3M + 0,30%	Fitch España	07/28/2008	€10.000.000,00
	Series B	35.000.000,00	Euribor 3M + 0,50%			
	Series C	10.000.000,00	Euribor 3M + 1,50%			
	Series D	12.000.000,00	Euribor 3M + 1,75%			
	Series E	10.000.000,00	Euribor 3M + 3,50%			
		€464.715.476,80				
FTA SANTANDER HIPOTECARIO 5	Series A	1.167.978.551,27	Euribor 3M + 0,32%	S&P España	11/03/2008	€1.375.000.000,00
	Series B	34.400.000,00	Euribor 3M + 0,50%			
	Series C	34.400.000,00	Euribor 3M + 0,80%			
	Series D	34.300.000,00	Euribor 3M + 1,75%			
	Series E	55.000.000,00	Euribor 3M + 2,50%			
	Series F	24.700.000,00	Euribor 3M + 0,50%			
		€1.350.778.551,27				
FTA SANTANDER 2	Pagarés	2.605.100.000,00		S&P España	11/27/2008	€500.000.000,00
FTA EMPRESAS BANESTO 3	Series A	2.012.500.000,00	Euribor 3M + 0,30%	S&P España	12/03/2008	€2.300.000.000,00
	Series B	149.500.000,00	Euribor 3M + 0,60%			
	Series C	138.000.000,00	Euribor 3M + 1,20%			
		€2.300.000.000,00				
FTA SANTANDER EMPRESAS 6	Series A	1.510.600.000,00	Euribor 3M + 0,32%	Moody's España	02/09/2009	€2.496.900.000,00
	Series B	236.500.000,00	Euribor 3M + 0,50%			
	Series C	177.500.000,00	Euribor 3M + 0,80%			
	Series D	130.800.000,00	Euribor 3M + 1,75%			
	Series E	219.600.000,00	Euribor 3M + 2,50%			
	Series F	221.900.000,00	Euribor 3M + 0,65%+ extra			
		€2.496.900.000,00				
FTA SANTANDER CONSUMER SPAIN 09-1	Series A	562.800.000,00	Euribor 3M + 0,30%	Fitch España	02/16/2009	€735.700.000,00
	Series B	99.400.000,00	Euribor 3M + 0,50%			
	Series C	37.800.000,00	Euribor 3M + 1,50%			
	Series D	35.700.000,00	Euribor 3M + 3,50%			
		€735.700.000,00				
TOTAL FTA		€45.660.456.908,17				€59.743.347.756,34
TOTAL (FTH+FTA)		€47.488.887.757,04				€66.472.490.508,49

6.4. Share Capital and shareholder's equity.

a) Par value subscribed and paid-in:

The Manager's share capital is nine hundred one thousand six hundred fifty (901,650) euros, represented by fifteen thousand (15,000) registered shares each having a par value of sixty euros and eleven cents (60.11), consecutively numbered from one (1) through fifteen thousand (15,000), both inclusive, all of them fully subscribed and paid-in.

b) Share classes:

All of the shares are of the same class and vest identical political and economic rights.

6.5. Holding of shares in other entities.

The Manager has no shareholdings in any other entity.

6.6. Corporate bodies.

The governance and administration of the Manager are entrusted by the bylaws to the General Shareholders' Meeting and to the Board of Directors. Their competencies and authorities are those vested in said bodies in accordance with the provisions of the Spanish Limited Liability Companies Law, Law 19/1992 and Royal Decree 926/1998, in relation to the corporate purpose.

(a) Directors

The Board of Directors is made up of the following persons:

Chairman: Mr. José Antonio Álvarez Álvarez

Directors: Mr. Ignacio Ortega Gavara

Mr. José Antonio Soler Ramos

Mrs. Ana Bolado Valle

Mr. Marcelo Alejandro Castro Zappa

Mr. Enrique Silva Bravo

Mr. Jesús Cepeda Caro

Mr. Gabriel de Escalante Yanguela

Mr. Alfonso de Castro González

Secretary/Non-Director: Mrs. María José Olmedilla González

(b) General Management

The Manager's General Manager is Mr. Ignacio Ortega Gavara.

6.7. The principal activities performed by the persons mentioned in section 6.6 above outside the Manager, if important to the Fund.

The most relevant activities performed outside the Manager by the individuals mentioned in this section are described below:

Name	Position in Banco Santander	Company by which the activity is carried out	Position or functions owned or carried out in relation with the mentioned Company
Alfonso de Castro González	Deputy Assistant Managing Director	Altamira Santander Real Estate, S.A.	Member of the Board
Marcelo Alejandro Castro	Deputy Assistant Managing Director	Santander Lease EFC	Member of the Board
		Holding Mercados, S.A.	Member of the Board
José Antonio Álvarez Álvarez	Managing Director	Santander Consumer Finance	Member of the Board
		Bolsas y Mercados Españoles, S.A.	Member of the Board
José Antonio Soler Ramos	Finance Manager	Santander Comercial Paper SAU	Chairman of the Board
		Santander Perpetual SAU	Chairman of the Board
		Santander US Debt SAU	Chairman of the Board
		Santander Finance Preferred SAU	Chairman and Member of the Board
		Santander Issuances SAU	Chairman and Member of the Board
		Santander International Debt SAU	Chairman and Member of the Board
Enrique Silva Bravo	Deputy Managing Director	Santander Finance Capital SAU	Chairman of the Board
		Sociedad Española de Sistemas de Pago, S.A. (Iberpay)	Chairman of the Board
		Sercoban	Member of the Board
		Isban S.A.	Member of the Board
Jesús Cepeda Caro	Deputy Managing Director	Sistema 4B S.A.	Member of the Board
		Gesban, S.A.	Member of the Board
Gabriel de Escalante Yanguela	Deputy Assistant Managing Director	Interbanca (Grupo ABN)	Member of the Board
		Redes y Procesos, S.A.	Member of the Board
		Geoban, S.A.	Member of the Board

The persons mentioned in this section 6.7 do not hold, directly or indirectly, any share, convertible bond or other securities which confer upon their holder a right to acquire shares in the Manager.

The business address for all persons mentioned in this section 6.7 is as follows:

Santander Titulización, S.G.F.T., S.A.

Ciudad Grupo Santander

Avenida de Cantabria s/n

28660 Boadilla del Monte (Madrid)

6.8. Lenders of the Manager (more than ten percent (10%)).

The Manager has not received any loan or credit facility from any person or entity. Long term and short term debts that appear in the Balance sheet attached correspond to debts with Santander caused by the taxing by the Manager in the consolidated tax regime with Santander.

6.9 Significant litigation and disputes.

At the verification date of this Prospectus, the Manager is not subject to any insolvency-related situation and no significant litigation or disputes exist which may affect its economic-financial position or, in the future, its capacity to carry out the duties of management and administration of the Fund as contemplated in this Prospectus.

6.10 Financial information concerning the Manager.

The Manager keeps its accounts as provided for in the General Accounting Plan approved by Royal Decree 1514/2007 of November 16th.

Details of the audited balance sheet and statement of income for fiscal years 2009 and 2008 and for the period to October 31, 2010 (unaudited) are provided below:

Balance sheet as at December 31, 2008 and 2009 and at November 30, 2010 (in thousands of euros)

ASSETS	12/31/2008	12/31/2009	11/30/2010
FIXED ASSETS:			
Intangible assets	1	0	0
Material assets	23	0	0
Fixed assets total	24	0	0
CURRENT ASSETS:			
Debtors	287	893	331
Loan to employees	117	76	66
Other debtors	170	817	265
Temporary financial investments	-	-	
Public Tax Authorities	-	-	
Cash in bank and at hand	6,768	7,933	10,204
Prepayments and accrued income	1,211	1,369	1,524
Current Assets total	8,266	10,195	12,059
TOTAL ASSETS	8,290	10,195	12,059

LIABILITY	12/31/2008	12/31/2009	11/30/2010
EQUITY:			
Share capital	902	902	902
Reserves	182	182	182
Trading results- Profit	1,066	3,238	1,887
Total Equity	2,150	4,322	2,971
LONG-TERM CREDITORS:			
Debts with Group companies	3,312	3,747	8,242
	3,312	3,747	8,242
SHORT-TERM CREDITORS:			
Public Treasure (<i>Hacienda Pública</i>)	455	151	828
Other debts	80	73	15
Debts with Group companies	3	13	3
Prepayments and accrued expenses	2,291	1,889	0
Dividend payable	0	0	0
Short-term creditors total	2,828	2,126	846
TOTAL LIABILITIES	8,290	10,195	12,059

Profit and loss accounts for fiscal years ended December 31, 2008 and 2009 and November 30, 2010 (in thousands of euros):

	12/31/2008	12/31/2009	11/30/2010
TRANSACTIONS CARRIED FORWARD:			
Net income	10,003	10,827	8,714
Other operating income	4	32	0
Personnel costs	(1,214)	(1,162)	(1,098)
Other personnel costs	(7,591)	(5,075)	(4,884)
Depreciation of property, plant and equipment	(48)	(24)	
Deterioration and income from disposal of property, plant and equipment	-	-	-
	1,154	4,598	2,732
	367	28	0
OPERATING PROFIT (LOSS)			
Financial income			
From tradeable and securities and other financial instruments	367	28	0
FINANCIAL PROFIT (LOSS)	367	28	0
PRE-TAX PROFIT (LOSS)	1,521	4,626	2,732
Tax	(455)	(1,388)	(804)
PROFIT (LOSS) FOR THE YEAR FROM OPERATIONS CARRIED FORWARD	1,066	3,238	1,928
SUSPENDED OPERATIONS	-	-	-
Profit (loss) for the year from suspended operations, net of tax	-	-	-
PROFIT (LOSS) FOR THE YEAR	1,066	3,238	1,928

7. MAJOR SHAREHOLDERS OF THE MANAGER

a) Shareholders of the Manager

Ownership of shares in the Manager is distributed between the companies listed below, indicating the stake in the Manager's share capital owned by each one of them:

SHAREHOLDERS	% SHARE CAPITAL
Santander Investment, S.A.	19%
Banco Santander, S.A.	81%

b) Description of nature of such control and measures in place to ensure that such control is not abused.

For the purposes of Article 4 of the Spanish Securities Market Law, SANTANDER DE TITULIZACION, S.G.F.T., S.A. is part of SANTANDER GROUP.

In order to ensure the absence of abuses of control on the part of Banco Santander, S.A. over the Manager, the Manager approved Internal Rules of Conduct in application of the provisions of Chapter II of Royal Decree 217/2008 of February 15th on the legal structure of investment services companies and other entities which render investment services and by which the Regulatory Framework of Law 35/2003 of November 4th was in part amended for Collective Investment Institutions, approved by Royal Decree 1309/2005 of November 4th, which were reported to the CNMV.

8. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION, AND PROFITS AND LOSSES

8.1 Statement on the commencement of the activities and financial statements of the Issuer that predate the Registration Document.

The Manager declares that as at the registration date of this Registration Document, the Fund has not yet been incorporated and, therefore, its operations have not begun and no financial statement in respect thereof has been prepared.

8.2 Historical financial information.

Not applicable.

8.2 bis This paragraph may be used only for issues of asset backed securities with a denomination per unit of at least EUR 50,000.

Not applicable.

8.3 Legal and arbitration procedures.

Not applicable.

8.4 Material adverse change in the Issuer's financial position.

Not applicable

9. THIRD PARTY INFORMATION, STATEMENT BY EXPERTS AND DECLARATIONS OF INTERESTS

9.1 Statement or report attributed to a person as an expert.

Not applicable.

9.2 Information from a third party.

Not applicable

10. DOCUMENTS ON DISPLAY

During the period of validity of this Registration Document the following documents (or copies thereof) may be inspected by the public:

- (a) **The Corporate Bylaws and deed of incorporation of the Manager.**
- (b) **This Prospectus.**
- (c) **The Deed of Incorporation of the Fund.**
- (d) **The Subordinated Loan Agreement, the Subordinated Loan Agreement for Reserve Fund, the Liquidity Line, the Swap Agreement, Guaranteed Rate Reinvestment Agreements and Management, Subscription and Paying Agent Agreement.**
- (e) **Auditors' report on Attributes, prepared by Deloitte, S.L.**
- (f) **Certification of the resolution of Santander's Executive Committee meeting of December 9, 2010 at which it was resolved to carry out the assignment of the Assets to the Fund, and the certification of the resolutions of the Manager's Board of Directors meeting of November 22, 2010 at which the following matters, *inter alia*, were resolved: the incorporation of the Fund, the acquisition by the Fund of the Assets assigned by Santander, and the issuance of the Bonds against the Fund.**
- (g) **The letters disclosing the provisional ratings and letters disclosing the definitive ratings issued by Moody's and DBRS.**
- (h) **The Annual Financial Statements and auditors' report of the Manager.**

A copy of all of the above documents may be inspected at the registered offices of the Manager.

In addition, a copy of all documents mentioned in the above sections except for those contained in section a), d) and h) may be inspected at the CNMV at Calle Miguel Ángel 11, Madrid.

A copy of the Prospectus will be available to the public on the CNMV website (www.cnmv.es) and the AIAF website (www.aiaf.es), and on the website of the Manager (www.santanderdetitulizacion.com).

The Deed of Incorporation will also be available to the public at Iberclear.

SECURITIES NOTE

This Securities Note was prepared in accordance with Annex XIII of Regulation (EC) No. 809/2004 and was approved by the Comisión Nacional del Mercado de Valores (*Spanish Securities Market Commission*) on January 19, 2011.

1. PERSONS RESPONSIBLE

1.1 Persons responsible for information in the Securities Note and the Additional Building Block.

MR. IGNACIO ORTEGA GAVARA, acting in his capacity as General Manager, by virtue of the powers expressly conferred upon him by the Board of Directors at its meeting on April 12, 2005, for and on behalf of SANTANDER DE TITULIZACION, S.G.F.T., S.A., having its registered offices at Ciudad Grupo Santander, Avda. de Cantabria s/n, 28660, Boadilla del Monte (Madrid), assumes responsibility for the information contained in this Securities Note and in the Additional Building Block.

MR. IGNACIO ORTEGA GAVARA, acts exercising the faculties conferred in his favor for the incorporation of the Fund by the Board of Directors of the Manager in its meeting of November 22, 2010.

SANTANDER DE TITULIZACION, S.G.F.T., S.A. is the promoter of the securitization fund FONDO DE TITULIZACION DE ACTIVOS, SANTANDER EMPRESAS 8 and shall be responsible for the administration and legal representation thereof.

1.2 Declaration by those responsible for the Securities Note and the Additional Building Block.

MR. IGNACIO ORTEGA GAVARA declares that, having taken all reasonable care to ensure that such is the case, the information given in the Securities Note and in the Additional Building Block is, to the best of his knowledge, in accordance with the facts and does not omit anything likely to affect its import.

2. RISK FACTORS

The risk factors specific to the Assets backing the issue and to the securities are those respectively described under sections II and III of the document included at the beginning of this Prospectus entitled "RISK FACTORS".

3. KEY INFORMATION

3.1 Interest of natural and legal persons involved in the issue.

The natural and legal persons involved in the issue are:

- a) SANTANDER DE TITULIZACION, S.G.F.T., S.A. is intervening as the Fund's Manager and as legal and financial adviser to the operation's structure.
- b) BANCO SANTANDER, S.A. is intervening as the Assignor of the Assets, Lead Manager, Paying Agent and counterpart of the Fund in the Subordinated Loan Agreement, the Subordinated Loan Agreement for Reserve Fund, the Liquidity Line, the Swap Agreement and the Guaranteed Rate Reinvestment Agreements.
- c) MOODY'S and DBRS are intervening as credit rating agencies of the Bonds.
- d) CUATRECASAS GONÇALVES PEREIRA, S.L.P. is intervening as legal adviser to the operation and has reviewed the tax regime applicable to the Fund contained in section 4.5 d) of the Registration Document.
- e) DELOITTE, S.L. is intervening as auditor of the Fund and will prepare the report on the principal attributes of the Fund described in section 2.2.2 of the Additional Building Block.

Said persons have no interests, including the conflicting ones, which are material to the issue, except as specifically described in section 5.2 of the Registration Document.

4. INFORMATION CONCERNING SECURITIES TO BE OFFERED AND ADMITTED TO TRADING

4.1 Total amount of the securities.

a) Total amount of issue.

The total amount of the Bonds being issued is SIX BILLION FOUR HUNDRED AND FIFTY MILLION EUROS (€6,450,000,000), represented by sixty-four thousand five hundred (64,500) Bonds with a face value of ONE HUNDRED THOUSAND EUROS (€100,000) each, distributed in two (2) Series of Bonds (A and B). Each Series will have the following total face value:

Series A: A total face value of FIVE BILLION FOURTEEN MILLION NINE HUNDRED THOUSAND EUROS (€5,014,900,000), made up of FIFTY THOUSAND ONE HUNDRED AND FORTY-NINE (50,149) Bonds with a face value of ONE HUNDRED THOUSAND EUROS (€100,000) each; and

Series B: A total face value of ONE BILLION FOUR HUNDRED AND THIRTY-FIVE MILLION ONE HUNDRED THOUSAND EUROS (€1,435,100,000), made up of FOURTEEN THOUSAND THREE HUNDRED AND FIFTY-ONE (14,351) Bonds with a face value of ONE HUNDRED THOUSAND EUROS (€100,000) each.

b) Subscription of the issue.

The Manager will sign a Management, Subscription and Paying Agency Agreement whereby Santander, as the Subscribing Entity of the Bonds, promises to subscribe all Bonds issued by the Fund. Santander will not charge any commission for undertaking this commitment.

The subscription and Payout of the Bonds will, in any event, be at the issue price of one hundred per cent (100%) of the nominal unit value.

The Management, Subscription and Paying Agency Agreement will be terminated in the event that the credit Ratings Agencies fail to confirm on the Date of Subscription the provisional ratings of the Bonds and which are included in this Prospectus.

As Lead Manager, Santander shall act as such in the terms provided for in section 5.2 of the Registration Document and shall not charge any commission for acting as said Lead Manager.

4.2 Description of type and class of securities.

The Bonds will have the legal standing of negotiable fixed income securities with an explicit return, and will be subject to the regime provided for in the Spanish Securities Market Law and development regulations issued under Royal Decree 926/1998.

4.3 Legislation of the securities.

The Bonds are issued in accordance with Spanish law, and in particular according to legal regime established in (i) Royal Decree 926/1998 and implementing provisions; (ii) Royal Decree 1310/2005; (iii) Law 19/1992, as regards anything not contemplated in Royal Decree 926/1998 and as applicable thereto; (iv) the Spanish Securities Market Law; (v) Order EHA/3537/2005 and (vi) such other legal and regulatory provisions in force and applicable from time to time.

This Securities Note was prepared in following the standard forms contemplated in Annex XIII of Regulation (EC) No. 809/2004.

4.4 Indication as to whether the securities are registered or bearer securities and if they are represented by certificates or by book entries.

The Bonds shall be represented exclusively by book entries, and will be constituted as such by virtue of their inscription in the corresponding accounting records. The Deed of Incorporation will have the effects set forth in Article 6 of Law 24/1988.

In accordance with the provisions of Article 6 of Royal Decree 116/1992, the denomination, number of units, nominal value and other characteristics and conditions of the Bond Issue represented by book entries are those included in the Deed of Incorporation and this Prospectus.

Bondholders will be identified as such (in their own name or in the name of a third party) as resulting from the account records carried out by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear) with its registered office at Plaza de la Lealtad 1, Madrid that has been appointed as entity entrusted with the accounting records of the Bonds. In this way, the Bonds will be cleared and liquidated according to rules established or approved by Iberclear in the future regarding securities in the AIAF market and represented in accounting records.

4.5 Currency of the issue.

The Bonds shall be denominated in EUROS.

4.6 Classification of securities according to subordination.

The Manager, on behalf of the Fund, shall proceed to apply on each Payment Date the amount of the Available Funds (i.e. amounts received by the Fund in principal, interest and any other monies on Assets, returns on the Cash Account and Interest Account, the Reserve Fund, the net amount of the Swap and any other monies received by the Fund, as established in section 3.4.6 a) of the Additional Building Block) towards the relevant payments and withholdings, as per the Order of Priority of Payments described under section 3.4.6.(b) of the Additional Building Block which, as regards the payment of interests and principal on the Bonds may be summarized as follows, without prejudice of the Order of Priority of Payments for Liquidation described in 3.4.6.(d) of the Additional Building Block:

a) Payment of interest:

- a.1 The payment of interest accrued on the Series A Bonds holds (i) third (3rd) place in the Order of Priority of Payments, as described in section 3.4.6.(b) of the Additional Building Block and (ii) the third (3rd) place in the Order of Priority of Payments for Liquidation described in section 3.4.6.(d) of the Additional Building Block.
- a.2 The payment of interest accrued on the Series B Bonds holds fourth (4th) place in the Order of Priority of Payments, as described in section 3.4.6.(b) of the Additional Building Block, unless the postponement provided for in section 3.4.6.(c) of the Additional Building Block took place, in which case it shall hold sixth (6th) place in the Order of Priority of Payments described in section 3.4.6.(b) of the Additional Building Block and (ii) the fifth (5th) place in the Order of Priority of Payments for Liquidation described in section 3.4.6.(d) of the Additional Building Block.

b) Redemption of principal:

In the Order of Priority of Payments described in section 3.4.6.(b) of the Additional Building Block.

The amount of the withholding from the Accrued Amount for Redemption that will be earmarked to the redemption of Bonds in Series A and B holds fifth (5th) place in the Order of Priority of Payments contemplated under section 3.4.6.(b) of the Additional Building Block. Said redemption shall be carried out in accordance with the following rules of subordination among the two (2) Series:

- b.1 Available Redemption Funds on each Payment Date, shall be earmarked towards redemption of principal of the Series A Bonds, until redeemed in full.
- b.2 Once the Series A Bonds have been redeemed, all of the Available Redemption Funds on each Payment Date shall be earmarked towards the redemption of principal of the Series B Bonds, until redeemed in full.

In the Order of Priority of Payments for Liquidation described in section 3.4.6.(d) of the Additional Building Block.

Redemption of principal of Series A Bonds holds fourth (4th) place in the Order of Priority of Payments for Liquidation established in section 3.4.6.(d) of the Additional Building Block.

Redemption of principal of Series B Bonds holds fifth (5th) place in the Order of Priority of Payments for Liquidation established in section 3.4.6 (d) of the Additional Building Block.

4.7 Description of rights attached to securities and procedure for exercising said rights.

According to current laws, the Bonds detailed in this Securities Note shall lack for the investor acquiring them, any present and/or future political right in respect of the Fund.

The economic and financial rights for the investor associated with the acquisition and holding of the Bonds, shall be those deriving from the interest rate conditions, returns and form of redemption with which they are issued and which are reflected under sections 4.8 and 4.9, *infra*.

The financial servicing of the Bonds issued against the Fund shall be handled by Santander, as Paying Agent, who on each one of the Payment Dates of the Bonds, shall proceed to make the interest payment and principal repayment on the Bonds in accordance with the instructions received from the Manager.

Payments to be made by the Paying Agent shall be carried out through the relevant entities participating in Iberclear, in whose records the Bonds are registered, as per the procedures being followed at the said service.

Bondholders may not go against the Manager except in the event that the latter breaches its obligations described in this Prospectus, in the Deed of Incorporation or those provided by law. The Manager is the only authorized representative of the Fund before third parties and in any kind of legal procedures, according to applicable legislation.

Any question, disagreement or dispute regarding the Fund or the Bonds issued against it that could arise during the Bonds' operation or liquidation, either among bondholders or between them and the Manager, will be submitted before Spanish Courts, with renounce to any other jurisdiction that could correspond to the parties.

Bondholders shall not have any action against the Debtors of the Assets that are in default of their payments obligations, the Manager being entitled, as the representative of the Fund, who shall have such action.

4.8 The nominal interest rate and provisions relating to interest payable.

The return on the Bonds in each Series shall be determined using a variable interest rate, pursuant to the following provisions:

- a) From their Payout Date (January 27, 2011) until redeemed in full, all Bond Series shall accrue variable annual nominal interest payable quarterly. The interest will be paid quarterly once every quarter is past on each Payment Date provided that the Fund has sufficient Available Funds in the Cash Account or Interest Account, as appropriate, in accordance with the Order of Priority of Payments contemplated for each Series under section 3.4.6 (b) of the Additional Building Block and shall be calculated upon the Principal Balance Pending Payment on the Bonds of each Series at the Payment Date immediately preceding.

Any withholding, contributions and taxes established or to be established in the future on principal, interest or returns on the Bonds shall be for the exclusive account and expense of the bondholders and their amount shall be deducted, as the case may be, by the Manager, acting for and on behalf of the Fund, through the Paying Agent, in the manner legally established.

- b) For the purposes of the accrual of interest on Bonds from all Series, the duration of the issue shall be divided into successive Interest Accrual Periods comprising the days actually transpired between each Payment Date, including in each Interest Accrual Period the initial Payment Date and excluding the final Payment Date. The first Accrual Period shall have a duration of less than a quarter, equivalent to the duration between the Payout Date (January 27, 2011) and the First Payment Date (April 18, 2011). The last Interest Accrual Period shall extend, in any event, not later than the Legal Maturity Date of the Fund.

- c) The Nominal Annual Interest Rate applicable to each Bonds Series for each Interest Accrual Period will be the result: (i) the Reference Interest Rate, determined according to letter e) following, common to all Bond Series, plus (ii) the applicable margin to each Bond Series, determined according to letter d) following, rounded out to the closest one-thousandth of one percent (taking into account that, in cases that the proximity for rounding up to high or low is identical, such rounding up will in any event be carried out to the high). Determination of the Nominal Interest Rate will adjust to the rules described in this section. The Rate Setting Time for the Nominal Interest Rate will be the second (2nd) Business Day prior to the Payment Date that indicates the start of the corresponding Interest Accrual Period. Under exceptional circumstances, for the First Accrual Period the Rate Setting Time will be the Date of Incorporation.

The Nominal Interest Rate on the Bonds for the first Interest Accrual Period, on the basis of the Reference Interest Rate existing at 11:00 a.m. (CET time) on the Date of Incorporation and subject to the provisions of section e) below.

The Nominal Interest Rate determined for all Bond Series for successive Interest Accrual Periods shall be notified to the bondholders within the deadline and manner contemplated under section 4 of the Additional Building Block.

The Manager will report to the CNMV as additional information the Nominal Interest Rate of the Bonds for the first Interest Accrual Period.

d) The Nominal Interest Rate determined for each Interest Accrual Period for each Series shall be that resulting from adding together: (i) the Reference Interest Rate of EURIBOR at three (3) months or, if that is the case, its substitute (as described under letter e), *infra*) and (ii) a spread for each Series:

- 0.45% for Series A Bonds;
- 1.75% for Series B Bonds;

both of which are rounded up/down to the nearest thousandth of a point, and rounded up in the event of equidistance.

e) The Reference Interest Rate for the determination of the Nominal Interest Rate applicable to all the Bonds shall be the EURIBOR rate at three (3) months or, in case of need, its substitute, as determined as detailed below:

(i) Except for the first Interest Accrual Period, the EURIBOR rate (*Euro Interbank Offered Rate*) is the money market reference rate for deposits in euros at three (3) months maturity. The EURIBOR rate at three (3) months shall be that which results from the REUTERS screen, page “EURIBOR01” (or such other page as may come to replace it in this service) at the 11.00 hrs. a.m. (CET time) of the corresponding Rate Setting Time.

In exceptional circumstances, the Reference Interest Rate for the first Interest Accrual Period will be that resulting from the lineal interpolation between the two (2)-month EURIBOR and the three (3)-month EURIBOR, fixed at 11.00 a.m. (CET) of the Date of Incorporation in the EURIBOR01 screen, provided by Reuters considering the number of days of the first Interest Accrual Period.

(ii) In the event of an absence of rates as provided by section (i) *supra*, the following shall apply as substitute Reference Interest Rate: the interest rate resulting from taking the simple arithmetic mean of the three (3) month EURIBOR after the 11.00 a.m. (CET) at the Rate Setting Time for the following institutions:

- Banco Santander, London Branch;
- Bank of America N.T. &S.A., London Branch
- J.P. Morgan Securities Limited.

all of which rounded up or down to the closest one-thousandth of one percent (taking into account that if the figure is at a mid-point, it will be rounded up).

In the event it is impossible to apply the above substitute Reference Interest Rate, as a consequence of one of the aforesaid institutions not providing a declaration of quotations on a continuous basis, the interest rate which results from calculating the simple arithmetic mean of the interest rates declared by the remaining two (2) institutions shall apply.

If one of the remaining two (2) institutions mentioned above should cease to furnish a declaration of quotations, the last Nominal Interest Rate applicable to the last Interest Accrual Period shall apply, and so on for successive Interest Accrual Periods, as long as said situation persists. For the first Interest Accrual Period, the three (3) month EURIBOR available immediately before 11.00 a.m. (CET) the Business Day before the Payout Date will be used, calculated and

distributed in accordance with the provisions of the first paragraph of section i) above.

If at least two (2) of the institutions mentioned above should once again provide quotations, the subsidiary substitute Reference Interest Rate shall once again apply, as per the above rules.

The Manager shall keep lists of the content of the REUTERS screen or, as the case may be, the declarations of quotations of the institutions mentioned above, as documents evidencing the relevant rate.

At each of the Rate Setting Times, the Paying Agent shall notify the Manager of the reference interest rate which will serve as a basis for calculating the nominal interest rate applicable to each Bond Series.

- f) The Nominal Interest Rate shall accrue on the days actually transpiring in each Interest Accrual Period for which it has been determined, calculated on the basis of a year containing three hundred and sixty (360) days.
- g) The interest rate accrued by the Bonds belonging to all Series shall be payable quarterly, on each Payment Date, i.e. January 16th, April 16th, July 16th and October 16th of each year, until redeemed in full, provided that the Fund has sufficient Available Funds in the Cash Account or Interest Account, as appropriate, and in accordance with the Order of Priority of Payments contemplated for each Series in section 3.4.6.(b) of the Additional Building Block.

In the event that any of the dates established in the above paragraph is not a Business Day, the interest payment shall be made on the immediately following Business Day, with interest pertaining to the Interest Accrual Period in progress accruing up to the above-mentioned first Business Day, non-inclusive.

- h) The first interest payment on the Bonds belonging to all Series will be made on April 18, 2011, with interest accruing at the relevant Nominal Interest Rate from the Payout Date (inclusive) through April 18, 2011 (non-inclusive).
- i) Interest to be paid on each Payment Date for each Bond Series at each Interest Accrual Period will be calculated in accordance with the following formula:

$$I = P * R / 100 * d / 360$$

Where:

I = Interest to be paid on a given Payment Date.

P = Balance of Principal Pending Payment on the Bonds on the Determination Date (i.e. the fifth (5th) Business Day before each Payment Date) pertaining to said Payment Date.

R = Nominal interest rate expressed as a percent per annum.

d = Number of actual days which pertain to each Interest Accrual Period.

Both the interest resulting to the favor of the bondholders, calculated as provided above, as well as the amount of interest accrued and not paid, shall be notified to the bondholders in the manner described under section 4 of the Additional Building Block at least one (1) calendar day in advance of each relevant Payment Date.

- j) The payment of interest accrued shall take place on each Payment Date, provided that the Fund has sufficient Available Funds for such purpose in the

Cash Account or Interest Account, as applicable, in accordance with the Order of Priority of Payments contemplated under section 3.4.6.(b) of the Additional Building Block or, if that is the case, at the Maturity Date or when the Early Liquidation of the Fund took place according to section 4.4.3. of the Registration Document, according to the Order of Priority of Payments for Liquidation set out in section 3.4.6.(d) of the Additional Building Block.

4.8.1 Valid period in which interest can be claimed.

In the event that on a Payment Date the Fund cannot meet full or partial payment of the interest accrued on the Bonds of any of the Series, in accordance with the Order of Priority of Payments established in section 3.4.6.(b) of the Additional Building Block, the amounts which the bondholders have ceased to receive shall be accumulated on the next Payment Date to the interest of the Series itself which, as the case may be, is applicable to pay on that same Payment Date, and shall be paid at the next Payment Date according to the Order of Priority of Payments, at which the Fund has sufficient liquidity and applied by order of maturity in the event it is not possible to be paid in full due to insufficient Available Funds.

The amounts not paid of interests due shall not accrue additional interests or in arrears and shall not accumulate to the total Principal Balance Pending Payment on the Bonds.

The Fund, through its Manager, may not defer the payment of interest on the Bonds beyond the Legal Maturity Date with application at that Date of that established in section 4.4.3.(2)(iv) and 4.4.3.(3) of the Registration Document.

4.8.2 Description of any event of distortion of the underlying market.

Not applicable.

4.8.3 Adjusting rules of the underlying.

Not applicable

4.8.4 Determination agent.

The Nominal Interest Rate for each Bond Series shall be calculated by the Manager.

4.9 Redemption price and provisions concerning maturity of the securities.

4.9.1 Reimbursement price of the Bonds.

The reimbursement price for the Bonds for each Series will be of HUNDRED THOUSAND EUROS (€100,000) by Bond, equivalent to their nominal value, free of expenses and taxes for the Bondholder, payable progressively at each Payment Date, as established in the following sections.

All and each of the Bonds of the same Series will be redeemed in the same amount by reduction of the nominal amount of each one of them.

4.9.2 Maturity of the Bonds.

Maturity of the Bonds of all Series will take place at the Payment Date in which they are fully redeemed or at the Legal Maturity Date of the Fund.

4.9.3 Redemption dates for the Bonds.

Series A and B Bonds shall be redeemed by reduction of their face value on each Payment Date (i.e. on January 16th, April 16th, July 16th and October 16th of each year or if any of these days is not a Business Day, the next Business Day) until redeemed in full, in accordance with the redemption rules established below.

4.9.4 Distribution of Available Redemption Funds.

Available Redemption Funds on each Payment Date is the amount to be earmarked to the redemption of Bonds in Series A or B on each Payment Date, and that will be the lower of the following amounts:

- (i) the Accrued Redemption Amount of Series A and B Bonds, minus downward variations in Lines of Credit (not taking into account total redemptions of the same) on the Determination Rate before each Payment Date; and
- (ii) depending on the Available Funds on each Payment Date, the remaining of the Available Funds (as defined in section 3.4.6.(a) of the Additional Building Block), excluding downward variations in Lines of Credit (not taking into account total redemptions of the same) and which will include the balance transferred from the Interest Account, where applicable, minus amounts applied to items cited in points 1 to 4 of the Order of Priority of Payments provided in section 3.4.6.(b) of the Additional Building Block.

Accrued Redemption Amount shall be deemed, with no distinction being made between Series A and B, the difference (if positive) between:

- (a) The sum of the Principal Balance Pending Payment on Series A and B Bonds on the Determination Date prior to each Payment Date; and
- (b) The Outstanding Balance of the Non-Failed Assets on that date. For the purposes of the provisions of this Prospectus, the term “Non-Failed Assets” shall refer to Assets not considered Failed Assets. The term “Failed Assets”, for its part, shall refer to Assets Santander considers it will not recover or on which payments, on a given date, are twelve (12) months or more in arrears in the case of Loans, and six (6) months in the case of Lines of Credit.

Below are two (2) practical examples to illustrate this point.

Details on Date of Incorporation:

Bonds: 1,000 euros.

Outstanding Balance of Assets: 1,000 euros, comprised of loans (500 euros) and lines of credit (500 euros)

Reserve Fund (deposited into Interest Account): 200 euros

Example 1:

On the first Determination Date, the details are as follows:

Bonds: 1,000 euros

Outstanding Balance of Non-Failed Assets: 800 euros, comprised of loans (400 euros) and lines of credit (400 euros)

Reserve Fund: 200 euros

Downward variations in lines of credit: 50 euros

Redemptions of lines of credit: 50 euros

Available Funds: 200 euros (Cash Account) + 200 euros (Interest Account) = 400 euros

Amount Accrued for Redemption: 1,000 (Bonds) – 800 (Outstanding Balance of Non-Failed Assets) = 200

Funds Available for Redemption (according to definitions) is the lesser of:

- (i) 200 euros (Amount Accrued for Redemption) – 50 euros (Downward variations in lines of credit) = 150 euros
- (ii) 400 euros (Funds Available) – 50 euros (Downward variations in lines of credit) = 350 euros

Thus, the Funds Available for Redemption would in this case be 150 euros.

Example 2

Details on the first Determination Date:

Bonds: 1,000 euros.

Outstanding Balance of Non-Failed Assets: 1,050 euros, comprised of loans (400 euros) and lines of credit (650 euros)

Reserve Fund: 200 euros

Downward variations in lines of credit: 0 euros

Redemptions of lines of credit: 0 euros

Upward variations in lines of credit: 150 euros

Available Funds: 0 euros (Cash Account) + 200 euros (Interest Account) = 200 euros

Amount Accrued for Redemption: 1,000 (Bonds) – 1,050 (Outstanding Balance of Non-Failed Assets) = -50

Funds Available for Redemption (according to definitions) is the lesser of:

- (i) -50 euros (Amount Accrued for Redemption) – 0 euros (Downward variations in lines of credit) = -50 euros
- (ii) 200 euros (Funds Available) – 0 euros (Downward variations in lines of credit) = 200 euros

Thus, the Funds Available for Redemption would in this case be 0 euros (since the amount is negative).

The Fund, through the Manager, will not be able to postpone the redemption of the Bonds further than the Legal Maturity Date or Business Day immediately following if that was not a Business Day.

4.9.5 Ordinary rules for redemption.

- **Redemption of Series A Bonds:**

The redemption of principal on the Series A Bonds shall be made by partial redemptions at each Payment Date in function of the Available Redemption Funds until redeemed in full.

The first redemption payment on the Series A Bonds shall take place at the Payment Date corresponding to April 18, 2011.

- **Redemption of Series B Bonds:**

Once the Series A1, A2 and A3 Bonds have been redeemed, redemption of Principal on the Series B Bonds shall be made at each Payment Date through

partial redemptions in function of the Available Redemption Funds until its full redemption.

The Fund, through the Manager, won't be able to postpone the redemption of the Bonds further from the Legal Maturity Date or, if that is not a Business Day, to the following Business Day.

4.9.6 Early Redemption of the Bond issue.

Independently to the obligation of the Fund, through the Manager, of procedure to the definitive redemption of the Bonds at the Legal Maturity Date or with redemptions of each Series prior to the Legal Maturity Date, the Manager, prior notification to the CNMV, will be empowered to proceed, if that is the case, to the Early Liquidation of the Fund and consequently to the Early Redemption of the whole Bond issue, according to the cases of Early Liquidation and with the requirements detailed in section 4.4.3. of the Registration Document, and subject to the Order of Priority of Payments for Liquidation described in section 3.4.6.(d) of the Additional Building Block.

4.9.7 Legal Maturity Date.

The Legal Maturity Date, and consequently, the definitive redemption of the Bonds is April 16, 2052 or, if this is not a Business Day, the following Business Day, without prejudice to the Manager, in name and on behalf of the Fund, and according to that provided in section 4.9., proceeds to redeem some or all the Series of the Bond issue prior to the Legal Maturity Date. The definitive redemption of the Bonds at the Legal Maturity Date will be carried out subject to the Order of Priority of Payments for Liquidation described in section 3.4.6.(d) of the Additional Building Block.

4.10 Indication of investor yield and Determination method

The principal feature to the Bonds lies in the fact that their periodic redemption and, therefore, their average life and duration, depends fundamentally on the speed with which the Debtors decide to pay off their Loans and Lines of Credit.

In this regard, prepayments which the Debtors decide to make are subject to continuous changes and are estimated using various future CAPRs. Consequently, they will directly affect the speed of repayment of Loans and Lines of Credit and, therefore, the average life and duration of the Bonds.

Furthermore, other variables exist which are also subject to continuous changes which affect the average life and duration of the Bonds. These variables and their hypothetical values assumed in all of the tables appearing in this section are:

- (i) Interest rate on Loans and Lines of Credit: 3.39%; (average weighted interest rate of the Preliminary Portfolio at December 21, 2010 which has been used for the Determination of the repayments and interest on each of the credit rights selected);
- (ii) Late payments on Assets: 6.30% of the Outstanding Balance of the Assets with 50% recovery between 90 days and 12 months;
- (iii) Failed Assets in the portfolio of Loans and Lines of Credit: 3.45% of the Outstanding Balance of Assets with 30% recovery 12 months after becoming Failed Assets;
- (iv) Total Failed Assets in the portfolio of Loans and Lines of Credit of 4.83%, with CAPR of 3%, 4.65% with CAPR of 5% and 4.49% with CAPR of 7%.
- (v) That the Payout Date of the Bonds is January 27, 2011;
- (vi) That CAPR (3.5 and 7%) hold constant throughout the life of the Bonds;

- (vii) That there is no Redemption Shortfall, with this term being understood as the positive difference (where applicable) on each Payment Date between the Amount Accrued for Redemption and the remaining Funds Available, once the amounts applied to the items cited in points 1 to 4 of the Order of Priority of Payments provided in section 3.4.6.(b) of the Additional Building Block have been deducted.

Variables (ii), (iii) and (iv) above that are used in the tables below come from the historical information provided by the Assignor of portfolios with similar characteristics to those credit rights granted by the Commercial Banking Division and Global Major Banking Division of Santander to non-financial legal persons or corporations for the financing of their economic activities or the acquisition of land or other property involved in their economic activity, and for the construction and restoration thereof.

In the creation of the tables included below, both the grace periods for the principal of the Assets and the periodicity in the payment of their instalments, have been taken into account.

Finally, the adjusted actual duration of the Bonds will also depend on their variable interest rate, and in all of the tables where they appear in this section constants are assumed for Series A at 1.445% and 2.745% for Series B, using as a reference 0.995% (3-month EURIBOR on January 11, 2011), plus a margin of 0.45% for Series A and 1.75% for Series B. Taking the margins stated above for each Series into consideration, the average weighted margin of the issue is 0.74%.

Assuming that the Manager, acting on behalf of the Fund, liquidates the Fund early as contemplated under section 4.4.3 of the Registration Document when the Nominal Amount of the Assets is less than ten percent (10%) of the nominal balance of the Assets on the Date of Incorporation, the average life, duration, maturity and IIR of the Bonds according to the different CAPRs (3%, 5% and 7%) would be as follows:

The Manager expressly declares that the financial services chart of each one of the Series described below are only theoretical and have illustrative effects.

The financial services charts of each Series for CAPRs of 3%, 5% and 7% are included below.

CAPR 3%		
	SERIES A	SERIES B
MATURITY	04/16/15	04/16/18
AVERAGE LIFE	1.73	6.27
DURATION	1.70	5.47
IRR	1.447%	2.798%

CAPR 5%		
	SERIES A	SERIES B
MATURITY	04/16/15	07/16/17
AVERAGE LIFE	1.64	5.75
DURATION	1.61	5.07
IRR	1.445%	2.797%

CAPR 7%		
	SERIES A	SERIES B
MATURITY	01/16/15	04/16/17
AVERAGE LIFE	1.56	5.49
DURATION	1.53	4.86
IRR	1.444%	2.796%

FLows FOR EACH BOND WITHOUT WITHHOLDING FOR TAKER (IN EUROS)						
T.A.C.P.=5%						
		GROSS			GROSS	
	REDEMP.	INTEREST	TOTAL	REDEMP.	INTEREST	TOTAL
	SERIES A	SERIES A	SERIES A	SERIES B	SERIES B	SERIES B
27-Jan-11						
16-Apr-11	12,571.13	317.10	12,888.23	0.00	602.38	602.38
16-Jul-11	7,125.68	319.35	7,445.03	0.00	693.88	693.88
16-Oct-11	4,259.66	296.54	4,556.21	0.00	701.50	701.50
16-Jan-12	8,306.75	280.81	8,587.56	0.00	701.50	701.50
16-Apr-12	9,531.16	247.42	9,778.58	0.00	693.88	693.88
16-Jul-12	11,893.71	212.60	12,106.32	0.00	693.88	693.88
16-Oct-12	8,854.07	171.02	9,025.09	0.00	701.50	701.50
16-Jan-13	10,594.14	138.32	10,732.46	0.00	701.50	701.50
16-Apr-13	7,196.21	97.05	7,293.26	0.00	686.25	686.25
16-Jul-13	2,025.25	71.84	2,097.09	0.00	693.88	693.88
16-Oct-13	2,271.32	65.15	2,336.47	0.00	701.50	701.50
16-Jan-14	2,142.72	56.76	2,199.48	0.00	701.50	701.50
16-Apr-14	2,872.23	47.79	2,920.02	0.00	686.25	686.25
16-Jul-14	3,776.98	37.83	3,814.81	0.00	693.88	693.88
16-Oct-14	2,129.39	24.29	2,154.13	0.00	701.50	701.50
16-Jan-15	3,017.02	16.43	3,033.76	0.00	701.50	701.50
16-Apr-15	1,432.56	5.18	1,437.83	12,881.92	686.25	13,568.17
16-Jul-15	0.00	0.00	0.00	4,360.26	604.49	4,964.75
16-Oct-15	0.00	0.00	0.00	3,622.86	580.55	4,203.40
16-Jan-16	0.00	0.00	0.00	3,711.00	555.13	4,266.13
16-Apr-16	0.00	0.00	0.00	4,962.67	523.35	5,486.02
16-Jul-16	0.00	0.00	0.00	6,726.07	488.91	7,214.98
16-Oct-16	0.00	0.00	0.00	5,913.74	447.10	6,360.84
16-Jan-17	0.00	0.00	0.00	6,960.26	405.62	7,365.88
16-Apr-17	0.00	0.00	0.00	6,395.60	349.04	6,744.64
16-Jul-17	0.00	0.00	0.00	44,465.63	308.54	44,774.17
	100,000.00	2,405.47	102,405.47	100,000.00	16,005.22	116,005.22

FLOWS FOR EACH BOND WITHOUT WITHHOLDING FOR TAKER (IN EUROS)						
T.A.C.P.=7%						
		GROSS			GROSS	
16-Jan-15	1,911.49	7.06	1,918.55	3,568.51	701.50	4,270.01
16-Oct-14	2,030.28	14.96	2,045.24	0.00	693.88	693.88
16-Jul-14	3,698.74	28.31	3,727.04	16,952.42	881.78	686.25
16-Apr-14	2,888.37	38.43	2,926.79	0.00	701.50	17,514.08
16-Jan-14	2,000.81	47.52	2,277.33	REDEMP.	INTEREST	TOTAL
16-Jan-14	REDEMP.	INTEREST	TOTAL	0.00	701.50	701.50
16-Oct-13	2,374.36	56.29	2,430.65	4,383.67	693.88	693.88
16-Jul-13	2,164.01	63.58	2,227.59	0.00	552.18	4,685.25
16-Apr-13	7,040.32	88.68	7,230.00	0.00	686.25	686.25
16-Jan-13	16,168.85	0.00	16,168.85	SERIES B	SERIES B	SERIES B
16-Jan-13	SERIES A	SERIES A	SERIES A	3,070.12	701.50	701.50
16-Oct-12	8,915.17	162.31	9,077.48	0.00	693.88	693.88
16-Jul-12	11,968.22	204.06	12,172.48	0.00	693.88	4,620.62
16-Apr-12	9,750.40	239.99	10,021.38	0.00	701.50	701.50
16-Jan-12	8,664.46	294.89	8,959.17	0.00	701.50	693.88
16-Oct-11	4,765.90	292.29	5,058.24	0.00	693.88	693.88
16-Jul-11	17,662.66	317.18	17,979.78	3,715.36		
16-Apr-11					501.73	
						4,217.08
16-Apr-16						
	0.00					
		0.00				
			0.00			
				4,797.22		
					470.50	
					15,270.88	115,270.88
						5,267.71

16-Jul-16

0.00

0.00

0.00

6,317.29

437.21

6,754.50

16-Oct-16

4.11 Representation of security holders.

For the securitization Bonds, a Bondholder Syndicate will not be established.

As provided for in Article 12 of Royal Decree 926/1998, the Manager shall bear, as manager of alien businesses, the representation and defense of the interests of the bondholders issued against the Fund and the rest of the ordinary creditors of the Fund. As a consequence, the Manager shall subordinate its actions to their defense and following the provisions provided for at each moment.

4.12 Resolutions, authorizations and approvals by virtue of which the securities are issued.

The resolutions, approvals and authorizations by virtue of which this Bond issue is being carried out, are those enumerated below:

- a) Corporate resolutions:
 - a.1 Resolution of the Executive Committee of the Assignor dated December 9, 2010 which authorizes the assignments of the Assets to the Fund and the issue of the Mortgage Transfer Certificates for their subscription by the Manager for and on behalf of the Fund.
 - a.2 Resolution of the Manager's Board of Directors dated November 22, 2010, which authorized the incorporation of the Fund, the acquisitions of the assets of the Assignor and the subscription of the Mortgage Transfer Certificates issued by the Assignor.
- b) This Prospectus was registered with the CNMV on January 19, 2011.
- c) Execution of the Deed of Incorporation which shall take place on January 24, 2011, a copy of which shall be sent to the CNMV and Iberclear prior to the Date of Subscription.

4.13 Issue date.

The issue date of the Bonds which shall be the Date of Incorporation, shall be January 24, 2011.

4.13.1 Subscription effects to the Bondholders.

The subscription of the Bonds implies for each Bondholder acceptance of the terms of the Deed of Incorporation and this Prospectus.

4.13.2 Potential investors collective.

There will be no placement activity of the Bonds on the market since Santander irrevocably undertakes to fully subscribe the same, by virtue of the Management, Subscription and Payment Agency, so that one hundred per cent (100%) of the Bonds issue will be subscribed by Santander.

Upon subscription of the Bonds, Santander intends to use them as guarantee assets in credit transactions of the Eurosystem, without this meaning any limitation for any use thereof or their eventual disposal. Since the issue shall be fully subscribed by Santander and, consequently, its price shall not be subject to contrast by means of transaction on the market, it cannot be claimed that the economic terms of the Bonds correspond to those that may be in force on the secondary market on the Date of Incorporation of the Fund. Such consideration on the value of the Bonds is made for the purposes of notifying third parties,

in particular, investors or Bond holders, as guarantee, such as in the case of the Central European Bank in credit transactions of the Eurosystem.

Once the issue has been fully subscribed by Santander and the Bonds are admitted to AIAF for trading, the Bonds can be purchased freely through that market following its own contractual rules.

The subscription of the Bonds implies for each bondholder the acceptance of the terms of the Deed of Incorporation and the present Prospectus.

4.13.3 Date of Subscription.

The Date of Subscription of the Bonds by Santander will be from midday (12:00) on January 26, 2011.

4.13.4 Where and before whom subscriptions can be processed.

Not applicable.

4.13.5 Placement and adjudication of the Bonds.

Not applicable.

4.13.6 Payout Date.

The Payout Date will be January 27, 2011.

Payout of the Bonds shall be at the issue price of the 100% of the whole face value, that is, HUNDRED THOUSAND EUROS (€100,000).

As Paying Agent, Santander will credit the Fund before 14.00 p.m. (Madrid time) on the Payout Date with a value date on that same day, with the issue amount by means of a deposit in the Fund's Interest Account.

4.14 Restrictions on the free transferability of securities.

The Bonds will be freely transmitted by any legal admissible means and according to AIAF rules. Ownership to each Bond will be transferred by account transfer. The inscription of the transmission in favor of the purchaser in the account registry will produce the same effect as the transfer of possession ("*tradición de los títulos*") of the securities and from that moment the transmission will be opposable to third parties. In this sense, a third party that acquires by for value the Bonds represented by book entry from a person that, from the annotations of the accounts registry, appears to have power to transfer them will not be subject to the recovery ("*revindicación*"), unless that at the moment of acquisition the third party has acted with bad faith or gross negligence.

The constitution of limited real rights or other kind of encumbrances over the Bonds must be registered in the relevant account. The inscription of a pledge will equal the transfer of the possession of the security.

The constitution of an encumbrance will be opposable to third parties from the moment that the relevant inscription has taken place.

5. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

5.1 Indication of Market where the securities will be traded.

In compliance with the provisions of Article 3 of Royal Decree 926/1998, the Manager, on behalf of and representing the Fund, will request admission to official trading of this Bond issue, once the Fund is set up and prior to carrying out its Payout, on the AIAF in order to trade within a term no greater than one (1) month from the Payout Date.

The Manager will also apply, acting for and on behalf of the Fund, the inclusion of the issue in Iberclear, in such a manner that the clearing and settlement of the Bonds may be carried out in accordance with the rules of operation established or to be approved in the future by Iberclear with respect to securities admitted to trading on AIAF.

In the event that this deadline is not met, the Manager shall disclose the causes of the breach to the CNMV and the public by inclusion of a legal notice in a nationally-circulated newspaper or in the Daily Journal of AIAF Transactions or by any other means of general acceptance in the market that guarantee an adequate circulation of the information, in time and content, of the reasons of not meeting the deadline as well as the new date forecasted for admission to trade of the issued securities, notwithstanding any liabilities incurred as a consequence thereof.

The Manager hereby states for the record that it is familiar with the requisites and conditions required for admission, permanence and exclusion of the Bonds on AIAF as per current law in force, as well as the requirements of its Governing Bodies and hereby accepts that it will abide by them.

It is not planned to contract with an entity that will undertake to provide for liquidity of the Bonds during the life of the issue.

5.2 Paying Agent and Depository Institutions.

a) Paying Agent:

The Manager, acting for and on behalf of the Fund, appoints Santander, who accepts, as paying Agent to carry out the financial servicing of the Bond issue. The obligations assumed by Santander, in its capacity as Paying Agent under the Management, Subscription and Paying Agent Agreement, are as follows:

- **Payout of issue.**

The Paying Agent shall proceed to pay to the Fund prior to 14:00 hrs (Madrid time) on the Payout Date, for value that same day, the amount of the issue, by means of a deposit in the Fund's Interest Account.

- **Notice of EURIBOR Reference Rate.**

At each one of the Rate Setting Times, the Paying Agent shall notify the Manager of the Reference Interest Rate which shall serve as a basis for Determination of the Nominal Interest Rate applicable to each Bond Series.

- **Payments against the Fund.**

On each one of the Payment Dates of the Bonds, the Paying Agent shall proceed to make payment of interest and redemption of principal on the Bonds in accordance with the instructions received from the Manager.

Payments to be made by the Paying Agent shall be carried out through the relevant institutions participating In Iberclear, in whose records the Bonds are registered, as per the procedures being implemented at said service.

If on a Payment Date there are no Available Redemption Funds in the Cash Account or Interest Account, as appropriate, the Paying Agent shall not be required to make any payment.

- **Obligations in case of rating decrease**

Moody's criteria

In the event that the short-term rating for non-subordinated, non-guaranteed debt of the Paying Agent received from Moody's were to fall to below P-1 or were not given a rating, the Manager must put into practice, on behalf of the Fund within thirty (30) calendar days from when such situation takes place and with previous notification to the Rating Agencies, to adopt any of the necessary options described below and which will allow an adequate guarantee level to remain in place in regard of those undertakings deriving from the functions contained in the Management, Subscription and Paying Agent Agreement:

- (i) To obtain a first demand bank guarantee that guarantees the Fund, upon simple request by the Manager, the timely payment by the Paying Agent of its obligations of a lender or lenders with a rating for its short-term debt of not lower than P-1 that guarantee undertakings assumed by the Paying Agent;
- (ii) Replace the Paying Agent with a lender with a short-term debt rating of not lower than P-1 to undertake, under the same conditions, the functions of the entity concerned established in its respective agreement.

DBRS criteria

If, as per the DBRS rating system, the credit risk of the Assignor as rated by DBRS were reduced to lower than BBB (high) and/or R-1 (low) for long- and short-term debt respectively, or if its rating were to be withdrawn, the Manager must implement, on behalf of the Fund and within a period of thirty (30) Business Days from the date said situation arises and with previous notification to the Rating Agencies, adopt any of the necessary options described below that will allow an adequate guarantee level to remain in place in regard of those undertakings deriving from the functions contained in the respective agreement.

- (i) To obtain similar guarantees or commitments from a lender or lenders with a credit rating of not lower than BBB (high) and/or R-1 (low) for long- and short-term debt respectively, according to DRBS, to guarantee undertakings assumed by the Paying Agent;
- (ii) Replace the Paying Agent with a lender with a credit rating of not lower than BBB (high) and/or R-1 (low) for long- and short-term debt respectively, according to DRBS, to undertake, under the same conditions, the functions of the lender concerned established in its respective agreement.

The Paying Agent will also be able to terminate the Management, Subscription and Paying Agent Agreement with at least two months' notice to the Manager, in accordance with the terms of the Management, Subscription and Paying Agent Agreement and provided that (i) another lender with financial characteristics similar to the Paying Agent and with a credit rating of at least (i) BBB (high) and R-1 (low) for long- and short-term debt respectively, according to DRBS, and a short-term debt rating of P-1 according to Moody's, accepted by the Manager, replaces the Manager in the functions undertaken by virtue of the Management, Subscription and Paying Agent Agreement and (ii) the CNMV and Ratings Agencies are informed. In

the event of a replacement as a result of the resignation of the Party being replaced, all costs derived from the replacement process will be borne by the latter, as will the commission payable to the new Paying Agent.

The Paying Agent promises to inform the Manager of any downgrade or withdrawal of its credit rating issued by the Ratings Agencies as soon as it is aware of said downgrade or withdrawal. In the event that the Paying Agent is replaced, the costs derived from said replacement will be met by the Paying Agent replaced.

b) Depository Institutions.

Not applicable.

6. EXPENSES OF THE OFFER AND ADMISSION TO TRADING

The expenses contemplated are as follows:

	Euros
a) Incorporation expenses (expenses related to documentation, advertising and official charges):	
Official CNMV charges (for the offer and admission to trading):	€1,997.55
Official AIAF charges:	€1,596
Official Iberclear charges:	€3,540
Other (Ratings Agencies, legal advice)	€64,886.45
Subtotal:	€682,000
b) Issue expenses:	
Structuring fee of the Manager	€0,000
Subtotal:	€0,000
GRAND TOTAL	€72,000

The Manager shall charge a structuring fee to be paid on the Payout Date, to be paid in one sole payment, of NINETY THOUSAND EUROS (€90,000), for its activities as promoter of the Fund, financial design of the transaction structure and coordination of the Assignor, Rating Agencies and supervising authorities,

The incorporation and issue expenses stated herein shall be paid against the Subordinated Loan described under section 3.4.3.a) of the Additional Building Block.

Cost arising from the liquidation of the Fund will be borne by the Fund.

7. ADDITIONAL INFORMATION

7.1 Persons and entities advising the issue.

- a) SANTANDER DE TITULIZACION, S.G.F.T., S.A. is intervening as legal and financial adviser to the program structure.
- b) CUATRECASAS GONÇALVES PEREIRA, S.L.P. is intervening as legal adviser to the program structure and has reviewed the tax regime applicable to the Fund

contained in section 4.5 d) of the Registration Document as an independent third party.

7.2 Information in the Securities Note reviewed by auditors.

Not applicable.

7.3 Statement or report attributed to a person as an expert.

Loans and Lines of Credit will be audited by Deloitte in the report on the principal attributes of the Fund described in section 2.2.2 of the Additional Building Block. Deloitte has also audited the annual financial statements of the Manager and of Santander relating to the last three fiscal years.

7.4 Information sourced from third parties.

As part of the role of checking the information contained in the present Prospectus, the Manager has received confirmation by the Assignor of the veracity of the features of the Assignor and the Assets that are reproduced in section 2.2.8 of the Additional Building Block, as well as the remaining information on the Assignor and the Assets that is contained in the present Prospectus. The Assignor shall reaffirm to the Manager in the Deed of Incorporation of the Fund the compliance of those features at the Date of Incorporation.

The Manager confirms that the information coming from Assignor regarding both the Assets and itself, has been reproduced with accuracy and as far as its knowledge and can determine by the information provided by the Assignor, that no fact has been omitted that would make the reproduced information non-accurate or misleading, and that this Prospectus does not omit facts or significant data that could result relevant to the investor.

7.5 Ratings

The Bonds included in this Securities Note are assigned the following provisional ratings (“ratings”) by the Credit Rating Agencies:

Series of Bonds	Moody’s	DBRS
Series A	Aaa(sf)	AAA(sf)
Series B	Caa1(sf)	B(sf)

Considerations regarding ratings:

According to Moody’s, the structure allows payments of interest and principal to be made promptly during the life of the transaction and, in any case, prior to the Legal Maturity Date of the operation. Moody’s ratings only measure the credit risks inherent to the operation, and do not measure other types of risks that could have a significant effect on returns of investors.

According to DBRS, the structure allows payments to be made in a prompt manner and the principal to be paid on each Payment Date and, in any case, on the Legal Maturity Date of the operation in respect of Series A. As regards Series B, it allows the principal to be paid on each Legal Maturity Date.

Ratings by the Rating Agencies take into account the structure of the Bond issue, legal aspects to it and the Fund that issues the Bonds, features to the loans selected for assignment to the Fund and regularity and continuity of the operation flows.

Ratings by the Rating Agencies do not constitute an evaluation of the probability that debtors carry out early payments of principal, nor in which measure those early payments will differ from that originally planned. The ratings are not a qualification of the actuarial return level.

Ratings assigned, as well as any review or suspension to them:

- (i) Are formulated by the Rating Agencies on the basis of numerous information received, of which they do not guarantee its accuracy or completeness, so the Rating Agencies cannot in any manner be deemed responsible for them; and
- (ii) Do not constitute and therefore, could not be interpreted as an invitation, recommendation or incitement led to investors so that they proceed to carry out any kind of operation on the Bonds, and in particular, acquire, conserve, constitute encumbrances or sell those Bonds.

Final ratings can be reviewed, suspended or taken away at any time by the Rating Agencies depending on any information that comes to their knowledge. Those situations, which will not constitute Early Liquidation of the Fund, will be immediately reported to the CNMV and to the Bondholders, as provided for in section 4 of the Additional Building Block.

In order to carry out the rating and follow-up procedure, the Rating Agencies place trust in the accuracy and completeness of the information provided by Santander, the Manager, the auditors, the lawyers and other experts.

The abovementioned credit ratings are only an opinion and do not need to avoid potential investors the need to carry out their own analysis of the values to be acquired.

If, on the Date of Subscription of the Bonds, the Rating Agencies do not confirm any of the provisional ratings assigned, this will be reported immediately to the CNMV and become public as provided for in section 4 of the Additional Building Block. This circumstance would result in the termination of the incorporation of the Fund, the Bond issue, the agreements except for the Subordinated Loan in relation to costs associated with the incorporation of the Fund, the Bond issue and the assignment of the Bonds.

The abovementioned Rating Agencies have operated in the European Union since before 7 June 2010 and have requested registration in accordance with the provisions of Regulation (EC) 1060/2009 of the European Parliament and Council of 16 September 2009 on Credit Rating Agencies.

ADDITIONAL BUILDING BLOCK TO SECURITIES NOTE

1. SECURITIES

1.1 Amount of issue.

The Fund will be constituted with Assets that Santander will transfer to the Fund at the Date of Incorporation whose total principal will be equal to or slightly more than SIX BILLION FOUR HUNDRED AND FIFTY MILLION EUROS (€6,450,000,000).

The Manager estimates, with the information provided by the Assignor, relative to the amortization rate and the delay in the Loans and Lines of Credit, that the Outstanding Balance of the Assets as at the incorporation date of this Prospectus is enough to set up the Fund with the initial assets cited above.

1.2 Confirmation that disclosure relating to an undertaking/obligor not involved in the issue has been reproduced.

Not applicable.

2. UNDERLYING ASSETS

2.1 Confirmation of the ability of assets to produce funds to service payments on the securities.

According to the information provided by the Assignor, the Manager confirms that the flows of principal, interests and any other amounts generated by the Assets allow, as per their contractual features, meeting payments due and payable on the Bonds.

Notwithstanding the above, in order to cover possible payment breaches by the Debtors, a series of credit enhancement operations have been contemplated which mitigate the risk of default, with respect to both principal and interest on the Bonds, and which are described under section 3.4.2 of this Additional Building Block. In exceptional circumstances, said enhancement operations could be insufficient.

Not all of the Bonds have the same risk of default, which is reflected in the different credit ratings assigned to the different Bond series and which are detailed under section 7.5 of the Securities Note.

When due to a change in current regulations in force or the occurrence of exceptional circumstances, in the judgment of the Manager, a substantial alteration in the Fund's financial equilibrium occurred or it was permanently impaired, or when a default indicative of a serious and permanent imbalance in relation to any of the Bonds takes place or is foreseen to take place, the Manager may proceed to the Early Liquidation of the Fund and the consequent Early Redemption of the Bond issue in the terms provided by section 4.4.c) of the Registration Document.

2.2 Assets backing the bond issue.

The credit rights to be grouped together in the assets of the Fund are derived from loans and payouts from lines of credit, which will be used to back this Bond issue.

The loans will be pooled into two categories, depending on the type of guarantee: loans with a mortgage guarantee ("Mortgage Loans") and loans with no specific guarantees, which have a personal guarantee from third parties (endorsements) and/or real guarantees that are different from the mortgage loan ("Non-Mortgage Loans" or, when jointly referred to with Mortgage Loans, "Loans") granted by Santander to non-financial legal persons resident in

Spain (excluding finance companies, companies in the Santander group, public sector enterprises and syndicated loans) for the finance of their economic activities in the short, medium and long-term or the acquisition of land or immovable goods ascribed to their economic activity, and for the construction or refurbishing thereof.

The main characteristics of the Loans pooled in the Preliminary Portfolio are described below in section 2.2.2 of this Additional Building Block.

As regards payouts from the lines of credit, these are lines of credit with no specific guarantee, with a personal guarantee from third parties (endorsements) and/or real guarantees that are different from the mortgage loan (the “Lines of Credit”) granted by Santander to non-financial legal persons resident in Spain (excluding finance companies, companies in the Santander group, public sector enterprises and syndicated loans) for the finance of their economic activities in the short- and medium-term.

Below are the details of the main characteristics of Lines of Credit contained in the Preliminary Portfolio, which are also described later in section 2.2.2 of this Additional Building Block: they have an average weighted duration of 4.77 years, although 77.87% of the Lines of Credit have a duration of less than or equal to 3 years; they have disbursed 82.05% of their funds, and 3.57% of amounts disbursed from the Lines of Credit are in excess of their respective limits (see table 2.2.2 q). These excesses of the Lines of Credit, whose characteristics are described below, will also be assigned to the Fund, without prejudice to the provisions of section 3.3.2 (i) below.

Lines of Credit in the Preliminary Portfolio may be renewals or original Lines of Credit.

Lines of Credit are not automatically renewed upon maturity.

Lines of Credit will be in default if, as at the Maturity Date, the Debtor has not paid the funds disbursed on said date or, in the case of those whose limit has been breached, if this situation has not been rectified by the deadline authorised by the Bank to rectify this situation (the amount by which the limit has been breached has been paid).

Lines of Credit have no fixed intervals for payments of principal, but do have such intervals for interest payments.

Interest accrued by the Lines of Credit will be paid in accordance with the provisions of Article 317 of the Commercial Code, with the amount disbursed increased and, in turn, accruing yields at a corresponding rate of interest in accordance with the provisions of the relevant Credit Agreements.

At the same time as interest on the Lines of Credit themselves is paid, the Bank is receiving (paying) this amount from the Lines of Credit. The charge on Lines of Credit implies the collection of interest by the Bank and the payment of said interest to the Interest Account. This interest from the Lines of Credit, in turn, produces an increase in the balance of said Lines of Credit available.

Amounts in excess of the Lines of Credit can be the result of two factors: i) Additional payouts made by Debtors on the Lines of Credit once the maximum available limits of the same have been breached; and ii) when the maximum available limit of the Lines of Credit have been breached as a result of the capitalisation of interest on the same described above. In the case of the latter, the amount of the excess is protected by the initial loan policy signed by the Bank and the Debtor so that no authorization is required from any body of the Bank. In any case, the Debtor must pay the amount owing in excess of the limit under the terms stipulated by the Bank in its loan and lines of credit policy set out in the Additional Building Block of this Prospectus.

If the amount of the excess is not protected by the corresponding lending policy and is within section i) above, the following criteria shall apply:

- 1.) **Authorization by the competent body:** Any amount in excess of the limit must be duly **authorized by the competent body**, i.e. the corresponding Loans Committee by virtue of the powers conferred by the Delegated Risk Committee (the offices, the Loans Committee of the Area, the Loans Commission of the Risk Area and the Delegated Risk Committee itself) to each of the bodies according to the amount, term and guarantees given to each Debtor and/or group. For the purposes of this document, as a general rule the competent body does not authorize the Debtor to exceed the limit whilst the previous breach of said limit has not been rectified.
- 2.) **Authorization based on the credit quality of the Debtor:** In deciding to allow a Debtor to breach the limit on their Line of Credit, the credit quality of the client is assessed using the following criteria: a rating of more than five (or a score approved for the risk of individuals), risk rating under normal conditions, sufficient proven ability to cover the amount in excess of the limit in the agreed time frame and sufficient guarantees/solvency.
- 3.) **Internal alarms:** In the event that the limit is breached, alarms generated are internal and appear on an **IT system called GSI, or “Gestión de Situaciones Irregulares” (“Management of Irregular Situations”)** that can be accessed by central offices and services in risk and recovery. As established in the internal circulars of the Bank, the Offices and risk analysts, these lists must be reviewed on a daily basis in order to manage the regularization of these positions.
- 4.) **Documentation of the breach:** The breach is documented by processing a new risk proposal which must be approved by the competent body, and not subscribing a new policy.

The credit rights derived from the Loans and Lines of Credit referred to above will be jointly referred to as the “Assets”.

Only Assets derived from the Loans and, where applicable, Amounts Disbursed from the Lines of Credit will be assigned to the Fund. Therefore, movements (both upward and downward) in the Lines of Credit will be transferred daily to the Fund via the relevant adjustment to the Liquidity Line, so that balances actually disbursed from the Lines of Credit are at all times assigned to the Fund, under the terms described in section 3.4.3 b) below in this Additional Building Block.

Assets derived from Mortgage Loans will be assigned to the Fund via the issue of Certificates of Mortgage Transmission, whereas Assets derived from Non-Mortgage Loans will be assigned directly in the Deed of Incorporation and, with regards to payouts from the Lines of Credit, via the relevant adjustment to the Liquidity Line, as stipulated in section 3.4.3 b) of this Additional Building Block.

2.2.1 The legal jurisdiction by which the pool of Assets is governed.

The Assets are governed by Spanish law.

2.2.2 General characteristics of the debtors and the economical surrounding, as well as statistical data referred to the assets that are going to be securitized.

The Assets to be grouped in the Fund at the Date of Incorporation will be integrated by credit rights derived from Non-Mortgage Loans, Lines of Credit and Certificates of Mortgage Transfer issued to participate in the credit rights derived of the corresponding Mortgage Loans that make up the Preliminary Portfolio.

Audit Report of Attributes.

In order to fulfil the provisions of Article 5 of Royal Decree 926/1998 of May 14th, the Preliminary Portfolio of Loans and Lines of Credit from which the Credit Rights are derived has been subject to an audit report prepared by Deloitte (the “**Audit Report of Attributes**”). Said audit will address the verification of the following attributes:

- Nature of the assigned debtor
- Identification of assigned debtor
- Assignment of the assets
- Date of formalization
- Date of maturity
- Initial amount of the loan or most recent renewal of the line of credit
- Current balance/ amount disbursed of the loan or line of credit
- Interest rate
- Interest rate differential
- Interest rate applied
- Delays in payment
- End
- Ownership
- Formalization
- Frequency of payments
- Insolvency status
- Risk concession policy
- Loans or lines of credit extended to developers or leasing companies.

The following are also audited in the case of Mortgage Loans:

- Mortgage guarantee
- Rating of the guarantee
- Formalization of the mortgage guarantee
- Recording in the registry of the mortgage guarantee
- Address of the mortgaged property and/or registered property
- Appraisal
- Appraisal value
- Current Loan Balance/Appraisal Value ratio

In addition, for Lines of Credit:

- Disbursed Balance of the Line of Credit/Limit ratio

The Preliminary Portfolio from which the Assets will be drawn is comprised of 28,210 Loans and 2,919 Lines of Credit whose outstanding balance to mature, on December 21, 2010 stood at 6,839,691,735.50 euros.

The following tables show the distribution of Assets according to different criteria:

a) Distribution of Loans and Lines of Credit according to Collateral and Type of Asset.

With regard to the composition of the Preliminary Portfolio, the following should be highlighted:

CLASSIFICATION ACCORDING TO TYPE OF ASSET				
ASSET	Outstanding principal		Credit	
	(in euros)	%	Number	%
Loans without mortgage	4,339,796,236.84	63.45	27,136	87.17
Guarantee with mortgage	916,164,726.00	13.39	1,074	3.45
Guarantee of Credit	1,583,730,772.66	23.16	2,919	9.38
Tota	6,839,691,735.50	100.00%	31,129	100.00%

CLASSIFICATION ACCORDING TO TYPE OF GUARANTEE				
GUARANTEE	Outstanding principal		Credit	
	(in euros)	%	Number	%
Non-mortgage credit rights with no specific guarantee	4,379,091,153.45	64.02	27,192	87.35
Crédit No Hipotecario con garantía personal (distinto de hipoteca inmobiliaria) y en su caso garantía real (distinto de hipoteca inmobiliaria)	1,544,435,856.05	22.58	2,863	9.20
Mortgage Loans (with mortgage guarantee)	916,164,726.00	13.39	1,074	3.45
Tota	6,839,691,735.50	100.00%	31,129	100.00%

The Lines of Credit mentioned in the table above include the amounts derived from breaches of limits and interest paid.

13.39% of the outstanding balance of the Preliminary Portfolio has a mortgage guarantee. 64.02% of the total balance of the Preliminary Portfolio corresponds to Non-Mortgage Loans and Lines of Credit with no specific guarantee.

All Non-Mortgage Loans and Lines of Credit are guaranteed with the assets of the Debtor, although, for the purposes of classifying the guarantee, they are deemed as “with no specific guarantee”.

Additionally, some Non-Mortgage Loans and Lines of Credit are guaranteed with personal guarantee, including endorsements, that is, they are guaranteed with assets from third parties other than the Debtor (guarantors) and for the cases where the personal guarantee is insufficient, there is another in rem guarantee different from the mortgage guarantee, which may include, among others: cash deposits, pledges on stocks in Investment Funds and other fixed assets securities and pledges on public funds, with said guarantees being duly entered in the Property Registers and the relevant margin notes (provided that said registration is compulsory).

The final propositions of Assets derived from Mortgage Loans, Non-Mortgage Loans and Lines of Credit that will be assigned to the Fund cannot be guaranteed.

b) **Information on the number of Debtors selected and their distribution.**

The table below shows the concentration of the twenty (20) largest debtors in the Preliminary Portfolio as at December 21, 2010.

CLASSIFICATION ACCORDING TO LARGEST DEBTORS				
Other	5,060,370,545.84	67.23%	Line of Credit	PROPERTY DEVELOPMENT
20	28,009,581.69	0.44%	Mortgage loan	CONSTRUCTION OF BUILDINGS
Totales	6,830,601,735.50	100%		
19	30,022,635.40	0.44%	Line of Credit	CONSTRUCTION OF BUILDINGS
18			Line of Credit	CONSTRUCTION OF BUILDINGS
			Activity	

- 17 **Outstanding principal (€)** 30,534,270.31 0.45% **Type of credit** Mortgage loan **Activity** CONSTRUCTION OF BUILDINGS
- 16 **Debtors** The largest debtor is ALBA PARTICIPACIONES, a company that invests in large businesses and projects with its registered address in Madrid.
- 15 The contractual conditions of the Loans and Lines of Credit of Debtors nos. 3, 8 and 10 in the table above include requirements in terms of financial ratios in order to demand Early Repayment of the Loan or Line of Credit as a result of their failure to comply with the same.
- 14 The contractual conditions of the Loans and Lines of Credit of Debtors nos. 1, 2, 4, 5, 6, 7 and 9 in the table above do not include requirements in terms of financial ratios in order to demand Early Repayment of the Loan or Line of Credit as a result of their failure to comply with the same.
- 13 The 2 largest debtors account for 1.99% of the outstanding balance of principal of the Preliminary Portfolio.
- 12 The 10 largest debtors account for 7.91% of the outstanding balance of principal of the Preliminary Portfolio.
- 11 The 20 largest debtors account for 12.72% of the outstanding balance of principal of the Preliminary Portfolio.
- 10 This breakdown of Debtors is based on the opinion of Santander and included in section 2.2.7 of this Additional Building Block, which considers the debtor/group the same unit of risk.
- 9 50,000,000.00 0.73% Personal loan
- 8 58,000,000.00 0.84% Personal loan
- 7 50,000,000.00 0.73% Line of Credit
- 6 50,201,252.82
- 5

c) Distribution of Loans and Lines of Credit according to Type of Debtor

According to the type of Debtor, Loans and Lines of Credit included in the Preliminary Portfolio as at December 21, 2010 are distributed as follows:

Deudor	Principal pendiente		Derechos de Crédito	
	(miles de euros salvo el total, en euros)	%	Número	%
Microempresas	1.061.729,30	15,52%	19.234	61,79%
PYMES	4.200.684,69	61,42%	11.338	36,42%
Empresas	102.846,78	1,50%	188	0,60%
Grandes Empresas	1.474.430,97	21,56%	369	1,19%
Total	6.839.691.735,50	100,00%	31.129	100,00%

Said Loans and Lines of Credit have been extended by Santander. The following classification is based on the opinion adopted by Santander, as a function of annual turnover, as follows:

Type of debtor	Turnover
Microbusinesses	Turnover <= 2 MM
SMEs	Turnover 2-10 MM
Companies	Turnover 10-18,030 MM
Large companies	Turnover > 18,030 MM euros

d) Distribution of Loans and Lines of Credit according to purpose

The table below demonstrates the distribution of Loans and Lines of Credit as at December 21, 2010 according to their purpose:

CLASSIFICATION ACCORDING TO PURPOSE OF LOANS AND LINES OF CREDIT				
Description of purpose	Outstanding principal		Loans and Lines of Credit	
	(in thousands of euros except for the total, which is in euros)	is in %	Number	%
Property construction	88,703.94	1.30%	79	0.25%
Acquisition of urban properties	47,714.19	0.70%	127	0.41%
Acquisition of land and lots	107,316.16	1.57%	85	0.27%
Acquisition of machinery and tools	246,397.76	3.60%	2,303	7.40%
Acquisitions of property for its economic use	98,403.24	1.44%	178	0.57%
Improvements to facilities	453,057.86	6.62%	2,827	9.08%
Finance for its business activities	5,798,098.59	84.77%	25,530	82.01%
Total	6,839,691,735.50	100.00%	31,129	100.00%

Maximum outstanding principal	75,000,000.00 euros
Minimum outstanding principal	100 euros
Average outstanding principal	186,315.58 euros

CLASIFICACIÓN POR IMPORTES DISPUESTOS DE LAS LINEAS DE CREDITO					
		Importe Dispuesto		Derechos de Crédito	
Desde	Hasta	(miles de euros salvo el total, en euros)	%	Nº	%
0,01	249.999,99	136.050,20	8,59%	2.194	75,16%
250.000,00	749.999,99	211.013,24	13,32%	457	15,66%
750.000,00	1.249.999,99	80.828,75	5,10%	82	2,81%
1.250.000,00	1.749.999,99	41.632,31	2,63%	28	0,96%
1.750.000,00	2.249.999,99	58.851,40	3,72%	30	1,03%
2.250.000,00	2.749.999,99	47.921,41	3,03%	19	0,65%
2.750.000,00	3.249.999,99	60.879,67	3,84%	20	0,69%
3.250.000,00	3.749.999,99	23.983,42	1,51%	7	0,24%
3.750.000,00	4.249.999,99	48.160,85	3,04%	12	0,41%
4.250.000,00	4.749.999,99	4.550,25	0,29%	1	0,03%
4.750.000,00	5.249.999,99	39.805,07	2,51%	8	0,27%
5.250.000,00	5.749.999,99	11.269,70	0,71%	2	0,07%
5.750.000,00	6.249.999,99	47.764,48	3,02%	8	0,27%
6.250.000,00	6.749.999,99	46.200,36	2,92%	7	0,24%
6.750.000,00	7.249.999,99	20.786,46	1,31%	3	0,10%
7.250.000,00	7.749.999,99	22.360,64	1,41%	3	0,10%
7.750.000,00	8.249.999,99	23.772,94	1,50%	3	0,10%
8.250.000,00	8.749.999,99	25.360,04	1,60%	3	0,10%
8.750.000,00	9.249.999,99	18.046,33	1,14%	2	0,07%
9.250.000,00	9.749.999,99	9.356,75	0,59%	1	0,03%
9.750.000,00	10.249.999,99	10.000,00	0,63%	1	0,03%
10.250.000,00	10.749.999,99	-	0,00%	0	0,00%
10.750.000,00	11.249.999,99	22.034,58	1,39%	2	0,07%
11.250.000,00	11.749.999,99	11.611,44	0,73%	1	0,03%
11.750.000,00	12.249.999,99	-	0,00%	0	0,00%
12.250.000,00	12.749.999,99	12.497,02	0,79%	1	0,03%
12.750.000,00	13.249.999,99	13.119,20	0,83%	1	0,03%
13.250.000,00	13.749.999,99	-	0,00%	0	0,00%
13.750.000,00	14.249.999,99	13.906,77	0,88%	1	0,03%
14.250.000,00	14.749.999,99	-	0,00%	0	0,00%
14.750.000,00	15.249.999,99	60.005,10	3,79%	4	0,14%
15.250.000,00	15.749.999,99	15.400,44	0,97%	1	0,03%
15.750.000,00	75.000.000,00	446.561,81	28,20%	17	0,58%
Total		1.583.730.772,66	100,00%	2.919	100,00%

Maximum principal	58,000,000.00 euros
Minimum principal	51.26 euros
Average principal	542,559.36 euros

f) **Maximum, minimum and average initial amounts of Loans and Lines of Credit.**

The following table reflects the initial amounts of Loans included in the Preliminary Portfolio as at December 21, 2010.

CLASSIFICATION OF LOANS PRINCIPAL OF LOANS (miles de euros salvo el total, en		100,000,000 euros ACCORDING TO			
From	To	euros)	%	Nº	%
1.063,00	249.999,99	1.482.282,00	25,03%	24.171	85,68%
250.000,00	749.999,99	1.092.786,52	18,43%	2.784	9,87%
750.000,00	1.249.999,99	602.383,17	10,17%	619	2,19%
1.250.000,00	1.749.999,99	272.268,85	4,60%	184	0,65%
1.750.000,00	2.249.999,99	288.972,22	4,88%	146	0,52%
2.250.000,00	2.749.999,99	158.240,14	2,67%	64	0,23%
2.750.000,00	3.249.999,99	149.962,27	2,53%	50	0,18%
3.250.000,00	3.749.999,99	97.737,60	1,65%	28	0,10%
3.750.000,00	4.249.999,99	107.705,67	1,82%	10	0,04%
4.250.000,00	4.749.999,99	31.105,07	0,53%	3	0,01%
4.750.000,00	5.249.999,99	134.517,13	2,30%	10	0,04%
5.250.000,00	5.749.999,99	44.015,00	0,75%	3	0,01%
5.750.000,00	6.249.999,99	6.249.999,99	100,00%	113.591,54	39,87%
6.250.000,00	6.749.999,99	6.749.999,99	100,00%	8	0,03%
6.750.000,00	7.249.999,99	41.857,28	0,71%	6	0,02%
7.250.000,00	7.749.999,99	22.400,00	0,38%	3	0,01%
7.750.000,00	8.249.999,99	32.120,46	0,54%	4	0,01%
8.250.000,00	8.749.999,99	14.249.999,99	23,80%	4	0,01%
8.750.000,00	9.249.999,99	14.249.999,99	23,80%	4	0,01%
9.250.000,00	9.749.999,99	14.249.999,99	23,80%	4	0,01%
9.750.000,00	10.249.999,99	14.249.999,99	23,80%	4	0,01%
10.250.000,00	10.749.999,99	14.249.999,99	23,80%	4	0,01%
10.750.000,00	11.249.999,99	14.249.999,99	23,80%	4	0,01%
11.250.000,00	11.749.999,99	14.249.999,99	23,80%	4	0,01%
11.750.000,00	12.249.999,99	14.249.999,99	23,80%	4	0,01%
12.250.000,00	12.749.999,99	14.249.999,99	23,80%	4	0,01%
12.750.000,00	13.249.999,99	14.249.999,99	23,80%	4	0,01%
13.250.000,00	13.749.999,99	14.249.999,99	23,80%	4	0,01%
13.750.000,00	14.249.999,99	14.249.999,99	23,80%	4	0,01%
14.250.000,00	14.749.999,99	14.249.999,99	23,80%	4	0,01%
14.750.000,00	15.249.999,99	14.249.999,99	23,80%	4	0,01%
15.250.000,00	15.749.999,99	14.249.999,99	23,80%	4	0,01%
15.750.000,00	16.249.999,99	14.249.999,99	23,80%	4	0,01%
16.250.000,00	16.749.999,99	14.249.999,99	23,80%	4	0,01%
16.750.000,00	17.249.999,99	14.249.999,99	23,80%	4	0,01%
17.250.000,00	17.749.999,99	14.249.999,99	23,80%	4	0,01%
17.750.000,00	18.249.999,99	14.249.999,99	23,80%	4	0,01%
18.250.000,00	18.749.999,99	14.249.999,99	23,80%	4	0,01%
18.750.000,00	19.249.999,99	14.249.999,99	23,80%	4	0,01%
19.250.000,00	19.749.999,99	14.249.999,99	23,80%	4	0,01%
19.750.000,00	20.249.999,99	14.249.999,99	23,80%	4	0,01%
20.250.000,00	20.749.999,99	14.249.999,99	23,80%	4	0,01%
20.750.000,00	21.249.999,99	14.249.999,99	23,80%	4	0,01%
21.250.000,00	21.749.999,99	14.249.999,99	23,80%	4	0,01%
21.750.000,00	22.249.999,99	14.249.999,99	23,80%	4	0,01%
22.250.000,00	22.749.999,99	14.249.999,99	23,80%	4	0,01%
22.750.000,00	23.249.999,99	14.249.999,99	23,80%	4	0,01%
23.250.000,00	23.749.999,99	14.249.999,99	23,80%	4	0,01%
23.750.000,00	24.249.999,99	14.249.999,99	23,80%	4	0,01%
24.250.000,00	24.749.999,99	14.249.999,99	23,80%	4	0,01%
24.750.000,00	25.249.999,99	14.249.999,99	23,80%	4	0,01%
25.250.000,00	25.749.999,99	14.249.999,99	23,80%	4	0,01%
25.750.000,00	26.249.999,99	14.249.999,99	23,80%	4	0,01%
26.250.000,00	26.749.999,99	14.249.999,99	23,80%	4	0,01%
26.750.000,00	27.249.999,99	14.249.999,99	23,80%	4	0,01%
27.250.000,00	27.749.999,99	14.249.999,99	23,80%	4	0,01%
27.750.000,00	28.249.999,99	14.249.999,99	23,80%	4	0,01%
28.250.000,00	28.749.999,99	14.249.999,99	23,80%	4	0,01%
28.750.000,00	29.249.999,99	14.249.999,99	23,80%	4	0,01%
29.250.000,00	29.749.999,99	14.249.999,99	23,80%	4	0,01%
29.750.000,00	30.249.999,99	14.249.999,99	23,80%	4	0,01%
30.250.000,00	30.749.999,99	14.249.999,99	23,80%	4	0,01%
30.750.000,00	31.249.999,99	14.249.999,99	23,80%	4	0,01%
31.250.000,00	31.749.999,99	14.249.999,99	23,80%	4	0,01%
31.750.000,00	32.249.999,99	14.249.999,99	23,80%	4	0,01%
32.250.000,00	32.749.999,99	14.249.999,99	23,80%	4	0,01%
32.750.000,00	33.249.999,99	14.249.999,99	23,80%	4	0,01%
33.250.000,00	33.749.999,99	14.249.999,99	23,80%	4	0,01%
33.750.000,00	34.249.999,99	14.249.999,99	23,80%	4	0,01%
34.250.000,00	34.749.999,99	14.249.999,99	23,80%	4	0,01%
34.750.000,00	35.249.999,99	14.249.999,99	23,80%	4	0,01%
35.250.000,00	35.749.999,99	14.249.999,99	23,80%	4	0,01%
35.750.000,00	36.249.999,99	14.249.999,99	23,80%	4	0,01%
36.250.000,00	36.749.999,99	14.249.999,99	23,80%	4	0,01%
36.750.000,00	37.249.999,99	14.249.999,99	23,80%	4	0,01%
37.250.000,00	37.749.999,99	14.249.999,99	23,80%	4	0,01%
37.750.000,00	38.249.999,99	14.249.999,99	23,80%	4	0,01%
38.250.000,00	38.749.999,99	14.249.999,99	23,80%	4	0,01%
38.750.000,00	39.249.999,99	14.249.999,99	23,80%	4	0,01%
39.250.000,00	39.749.999,99	14.249.999,99	23,80%	4	0,01%
39.750.000,00	40.249.999,99	14.249.999,99	23,80%	4	0,01%
40.250.000,00	40.749.999,99	14.249.999,99	23,80%	4	0,01%
40.750.000,00	41.249.999,99	14.249.999,99	23,80%	4	0,01%
41.250.000,00	41.749.999,99	14.249.999,99	23,80%	4	0,01%
41.750.000,00	42.249.999,99	14.249.999,99	23,80%	4	0,01%
42.250.000,00	42.749.999,99	14.249.999,99	23,80%	4	0,01%
42.750.000,00	43.249.999,99	14.249.999,99	23,80%	4	0,01%
43.250.000,00	43.749.999,99	14.249.999,99	23,80%	4	0,01%
43.750.000,00	44.249.999,99	14.249.999,99	23,80%	4	0,01%
44.250.000,00	44.749.999,99	14.249.999,99	23,80%	4	0,01%
44.750.000,00	45.249.999,99	14.249.999,99	23,80%	4	0,01%
45.250.000,00	45.749.999,99	14.249.999,99	23,80%	4	0,01%
45.750.000,00	46.249.999,99	14.249.999,99	23,80%	4	0,01%
46.250.000,00	46.749.999,99	14.249.999,99	23,80%	4	0,01%
46.750.000,00	47.249.999,99	14.249.999,99	23,80%	4	0,01%
47.250.000,00	47.749.999,99	14.249.999,99	23,80%	4	0,01%
47.750.000,00	48.249.999,99	14.249.999,99	23,80%	4	0,01%
48.250.000,00	48.749.999,99	14.249.999,99	23,80%	4	0,01%
48.750.000,00	49.249.999,99	14.249.999,99	23,80%	4	0,01%
49.250.000,00	49.749.999,99	14.249.999,99	23,80%	4	0,01%
49.750.000,00	50.249.999,99	14.249.999,99	23,80%	4	0,01%
50.250.000,00	50.749.999,99	14.249.999,99	23,80%	4	0,01%
50.750.000,00	51.249.999,99	14.249.999,99	23,80%	4	0,01%
51.250.000,00	51.749.999,99	14.249.999,99	23,80%	4	0,01%
51.750.000,00	52.249.999,99	14.249.999,99	23,80%	4	0,01%
52.250.000,00	52.749.999,99	14.249.999,99	23,80%	4	0,01%
52.750.000,00	53.249.999,99	14.249.999,99	23,80%	4	0,01%
53.250.000,00	53.749.999,99	14.249.999,99	23,80%	4	0,01%
53.750.000,00	54.249.999,99	14.249.999,99	23,80%	4	0,01%
54.250.000,00	54.749.999,99	14.249.999,99	23,80%	4	0,01%
54.750.000,00	55.249.999,99	14.249.999,99	23,80%	4	0,01%
55.250.000,00	55.749.999,99	14.249.999,99	23,80%	4	0,01%
55.750.000,00	56.249.999,99	14.249.999,99	23,80%	4	0,01%
56.250.000,00	56.749.999,99	14.249.999,99	23,80%	4	0,01%
56.750.000,00	57.249.999,99	14.249.999,99	23,80%	4	0,01%
57.250.000,00	57.749.999,99	14.249.999,99	23,80%	4	0,01%
57.750.000,00	58.249.999,99	14.249.999,99	23,80%	4	0,01%
58.250.000,00	58.749.999,99	14.249.999,99	23,80%	4	0,01%
58.750.000,00	59.249.999,99	14.249.999,99	23,80%	4	0,01%
59.250.000,00	59.749.999,99	14.249.999,99	23,80%	4	0,01%
59.750.000,00	60.249.999,99	14.249.999,99	23,80%	4	0,01%
60.250.000,00	60.749.999,99	14.249.999,99	23,80%	4	0,01%
60.750.000,00	61.249.999,99	14.249.999,99	23,80%	4	0,01%
61.250.000,00	61.749.999,99	14.249.999,99	23,80%	4	0,01%
61.750.000,00	62.249.999,99	14.249.999,99	23,80%	4	0,01%
62.250.000,00	62.749.999,99	14.249.999,99	23,80%	4	0,01%
62.750.000,00	63.249.999,99	14.249.999,99	23,80%	4	0,01%
63.250.000,00	63.749.999,99	14.249.999,99	23,80%	4	0,01%
63.750.000,00	64.249.999,99	14.249.999,99	23,80%	4	0,01%
64.250.000,00	64.749.999,99	14.249.999,99	23,80%	4	0,01%
64.750.000,00	65.249.999,99	14.249.999,99	23,80%	4	0,01%
65.250.000,00	65.749.999,99	14.249.999,99	23,80%	4	0,01%
65.750.000,00	66.				

The table below provides the maximum amounts available from Lines of Credit included in the Preliminary Portfolio as at December 21, 2010.

CLASSIFICATION ACCORDING TO LIMIT OF LINES OF CREDIT					
(in thousands of euros)					
From	Hasta	In euros	Outstanding principal %	Derechos de Crédito %	
600,00	249.999,99	145.940,41	7,61%	2.057	70,47%
750.000,00	1.249.999,99	95.459,75	4,95%	98	3,35%
1.250.000,00	1.749.999,99	55.389,27	2,87%	38	1,30%
1.750.000,00	2.249.999,99	63.091,03	3,27%	32	1,10%
2.250.000,00	2.749.999,99	44.135,33	2,29%	8	0,62%
2.750.000,00	3.249.999,99	63.275,59	3,28%	21	0,72%
3.250.000,00	3.749.999,99	40.526,13	2,10%	12	
3.750.000,00	4.249.999,99	51.400,00			2,66%
4.250.000,00	4.749.999,99			22.200,00	1,15%
4.750.000,00	5.249.999,99			64.500,00	3,34%
5.250.000,00		5.749.999,99			5.400,00
5.750.000,00		6.249.999,99			78.000,00
6.250.000,00		0,00		-	0,00%
6.750.000,00	7.249.999,99	42.100,00	2,10%	6	0,21%
7.250.000,00	7.749.999,99	44.641,61	2,31%	5	0,21%
7.750.000,00	8.249.999,99	47.800,00	2,40%	6	
					0,00%
Maximum amount					
13.750.000,00					
Minimum amount	14.249.999,99			2.000 euros	
Average amount	8.250.000,00	14.000,00		661.236,79 euros	
	8.749.999,99		0,73%	1	
					0,03%
		16.800,00			
14.250.000,00					
	14.749.999,99		0,87%		

e) **Effective interest rate or finance charge applicable at the present time: maximum, minimum and average rates on the Loans and Lines of Credit.**

The average weighted fixed interest for Loans and Lines of Credit included in the Preliminary Portfolio as at December 21, 2010 was 3.39%. The following table shows the breakdown of the Loans by their reference indexes.

LOAN REFERENCE INTEREST RATES				
Index			Credit rights	
	Outstanding principal	%	Number	%
1-year Euribor	2,507,120.83	36.66%	5,151	16.55%
3-month Euribor	1,125,558.91	16.46%	281	0.90%
6-month Euribor	348,580.71	5.10%	467	1.50%
1-month Euribor	183,040.12	2.68%	11	0.04%
ICO (*)	723,192.53	10.57%	4,970	15.97%
Fixed interest	1,952,198.64	28.54%	20,249	65.05%
Totals	€6,839,691,735.50	100%	31,129	100%

The following table shows the breakdown of the Loans and Lines of Credit by the present nominal interest rate.

CLASSIFICATION ACCORDING TO CURRENT INTEREST RATES					
		Outstanding balance		Credit rights	
From	To	(in thousands of euros except for total, which is in euros)	%	Number	%
0.71	0.99	2,207.14	0.03	8	0.03
1	1.49	328,783.40	4.81	866	2.78
1.5	1.99	751,746.15	10.99	1,325	4.26
2	2.49	756,147.63	11.06	769	2.47
2.5	2.99	1,243,912.58	18.19	1,344	4.32
3	3.49	1,032,259.53	15.09	3,287	10.56
3.5	3.99	1,046,605.93	15.30	4,231	13.59
4	4.49	372,675.11	5.45	3,054	9.81
4.5	4.99	382,427.00	5.59	3,549	11.40
5	5.49	258,782.90	3.78	2,778	8.92
5.5	5.99	194,298.94	2.84	1,877	6.03
6	6.49	301,212.37	4.40	3,423	11.00
6.5	6.99	37,301.80	0.55	613	1.97
7	7.49	131,331.18	1.92	4,005	12.87
Totals		6,839,691,735.50	100%	31,129	100%

Current maximum interest rate	17%
Current minimum interest rate	0.71%
Current average interest rate	3.39%

Loans and Lines of Credit will accrue interest at a fixed rate or variable rate linked a market index, with no maximum or minimum interest rate applicable.

g) Year of formalization of Loans and Lines of Credit

The following table shows the distribution of Loans in the Preliminary Portfolio according to the year they were formalized.

DISTRIBUTION ACCORDING TO FORMALIZATION DATE OF LOANS					
		Outstanding balance		Credit rights	
From	To	(in thousands of euros except for total, which is in euros)	%	Number	%
01/02/2001	12/31/2006	161,164.50	3.07	130	0.46
01/01/2007	03/31/2007	10,504.06	0.20	15	0.05
04/01/2007	06/30/2007	38,740.80	0.74	20	0.07
07/01/2007	09/30/2007	29,693.78	0.56	28	0.10
10/01/2007	12/31/2007	17,697.23	0.34	44	0.16
01/01/2008	03/31/2008	34,157.06	0.65	75	0.27
04/01/2008	06/30/2008	55,808.03	1.06	37	0.13
07/01/2008	09/30/2008	33,267.83	0.63	66	0.23
10/01/2008	12/31/2008	43,475.54	0.83	142	0.50
01/01/2009	03/31/2009	654,985.87	12.46	3,509	12.44
04/01/2009	06/30/2009	1,058,928.61	20.15	5,837	20.69
07/01/2009	09/30/2009	939,862.83	17.88	4,305	15.26
10/01/2009	12/31/2009	1,156,921.58	22.01	7,046	24.98
01/01/2010	03/31/2010	1,020,753.18	19.42	6,956	24.66
Totals		5,255,960,962.84	100%	28,210	100%

Earliest formalization date: June 26, 2001 **Latest formalization date:** March 31, 2010

The table below shows the distribution of Lines of Credit of the Preliminary Portfolio according to the year they were renewed or when they were first formalized.

DISTRIBUTION ACCORDING TO MOST RECENT RENEWAL OF LINES OF CREDIT					
From	To	Outstanding balance		Loans	
		(in thousands of euros except for total, which is in euros)	%	Number	%
01/02/2001	12/31/2006	246,109.61	15.54	87	2.98
01/01/2007	03/31/2007	28,419.08	1.79	14	0.48
04/01/2007	06/30/2007	101,247.55	6.39	15	0.51
07/01/2007	09/30/2007	21,682.82	1.37	7	0.24
10/01/2007	12/31/2007	77,918.15	4.92	24	0.82
01/01/2008	03/31/2008	21,200.14	1.34	57	1.95
04/01/2008	06/30/2008	136,426.86	8.61	221	7.57
07/01/2008	09/30/2008	19,465.90	1.23	14	0.48
10/01/2008	12/31/2008	54,623.01	3.45	71	2.43
01/01/2009	03/31/2009	103,180.36	6.52	94	3.22
04/01/2009	06/30/2009	158,785.58	10.03	129	4.42
07/01/2009	09/30/2009	84,364.45	5.33	90	3.08
10/01/2009	12/31/2009	159,730.42	10.09	106	3.63
01/01/2010	03/31/2010	370,576.76	23.40	1,990	68.17
	Totals	1,583,730,772.66	100%	2,919	100%

Earliest renewal date	May 8, 2001
Most recent renewal date	March 31, 2010

The average weighted age of the Loans is 1.52 years, while that of the Lines of Credit is 2.30 years. 83.46% of the outstanding principal of the Preliminary Portfolio corresponds to Loans and Lines of Credit formalized between January 1, 2009 and March 31, 2010.

h) Final maturity date.

The following table shows the breakdown of the Loans in the Preliminary Portfolio by final amortization date in annual intervals:

CLASIFICACIÓN POR AÑO DE VENCIMIENTO DE LOS PRESTAMOS				
Vencimiento	Principal pendiente		Derechos de Crédito	
	(en euros)	%	Nº	%
AÑO 2011	597.626.716,65	11,37%	1.596	5,66%
AÑO 2012	1.278.343.812,73	24,32%	10.816	38,34%
AÑO 2013	436.784.813,62	8,31%	3.632	12,87%
AÑO 2014	696.256.782,86	13,25%	6.214	22,03%
AÑO 2015	387.525.465,63	7,37%	2.478	8,78%
AÑO 2016	549.602.659,09	10,46%	1.596	5,66%
AÑO 2017	272.459.319,73	5,18%	443	1,57%
AÑO 2018	66.375.800,77	1,26%	82	0,29%
AÑO 2019	289.339.221,28	5,50%	462	1,64%
AÑO 2020	49.896.940,43	0,95%	108	0,38%
AÑO 2021	108.410.474,86	2,06%	183	0,65%
AÑO 2022	71.039.191,05	1,35%	52	0,18%
AÑO 2023	45.400.986,33	0,86%	28	0,10%
AÑO 2024	175.454.170,42	3,34%	256	0,91%
AÑOS 2025-2049	231.444.607,39	4,40%	264	0,94%
Total	5.255.960.962,84	100,00%	28.210	100,00%

Latest maturity date	March 31, 2049
Closest maturity date	January 14, 2011

The average weighted maturity period of the Loans is 4.81 years.

The table below shows the distribution of Lines of Credit in the Preliminary Portfolio according to the date of final redemption of these in annual intervals or first formalization.

CLASIFICACIÓN POR AÑO DE VENCIMIENTO DE LAS LINEAS DE CREDITO				
Vencimiento	Principal pendiente		Derechos de Crédito	
	(en euros)	%	Nº	%
AÑO 2011	738.066.940,39	46,60%	2.394	82,01%
AÑO 2012	544.950.477,68	34,41%	230	7,88%
AÑO 2013	90.166.570,15	5,69%	48	1,64%
AÑO 2014	40.267.673,56	2,54%	36	1,23%
AÑO 2015	34.625.646,20	2,19%	6	0,21%
AÑO 2016	5.707.536,53	0,36%	7	0,24%
AÑO 2017	290.000,00	0,02%	1	0,03%
AÑO 2018	3.117.206,27	0,20%	1	0,03%
AÑO 2019	10.078.963,75	0,64%	8	0,27%
AÑO 2020	-	0,00%	0	0,00%
AÑO 2021	-	0,00%	0	0,00%
AÑO 2022	-	0,00%	0	0,00%
AÑO 2023	7.497.588,66	0,47%	1	0,03%
AÑO 2024	376.249,61	0,02%	1	0,03%
AÑOS 2025-2049	108.585.919,86	6,86%	186	6,37%
Total	1.583.730.772,66	100,00%	2.919	100,00%

Latest maturity date	December 30, 2028
Closest maturity date	January 19, 2011

The average weighted maturity period of the Lines of Credit is 2.47 years.

i) Date of Concession.

The table below shows the distribution of Loans and Lines of Credit according to their original term (in years).

CLASIFICACION POR PLAZO DE CONCESIÓN ORIGINAL					
Intervalo		Principal pendiente		Derechos de Crédito	
(en años)		(en euros)		Número	%
			%		
0	1	22.301.725,81	0,33%	148	0,48%
1	2	508.126.926,17	7,43%	2.916	9,37%
2	3	590.789.713,69	8,64%	799	2,57%
3	4	1.985.138.335,05	29,02%	14.086	45,25%
4	5	128.991.680,57	1,89%	501	1,61%
5	6	1.241.884.309,49	18,16%	8.690	27,92%
6	7	160.240.840,16	2,34%	235	0,75%
7	8	767.781.472,36	11,23%	1.859	5,97%
8	9	203.093.162,14	2,97%	272	0,87%
9	10	21.783.851,71	0,32%	32	0,10%
10	40	1.209.559.718,35	17,68%	1.591	5,11%
Totales		6.839.691.735,50	100,00%	31.129	100,00%

j) Distribution according to economic activity (national economic activity classification, or CNAE)) of the Loans and Lines of Credit from which the Assets assigned by Santander will be extracted.

The table below shows the distribution of the Loans and Lines of Credit according to economic activity (CNAE) carried out in accordance with the new distribution applicable as at January 2009.

Of the Loans and Lines of Credit selected as at December 21, 2010 for the assignment of the Assets to the Fund upon its incorporation, the debtors whose CNAE activity represents a larger concentration are those that belong to the following categories:

- “Construction of buildings”, with outstanding principal of 1,395,711,436.28 euros, or 20.41% of the total of the Preliminary Portfolio.
- “*Property Activities*”, with outstanding principal of 725,037,137.05 euros, or 10.60% of the total Preliminary Portfolio; and
- “*Wholesale Trade*”, with outstanding principal of 448,972,167.51 euros, or 6.56% of the total Preliminary Portfolio.

k) Indication of geographic breakdown according to Autonomous Communities.

The following table shows, as at December 21, 2010 the geographic breakdown of the Preliminary Portfolio according to the Autonomous Communities in which the registered addresses of the Debtors are located.

DISTRIBUTION ACCORDING TO GEOGRAPHICAL AREA				
Region	Outstanding Principal		Credit rights	
	(in thousands of euros except for total, which is in euros)	%	Number	%
Andalucía	823,812.25	12.04	4,500	14.46
Aragon	232,442.50	3.04	1,364	4.38
Asturias	120,598.51	1.76	425	1.37
Balearic Islands	146,988.38	2.15	665	2.14
Canary Islands	355,517.22	5.20	1,803	5.79
Cantabria	86,401.77	1.26	546	1.75
Castilla-La Mancha	197,681.72	2.89	1,105	3.55
Castilla-Leon	351,407.75	5.14	1,691	5.43
Catalonia	1,194,351.95	17.46	5,142	16.52
Ceuta	5,611.26	0.08	12	0.04
Extremadura	112,420.23	1.64	447	1.44
Galicia	174,443.36	2.55	1,445	4.64
La Rioja	48,921.08	0.72	253	0.81
Madrid	1,757,277.30	25.69	5,681	18.25
Melilla	721.24	0.01	14	0.04
Murcia	218,669.74	3.20	1,176	3.78
Navarra	93,636.74	1.37	386	1.24
Basque Country	315,669.13	4.62	1,462	4.70
Valencia	603,119.51	8.82	3,012	9.68
Totals	€6,839,691,735.50	100%	31,129	100%

j) Default on Preliminary Portfolio

None of the Assets to be assigned to the Fund will present outstanding payments on the relevant Date of Assignment in excess of ninety (90) days.

DELAYS IN PAYMENTS ON INSTALMENTS

(in thousands of euros except for

the total, which is in euros) %

N°

%

6.393.350,21

93,47%

27.932

89,73%

1

9

162.219,60

10

19

58.924,59

0,86%

501

1,61%

Repayments on all Lines of Credit are up to date.

Credit rights

Interval

Outstanding principal

k) **Frequency of payments**

The table below shows the distribution of Loans of the Preliminary Portfolio according to the frequency of payments of principal and/or interest (only interest in the case of Loans with redemption on maturity).

FREQUENCY OF PAYMENTS (INTEREST AND/OR PRINCIPAL) ON

LOANS 30 Descriptio	Interval 39 (in euros)	Outstanding		Credit	
		principal	%	rights	%
Monthly	3.181.538.761,75	25.775	60,53	24.485	86,80
Quarterl	1.100.700.697,85	13	20,94	0,38	1,63
Half- yearly	820.00.657,55	1	5,60	2.442	8,66
On 1 Maturity	75.042.799,01	1	43	117	41
Totals	5.255.960.962,84	100,00%	100,00%	28.210	100,00%

15.60% of the outstanding principal on Loans in the Preliminary Portfolio has a half-yearly payment of principal and interest; 1.50% of the outstanding principal on Loans in the Prel

outstanding principal on Loans in the Preliminary Portfolio has payment on maturity, compared with interest paid on Bonds, which is paid quarterly. In total, 18.53% of the outstanding principal on Loans in the Preliminary Portfolio has payment at intervals longer than quarterly.

The table below shows the distribution of Lines of Credit in the Preliminary Portfolio according to the frequency of interest payments:

50

59

- 76 -

34.456,03

0,54%

168

FREQUENCY OF PAYMENT OF INTEREST IN LINES OF CREDIT				
Description	Outstanding		Credit	
	(in principal euros)	%	rights	%
Monthly	63.064.824,77	3,98	8	0,27
Quarterl	1.348.180.968,79	89,13	2.696	92,36
Half-yearly	108.951.471,20	6,88	187	6,41
Annual	62.761.293,99	3,96	19	0,65
On maturity	772.213,91	0,05	9	0,31
Totals	1.583.730.772,66	100,00%	2.919	100,00%

The table below shows the frequency of the payment of instalments on Loans without repayment on maturity.

FREQUENCY IN PAYMENT OF INSTALMENTS				
Description	Outstanding		Loans and Lines of Credit	
	(miles de PetroSalvo el total, en euros)	%	Nº	%
Monthly	3.323.685,84	47,61	24.746	78,02
Quarterl	2.497.544,03	35,76	4.015	12,66
Half-yearly	938.621,87	13,44	2.656	8,37
Annual	145.560,02	2,08	142	0,45
On maturity	77.292,81	1,11	158	0,50
Totals	6.984.704.584,46	100,00%	31.717	100,00%

6.88% of the outstanding principal of the Lines of Credit in the Preliminary Portfolio has a biannual periodicity in the payment of interest, and 3.96% of the outstanding principal of the Lines of Credit has an annual periodicity in the payment of interest. 0.05% of the outstanding principal of Lines of Credit in the Preliminary Portfolio has payment of interest on maturity, versus the payment of interest on Bonds, which is made quarterly. In total, 10.89% of the outstanding principal on Lines of Credit has a periodicity of more than quarterly.

The table below shows the frequency of the payment of interest on Loans with repayment on maturity.

1) Grace Period

The following charts show the Loans in the Preliminary Portfolio in which there exists a grace period as per the principal repayment (excluding Lines of Credit, since there is no grace period on interest payments). Lines of Credit do not have a grace period. Loans with a grace period are those on which no payments are to be made on the principal for a given period and, once this period has ended, the principal is repaid periodically. This table also includes Loans redeemed on maturity on which the principal is paid at the end of the life of the operation. Under the terms of their respective contracts, the Debtors cannot demand a grace period in addition to the initial grace period given.

GRACE PERIOD OF THE LOANS				
Grace period	Outstanding principal		Loans	
	(euros)	%	Number	%
With grace period	585,096,930.68	11.13	787	2.79
Without grace period	1,124,902,672.49	21.40	8,765	31.07
Repayment at maturity	3,545,961,359.67	67.47	18,658	66.14
Totals	€5,255,960,962.84	100%	28,210	100%

With regards to Loans with repayment on maturity, the year of repayment of these is given below.

	(euros)	%	Number	%
2011	559.373.478,63	15,77%	1.258	6,75%
2012	1.192.857.278,49	33,64%	9.207	49,27%
2013	382.994.766,13	10,80%	2.845	15,23%

The table below sets out the year of the end of the grace period:

YEAR OF MATURITY OF LOANS WITH REDEMPTION AT MATURITY

2014 YEAR OF END OF GRACE PERIOD FOR LOANS WITH GRACE PERIOD				
YEAR	Outstanding principal		Loans	
	(euros)	%	Number	%
2010	7.897.368,03	1,35%	2.631	2,67%
2011	498.060.922,97	85,12%	653	82,97%
2012	69.912.659,63	11,95%	97	12,33%
2013	9.225.980,05	1,58%	16	2,03%
Totals	585.096.930,68	100,00%	787	100,00%

m) Appraisal value

The table below shows the distributions of the Loans in their various intervals:

(in thousands of euros except for the total which is in euros)					
			%	Number	%
2,94	9,99	110,59	0,01%	2	
10	19,99	1.684,82	0,18%	6	0,56%
	29,99	207,27	0,02%	2	
Minimum outstanding principal / Appraisal value ratio				2	0,19%
Maximum outstanding principal / Appraisal value ratio					127.73 %
Average weighted outstanding principal / Appraisal value ratio				30	82.18 %
	39,99	2.514,89	0,27%		
44.59% of the outstanding principal on Mortgage Loans has a Loan to Value (LTV) ratio of more than 80%, with the average weighted LTV standing at 82.18% ⁵					
					0,47%

n) Relationship between amounts disbursed and limits of Lines of Credit

The table below shows the distribution between amounts disbursed and the limits of Lines of Credit in different intervals.

40	49,99	3.702,36	0,40%	8	
					0,74%

		(in thousands of euros)	%	Number	%
0	9,99	1.580,70	0,10%	89	3,05%
10	19,99				
				63	2,16%
20	29,99	3.802,36			
Total funds available from Lines of Credit stand at 1,930,150,215.07 euros. ⁸⁰					
3.57% of amounts disbursed from Lines of Credit have been exceeded. ⁸⁰					

2.2.3 Legal nature of the Assets.

The Assets subject to securitization through their assignment to the Fund are credit rights arising from Loans and Lines of Credit granted by Santander.³⁰

The Assets are classified, by virtue of the guarantee, as Assets deriving from Mortgage Loans formalized in public deed (i.e. secured by real property mortgage) and Assets derived from Amounts Disbursed from Lines of Credit and Non-Mortgage Loans formalized in mercantile certificate supervised by Notary Public (i.e. without specific guarantee that

guarantee (endorsement) and, if any, *in rem* guarantee other than a property mortgage (for example, cash deposits, pledges on stock in investment funds and other fixed assets securities and pledges on public funds, etc.).^{33,36%}

The assignment of the Assets deriving from Non-Mortgage Loans and Assets derived from Amounts Disbursed from the Lines of Credit is governed by Spanish common law currently in force, i.e. Articles 1526 et seq. of the Spanish Civil Code.

With regard to the assignment of the Assets deriving from Mortgage Loans, Spanish common law is the law naturally applicable to the assignment, made by the issuance by

outstanding balance of the Assets deriving from Mortgage Loans to which they pertain) for full subscription by the Fund in accordance with Additional Provision 5 of Law 3/1994, as per the wording given by Final Provision One of the Law 41/2007; Law 2/1981, of March 25th, on Regulation of the Mortgage Market; Royal Decree 716/2009, of April 24th; and other regulations in force from time to time, applicable to the transferability and acquisition of mortgage market securities. The issuance, representation, transmission and registry of the MTC is detailed in section 3.3.1.b) of this Additional Building Block.^{49,99%}

96

3,29%

2.2.4 The expiration or maturity date(s) of the Assets.

Each of the Loans and Lines of Credit selected has a maturity date, without prejudice to partial periodical repayments, in accordance with the conditions unique to each.

At any point in the life of the Loans and Lines of Credit, the Debtors can repay all or part of the outstanding principal early, bringing to an end the accrual of interest on the portion repaid early from the date on which the repayment is made.

All of the Loans and Lines of Credit have a maturity date prior to March 31st, 2049 (the “**Final Maturity Date of the Fund**”).

2.2.5 Amount of the Assets.

The Fund will be constituted with Assets that Santander will transfer to the Fund in the Date of Incorporation and which principal will be equal or slightly higher than SIX BILLION FOUR HUNDRED FIFTY MILLION EUROS (€6,450,000,000).

2.2.6 Loan to value ratio or level of collateralization.

There is no over-collateralization in the Fund.

2.2.7 Description of the procedures established by Santander for granting of loans in the segment of companies (“Loan Granting Policy”) and claims and recoveries procedure.

2.2.7.1 Loan Granting Policy

Description of the procedures established by Santander for the granting of Loans and Lines of Credit in the business segment (“**Granting Policy**”).

1- Granting policy.

The current risk policy followed by Santander for the formalization of Loans and Lines of Credit in the business segment is that described below:

a) INTRODUCTION: MODEL OF RISKS AT SANTANDER.

The model of risks is based upon the following principles:

- a.1 Segmentation: Each kind of risk requires to be dealt with in a different manner, according with its features (different analysis methodology, faculties, systems and procedures). In order to achieve it, clients are segmented in two groups:
 - Companies, including micro enterprises, with group risks equal or superior to FIVE HUNDRED THOUSAND EUROS (€500.000). See criteria for inclusion in the portfolio.
 - Rest of clients: Composed basically by companies with group risks superior to FIVE HUNDRED THOUSAND EUROS (€500.000).
- a.2 Integrity: The risk is managed entirely from one sole area, in particular, the SCBRA or Spanish Commercial Banking Risk Area. In this way, the two first phases of the cycle (admission, follow-up) are managed from Risks and the third one (collection/recovery) from Recoveries.
- a.3 Autonomy: The function of Risks is independent from the Commercial Net, to whom gives support and service, collaborating to the achievement of its goals.

b) Criteria for inclusion in the portfolio.

In order to give individual treatment to the risks of the clients that for their features and amounts are deemed convenient, a cut-off is fixed from there on the analysis and follow-up function is performed by “specialized” analysts. This has the following consequences:

- b.1 Clients are treated, from the risk stand point, in the Companies Analysis Unit (CAU).
- b.2 Each client is managed by an analyst that has included in their pool of clients.
- b.3 The criteria followed to put in the portfolio the clients are:
 - That the economic-financial group (considered as one risk unit) has active operations with Santander with limitations or dedicated – the greater of the two- for the amount equal or higher than FIVE HUNDRED THOUSAND EUROS (€500.000) (cut-off of portfolio criteria).
 - That the economic-financial group is capable of, in an ordinary relationship with Santander, to exceed the aforementioned amount as cut-off.

c) Procedure for the inclusion in the portfolio. Risk for the Companies included in the portfolio.

c.1 Phases of the risk.

In the life of the credit risk Santander makes the difference between three stages: admission, follow-up and charging/recovery:

1. Admissions: Corresponds to the stage that goes from the identification of the financing needs of the client up until the decision is made upon the proposed operation. In this phase the analyst, in collaboration with the client’s commercial manager, analyzes all risks factors that Santander can run into and together decide within their faculties or, in the contrary case, propose to a higher instance of decision for the corresponding sanction to this risk.
2. Follow-up: This stage goes from the formalization of the risk operation by Santander and the client until the maturity or cancellation of the operation preceding to the Recovery Unit. During this phase the obligation of the responsible groups of risks is to control the evolution of the credit quality of debtor and of the collaterals therein, so that the operations are repaid without prejudices to Santander.
3. Collection: Once the maturity term of the operation has arrived and the ordinary collection does not happen, the risk becomes competency of the Recovery Unit, whose goal, as stated by its name, is to collect everything that is owed to the entity by any means admissible by Law.

c.2. Admission.

As stated before, the weight of this phase falls over the companies’ analyst in collaboration with the client’s commercial manager. It is about doing an

individual analysis of the client/group to make a decision on the proposed operation that minimizes the risks to be assumed by Santander.

In order to develop adequately this function the analyst works supporting him/her on different tasks and/or systems, among which we highlight:

1. Visits to client and indebtedness limit: Once or twice a year the analyst must visit the client in order to get to know all circumstances that influence the client's businesses and activities, obtaining the economic-finance information and the corresponding clarifications when procedure, future investment plans, etc.

In this sense, it is advisable to distinguish whether, in the documentation requested by the Bank of the client/group for the risk analysis for the operation, it refers to a mortgage loan or a non-mortgage loan.

In relation to Mortgage Loans, the following documentation is requested:

- The mortgage guarantee over the asset, not exceeding 60% of the credit of the lower of the two securities, purchase or valuation (this percentage may vary upwards or downwards as a function of the type of asset and the credit quality of the client).
- Balance sheet for the last three fiscal years and provisional balance sheet for the year in progress.
- Declaration from the Risk Information Centre of the Bank of Spain (CIRBE, *Central de Información de Riesgos de Banco de España*).
- Entries should be requested at the Registry of Unpaid Entries (RAI, *Registro de Anotaciones Impagadas*).
- Declaration of assets of the guarantors.
- Forecasts are requested (financial charge, income/expenses) for the upcoming financial years from the client/group according to the years of the loan term until its maturity date.

With respect to Non-Mortgage Loans, all of the aforementioned documentation is requested from the client except for the mortgage guarantee over the asset.

In relation to Loans with a single signatory, the following documents are requested:

- Balance sheet for the last 3 fiscal years and provisional balance sheet for the year in progress.

- Declaration of assets from the client (in the case of individuals), including registry confirmation in the event that they are not up to date.
- Current CIRBE declaration.
- Up-to-date history of internal and external payments (GSI, RAI, ASNEF, CIRBE, legal incidents).
- Forecasts on the future activity of the client, whereby future use of the operation can be anticipated.

With respect to Loans with a personal guarantee from third parties: In addition to the documentation required for loans with a single signatory, the following documents must be provided on each of the guarantors:

- Declaration of assets, including current registry verifications.
- Current economic data (balance sheets for the last 3 fiscal years and provisional balance sheet for the year in progress for businesses and income and wealth tax statement for individuals).
- Current CIRBE declaration.
- Up-to-date history of internal and external payments (GSI, RAI, ASNEF, CIRBE, legal incidents).

In relation to Loans with other guarantees (not mortgages): In addition to the documentation required for loans with a single signatory, the following documents must be provided on each of the assets guaranteeing the operation:

- In the case of monetary guarantees, a custody and appraisal certificate must be obtained. If these guarantees are deposited with Santander, this will not be necessary as they can be consulted on the Bank's IT system.
- For other guarantees (fixed-income securities, variable income securities, units in funds, etc.), a custody certificate and estimate of their market value will be obtained.
- In any cases, these types of guarantees must be pledged in order to ensure the repayment of the loan granted.

In relation to the maximum limit of indebtedness permitted by Santander, differentiation is made between indebtedness of the firm itself and indebtedness with respect to the CIRBE:

- Indebtedness of the firm itself: a debt exceeding 60% of the equity is not permitted with respect to the amount of the approved credit, nor is the assignment of capital exceeding twice the turnover.
- Indebtedness with respect to the CIRBE: in general, it must not be higher than 25% of the debt presented by the company at the CIRBE.

2. Rating: It allows, through the valuation of these six (6) areas: 1) Product, Demand, Market, 2) Shareholders, Management, 3) Access to Credit (valuation of the access to company credit in other financial entities) 4) Profitability, Profit, 5) Generating resources 6) Solvency, the establishment of a classification of the credit quality of the client, the analyzed operation and its joint risk. This valuation system constitutes a common framework and language in risk treatment and management at its different stages and at different levels of responsibility.

- Client's rating: Expresses numerically, in a 1-9 scale, its capacity (in ascending order) to face their payment undertakings when the instrumental maturity, or in an anticipated manner if Santander so requires for any reason, in at least the following next twelve (12) months.
- Operations' rating: Determines the loss that probably will occur in an effective operation or to give a client a specific rating. As a consequence, this rating depends upon: the client's rating, the terms of the operation, the existing collaterals and the type/kind of product/risk.
- Risk's rating: This indicates the expected loss of the total of a client's risk. There are also other systems of rating specific for real state promoters and public institutions.

3. Faculties: In order to sanction the proposed risk for a client/group there are different levels of decision, depending on the amount, the terms and collaterals of the operation. At the highest level it's the Executive Committee of Risks, that, apart from deciding on operations of its jurisdiction, delegates at other levels the decision up until certain amounts and terms. These levels are: 1) Commission on Delegated Risk Commission, 2) Credit Risks Area and 3) Commissions of the Territorial Units of Risks.

The Territorial Commission on Risks is the maximum level of decision at a territorial level. It can delegate decision powers to its teams of risks (analysts, BAU Director, etc). For those operations that exceed the limits assigned to the Territorial Commission on Risks the Commission will take the operation up to the Credit Risks Area.

The Risks Commission of the Risks Credit Area decides within its assigned powers, increasing the risk, when exceeding of its

delegated amounts, for its definitive sanction by the Executive Committee on Risks.

The penalties for risk from lowest to highest decision-making power are as follows:

- Analyst
- Director of the BAU (Business Analysis Unit)
- Commission on Risks
- Territorial Commission on Risks
- Credit Risks Area
- Delegated Risk Commission
- Executive Committee on Risks

The Executive Committee on Risks, which includes the President and Directors of Santander, is constituted as the last resort for penalisation of the proposed risk, meets once per week. Although its powers are unlimited, its members' decisions shall be taking as a group.

c.3 Follow-up.

Likewise the preceding phase (admissions), here the coordination between commercial management and risk management is basic, moreover when the good end of the operation depends to a high percentage on the evolution of the client's credit quality during the life of the operation. Here are also a series of tasks and systems that allow a maximum management in this phase of the risk.

1. Signatures on Special Supervision (SSS): This risk management system allows to show and follow-up the credit quality of the client and its operations. The client's analysis performed, initially between the admission's analyst and the follow-up analyst, allows us to classify it either in ordinary or special supervision situation. When the signature is qualified as special supervision the policy to be followed and its risks must be indicated. Depending on the severity of the alerts, there are different rating levels.

The SSS alerts are as follows:

- Bad situation in the market/for the product/sector.
- Difficulties/changes in financial group/shareholding.
- Elevated debt.
- Decrease in sales
- Losses in the current financial year
- Decrease in Margins
- Negative Working Balance.
- Decrease in Solvency.
- Lack of access to credit
- Financial economic information not updated.
- Rating failed
- Incorrect implementation of the operation.

- Internal alerts (unpaid or irregular items)
- External alerts (CIRBE, RAI, claims)
- Automatic on (exit from pre-contentious and entry in contentious, Rating below 5)

The policy or criterion to be followed from this moment forward shall be one of those detailed below, depending on the degree of SSS:

- SSS situation: ELIMINATE: Eliminate any type of risk.
- SSS situation: GUARANTEE: Guarantee with *in rem* or personal guarantees, reinforce by other means.
- SSS situation: REDUCE: Reduce short- and long-term risk.
- SSS situation: CARRY ON: Do not increase risks, or go about things in the usual manner.

2. Rating: The valuation system of the companies is the aforementioned (there's only this one to the entire Santander and to whichever stage of the risk) but it is applied not in the initial phase of the client's study and his/her operation, but during the whole life of it. In order to do so, certain criteria for reviewing the ranking, are:

- Twice a year, in all cases.
- Four times a year, if the client is under SSS (special supervision).
- When there is a signal of alert.
- When new information is submitted (for example, new annual balances)
- When the risk is reviewed with a client/group or a new operation is studied.

We remind however that there are also specific rating systems for companies whose activity is real state promotion and public institutions.

3. Risks' Review: In addition to the periodical reviews carried out by the admissions analyst and the follow-up in the territorial, reviews are developed at other higher levels, according to the risk amount assumed with the client/group. These dispatches are carried out between the Directions of Risks of the Territorial Units – Risk Credit Area or Executive Committee on Risks. In all cases the commercial manager of the client intervenes, participating of the decision on policy over risks issues to be followed with client/group.

D) PROCEDURE FOR THE RISK ANALYSIS FOR COMPANIES NOT INCLUDED IN PORTFOLIO (STANDARDIZED).

d.1 Introduction:

This last section includes “Standardized Companies”, this term referring to the set of risk operations of all of the Spanish commercial banking system that corresponds to legal entities not assigned to a specific analyst (“not included”).

The generic limit established for such differentiation is 500,000 euros of risk in the Bank.

D.2 Application for operation

The admission of operations from the portfolio of Standardized Companies can begin at the request of the client via a risk request submitted at a branch of the Bank (universal or company) or at the request of the Bank in the relevant campaigns for “Pre-Assigned” products.

In the case of the former, it is the sales force of the Bank that creates the relationship with the various target companies. In this case, the request for risk operations begins with the collection of data and their entry into the systems authorized for this purpose. These data must be based on original documentation at all times.

In this case, a risk request begins via the Partenón proposal system or the system for the proposals of prescribers, which will contain the details of the request and economic data of the firm submitting the application, and recording them in the business analysis system (SAPE). The proposal recorded thus is automatically analysed using the tool “StrategyWare”, together with data extracted from the other information systems: personal accounts, external files (RAI, ASNEF and EXPERIAN), the position of the firm and group, incident management and follow-up (GSI) and TRIAD output files.

The office is the final authority when it comes to terminating the operation; it can refuse the operation in cases where it considers it appropriate to do so. In other words, operations that receive a favourable recommendation from the automatic decision-making system will require the commercial authorisation necessary for its formalization.

“StrategyWare” integrates the management of risk decision strategies in the individual and not included business segment (small and medium-sized enterprises, businesses and sole traders), allowing the use of different scoring models as well as the incorporation of risk policies and criteria, applied differently according to the characteristics of the operations and profiles of the applicants. Each strategy is a different decision tree comprised of a combination of models and rules for decision-making focussed on the automatic resolution of the requests within each segment.

“TRIAD” is a behaviour scoring system that assigns maximum limits for each product typology based on information on experience with the applicant. This information is also incorporated into the StrategyWare System (STW).

Depending in the information extracted from the Decision-Making Model, the proposal can be directly authorized automatically (at the branch), denied or referred to an analyst for appraisal. In the case of the former, it will only go through the procedures required to formalize and record the operation.

D.3 Capture and resolution of the operation by the analyst.

In the vast majority of cases, the processing of operations in the portfolio of Standardized Companies begins at the branch where the finance is sought.

To process an operation, the office must provide all economic information on the firm and recorded in the corresponding section of the business analysis system (SAPE).

Process to be followed, requisites and minimum documentation required for a risk request by the office:

- 1) Application signed by the client.
- 2) Minimum documentation.

Company tax: Where information on annual accounts is recorded: Balance Sheet and Profit and Loss Statement. Information must be current. On occasion, they will be automatically charged to the last two balance sheets available for the company following an agreement between the Bank and Informa. In addition, the office will be able to introduce estimated or provisional balance sheets.

- 3) It is recommended that the following be also provided:

VAT documentation for most recent quarters.

Model 347. Annual declaration of operations with third parties. This is only data for information purposes; it does not constitute a payout. Clients and suppliers > €3,005.06. Also includes subsidies for public and private entities, collections for partners, advance payments from clients and suppliers/creditors. It provides us with important information on the relative importance of a particular client/supplier.

- 4) Minimum information to include in SAPE:

Date of Incorporation of the company.

Registered address.

Activity of the company.

Names of shareholders.

Information on workforce.

Name of module on assets and date of registry verification.

d.4 Evaluation of Applications: SCORING System.

The basis of the admissions process for operations not managed by risk analysts is an automatic decision-making system, calling SCORING, which analyses each operation proposal to determine the probability of non-payment by the client in the future. Santander's policies establish an acceptable level of non-payment, and based on that, the Scoring system returns an opinion on the operation, differentiating between the following SCORING opinions:

Non-Viable Operations: Operations with a high probability for non-payment on the part of the client or the characteristics of the operation are not permitted by the Santander's Admission Policies.

Viable Operations: Operations for which there is a low probability of non-payment by the client and the operation profile falls within the Risk policies defined by Santander.

Operations to Review: Operations in which a probability of non-compliance has been established which is not decisive in forming an opinion.

Operations referred to UDO Admisión are resolved by the analysts based on the information provided by the Scoring and as a function of the Manual designed for this purpose.

D.5 Formalisation and payment of loans and lines of credit.

Once the operation is authorized the system indicates it, so that the office captures the conditions and proceeds to formalize the loan, to which effect the office will coordinate the signature of the document of the agreement with the client and the attester, and once this procedure is finalized will proceed to pay the conceded amount to the client in the account open in that office. In case of having mortgage collateral, in the same act of the signature an entry of presentation will be noted in the Property Registry in order to guarantee that the mortgage is duly registered.

Once the line of credit has been formalized, the client is authorised to access the funds up to the limit authorized. Within this limit, the client can access any amount of its choice. At the end of the life of the line of credit, the client must pay the amount disbursed at the time, except if the renewal of the line of credit is authorized.

2. Claims and re-collections policy

Responsibility for the recovery policies of Commercial Banking is in the hands of the Recovery Area of the Commercial Banking division. Since the beginning of 2009, its functions have been as follows:

2.1 Establish plans of action required to monitor the portfolio of irregular loans and loans in default and, by way of forward management, prevent new accounts going into default:

- Analyze and set out proposals for actions and products designed to reduce irregularity and defaults.

- Perform and monitor the overall follow-up for portfolios and clients in an irregular position or in default.

- Identify plans for action on critical products or groups. Carry out follow-up on defined plans.

2.2 Control and analyse the execution of policies and strategies defined for each actor that intervenes in the recovery process.

2.3 Coordinate and generate information available on management cycles in relation to products, segment and zones/territories, etc. for its dissemination and management.

2.4 Establish the policies and strategies for action of the Collection Center.

2.5 Establish the policies and strategies for external suppliers of legal and extrajudicial recovery services.

2.6 Coordinate the definition of objectives in the network of offices and monitor the extent to which they are achieved.

2.7 Set the commercial system for recoveries.

2.8 Oversee relations with internal and external structures (Banco de España, internal audits, external audits, etc.)

Santander's policy on claims and re-collections is based on a procedure called, "Recovery Circuit," and begins with the non-compliance by the client of its voluntary payment obligations, working through the following stages:

1.- IRREGULAR STAGE (1 to 90 days):

From the first day of non-compliance to 90 days thereafter. In this stage, the following agents cooperate in the recovery process:

- 1) Office: Via the objectives and incentives policies on the management of irregular accounts and accounts in default.
- 2) Telephone Collection Center: Call centers that manage clients and products. As a reference point, it manages all irregular standardized accounts from 1 to 30 days overdue and the rest of the cycle as a function of the amount (client risk) determined at any given time, at all times as a complement to the office.
- 3) Irregular Account Managers: Specific portfolios are assigned for management between 31 and 90 days after an account becomes overdue as a function of the client risk as determined at any given time.

- 4) Standardized Monitoring Managers: Managers located in territories and central services that carry out unique tasks relating to the monitoring and follow-up of risks posed by standardized clients (standardized SMEs and sole traders).
- 5) Analysts of Business Analysis Units (BAU): The same analysts that supervise “included” firms (firms with larger investment volumes) monitor these firms, as they have a greater knowledge of the client. There is also a structure in the territories, which reports to the Recoveries Area, which manages these clients together with said analyst, since this management cycle is the responsibility of the Recoveries area.

2. DEFAULT (90-150 days)

These are payments that are between 90 and 150 days overdue. In this stage, the following agents cooperate in the recovery process:

- 1) Office: Via the objectives and incentives policies on the management of irregular accounts and accounts in default.
- 2) External collection companies: These are specialist firms that handle the recovery process in this area of management, applying policies and strategies defined by the Bank.
- 3) Default Managers: Clients are assigned to their portfolios as a function of the client risk they present, as calculated at any time.
- 4) Standardized Monitoring Managers: These are managers of territories and central services that carry out their own monitoring of the risk posed by standardized clients (SMEs and sole traders).
- 5) Analysts of Business Analysis Units (BAU): The same analysts that supervise “included” firms (firms with larger investment volumes) monitor these firms, as they have a greater knowledge of the client. There is also a structure in the territories, which reports to the Recoveries Area, which manages these clients together with said analyst, since this management cycle is the responsibility of the Recoveries area.

3. PRE-CONTENTIOUS AND CONTENTIOUS:

This stage, which is handled as follows, will begin 150 days after an account has gone into default, or earlier if it has been deemed in default:

- 1) Small Debt Companies: These are companies that specialise in legal and extrajudicial recovery that have been appointed by the Bank to recover smaller sums (currently less than 30,000 euros).

At present there are three providers that are charged with this role by the media division as a function of the policies, strategies and procedures set out by the Recoveries area.

With regards to the cases of clients that have not paid sums larger than the amount indicated above, these are assigned to collections managers distributed across all territories and comprise the portfolios they are intended to manage.

Once there has been an extrajudicial process, if there has been no result the relevant legal procedures will be adopted as a function of the characteristics of the credit in question, such as monetary, mortgage or ordinary execution, etc.

Without prejudice to the procedures that might be initiated in each case, the judicial handling is compatible with the extrajudicial handling which has these four purposes:

- 1) **REGULARIZATION:** Although the processing of the court claim is in progress, payment is sought for the amounts due, interest and court expenses.
- 2) **REFINANCING:** Consisting of the formalization of a new operation with new personal and in rem guarantees and with payment of the corresponding interest.
- 3) **DATION IN PAYMENT:** Faced with the obvious insolvency of the client or decreased economic capacity, the property is handed in as payment of the debt.
- 4) **PAYMENTS IN CASH:** Cash payments are accepted with partial writing off of the debt, as another possibility in cases of weak economic solvency.

Complementarily, in this contentious phase and provided that an early solution is not presented such as those mentioned above, court granting or court auction of the mortgaged or seized assets shall be carried out. Once the auction is won, the properties are transferred, in the case of mortgage loans, to the Property Department at Banco Santander.

4. REPAID

Once the contracts of a client have been repaid following their maturity, there is no change in the way they are managed and the relevant legal and extrajudicial procedures continue.

The above notwithstanding, and if the legal avenues for collection for a particular file are considered to have been exhausted, said file is removed from the portfolio of the account manager and handed over to external collection companies.

These external collection companies specialise in this segment in the market, and are paid in the form of commissions on successful collections. These companies continue to manage these files until as ordered by the courts. During this period, portfolios rotate among the different suppliers.

5. CRITERIA APPLIED BY BANCO SANTANDER IN TERMS OF BREACHES OF LIMITS ON LINES OF CREDIT

- 1) **AUTHORIZATION BY THE COMPETENT BODY:** Any amount in excess of the limit must be duly authorized by the competent body, i.e. the corresponding

Loans Committee by virtue of the powers conferred by the Delegated Risk Committee (the offices, the Loans Committee of the Area, the Loans Commission of the Risk Area and the Delegated Risk Committee itself) to each of the bodies according to the amount, term and guarantees given to each Debtor and/or group. For the purposes of this document, as a general rule the competent body does not authorize the Debtor to exceed the limit whilst the previous breach of said limit has not been rectified.

- 2) **AUTHORIZATION BASED ON THE CREDIT QUALITY OF THE DEBTOR:** In deciding to allow a Debtor to breach the limit on their Line of Credit, the credit quality of the client is assessed using the following criteria: a rating of more than five (or a score approved for the risk of individuals), risk rating under normal conditions, sufficient proven ability to cover the amount in excess of the limit in the agreed time frame and sufficient guarantees/solvency.
- 3) **INTERNAL ALARMS:** In the event that the limit is breached, alarms generated are internal and appear on an IT system called GSI, or “Gestión de Situaciones Irregulares” (“Management of Irregular Situations”) that can be accessed by central offices and services in risk and recovery. As established in the internal circulars of the Bank, the Offices and risk analysts, these lists must be reviewed on a daily basis in order to manage the regularization of these positions.
- 4) **DOCUMENTATION OF THE BREACH:** The breach is documented by processing a new risk proposal which must be approved by the competent body, and not subscribing a new policy.

2.2.8 Representations and other warranties given to the Issuer in relation to the Assets.

Santander, as holder of the Loans and Lines of Credit from which the Assets subject to assignment to the Fund derive and as issuing entity of the MTC, represents and warrants to the Manager, for and on behalf of the Fund, and in relation to the Date of Incorporation of the Fund, the following:

(a) Regarding Santander:

- (1) That Santander is a credit institution duly incorporated under current Spanish law, and is registered with the Commercial Registry of Santander.
- (2) That Santander’s corporate bodies have validly adopted all necessary corporate resolutions for the assignment to the Fund of the Assets and in order to execute the Deed of Incorporation thereof and the Contracts.
- (3) That neither as at the date of the Prospectus, or at any time after incorporation, Santander has been subject to a situation of insolvency, creditors’ procedures, temporary receivership or bankruptcy.
- (4) That it has the annual financial statements (individual and consolidated) relating to the fiscal years 2007, 2008 and 2009, duly audited and without reservations. The audited annual financial statements pertaining to the fiscal years closed at December 31, 2007, 2008 and 2009 have been already filed with the CNMV and have been filed with the Commercial Registry in accordance with current regulations in force.

(b) Regarding the Loans, Lines of Credit and Assets:

- (1) That the Loans, Lines of Credit and Assets exist, are valid and enforceable, in accordance with applicable law, all current legal provisions having been observed in the establishment thereof.
- (2) That the data included in the Prospectus and in the Deed of Incorporation in relation to the Loans, Lines of Credit and Assets accurately shall reflect their situation as at the portfolio selection and assignment dates respectively.
- (3) That as from the time of their granting or subrogation, as the case may be, the Loans, Lines of Credit and Assets have been and are being serviced by Santander in accordance with the customary procedures it has established.
- (4) That Santander has faithfully followed the risk granting policy applicable at all times and substantially similar to the policy currently included in section 2.2.7 of this Additional Building Block, in the granting of each and every Loan and Line of Credit.
- (5) That the Assets are derived from loans granted by the Assignor to non-financial legal entities resident in Spain, excluding financial companies, companies in the Santander group, companies in the public sector and syndicated loans, for the financing of their economic activity or acquisition of land or other real estate assets ascribed to its economic activity as well as for the construction and rehabilitation of the same and lines of credit granted by the Assignor to non-financial legal entities resident in Spain, excluding financial companies, companies in the Santander group, companies in the public sector and syndicated lines of credit, for the financing of their economic activities in the short- and medium-term.
- (6) That the Assets are denominated and payable in euros and are guaranteed, (i) in case of Assets derived from Mortgage Loans, through immovable mortgage and, (ii) in case of Assets deriving from Non-Mortgage Loans and Lines of Credit, with the Debtor's equity (without a specific guarantee), with a personal guarantee (endorsements) and, if applicable, a real guarantee other than a mortgage loan.
- (7) That the Loans and Lines of Credit shall accrue interest at a fixed or variable rate referenced to a market index in any case, without a maximum or minimum limit being provided as to the applicable interest.
- (8) That all of the Assets have a maturity date on or before March 31, 2049.
- (9) That the Loans and Lines of Credit have been generated in the ordinary course of Santander's business.
- (10) That Santander holds title to the Assets, free of liens and claims, Santander not having received any notice of claim or set-off prior to their assignment to the Fund.
- (11) That the payments of the Debtor deriving from the Loans and Lines of Credit are not subject to any tax deduction or withholding.
- (12) That no impediment exists for the free assignment of the Assets to the Fund or, in the event that the Debtor's consent is necessary, the said consent has been obtained.

- (13) That the Assets constitute a valid payment obligation binding upon the Debtor and are enforceable in accordance with their own terms.
- (14) That the payment of principal and interest instalments on the Loans and Lines of Credit takes place through direct bank debit generated automatically and authorized by the relevant Debtor at the time of formalizing the transaction.
- (15) That the Assets are governed by Spanish law.
- (16) That developer finance is not included; nevertheless, there may be loans and/or lines of credit intended for the purchase of land for subsequent development and sale.
- (17) That the Assets do not come from the renegotiation of Loans or Lines of Credit that are in default.
- (18) That no person holds any preferred right over the Fund with respect to the Assets.
- (19) That at the time of the assignment, no Mortgage Loan or Non-Mortgage Loan had payments more than ninety (90) days overdue. Similarly, no Lines of Credit will be in default.
- (20) That none of the Loans or Lines of Credit have been granted to individuals.
- (21) That it has no knowledge of any of the Debtors being holder of any credit right *vis-à-vis* Santander granting the right to set-off against and which may adversely affect the Assets, without prejudice to the rights of Debtors who hold deposits or on demand deposits with the Assignor.
- (22) That as at the Date of Incorporation, it has not received any notice of prepayment of the Loans, in whole or in part, or of the Lines of Credit.
- (23) That none of the Assets corresponds to credit rights derived from a leasing operation.
- (24) That the guarantees for the Loans and Lines of Credit, where applicable, are valid and executable according to the applicable legislation and the Assignor is not aware of any circumstance that will prevent the execution of the same.
- (25) That it has no knowledge of the existence of judicial procedures of whichever kind regarding the Loans and Lines of Credit that could harm their validity and collectability.
- (26) That the Mortgage Loans are documented by public deed and the Non-Mortgage Loans and Lines of Credit are documented in a policy executed before a notary public, with the Assignor retaining the first copy of the public deed or a copy of the policy executed.
- (27) That the Loans and Lines of Credit are clearly identified in the computer system of Santander from the moment of their granting and they have been and are subject of management, analysis and follow-up by Santander according to the common procedures that Santander has established, which are summarized in section 2.2.7 above.
- (28) That the Assets assigned to the Fund have in fact been disbursed in full by the Debtors prior to their assignment to the Fund.

- (29) That at the time of the assignment of the Loans and Lines of Credit to the Fund, none of the Debtors is in an insolvency situation or insolvency procedures.
- (30) That the Assets derived from the Lines of Credit have a credit balance in favor of the Assignor.
- (31) That the underlying assets of the Assets assigned to the Fund derived from the Lines of Credit are Lines of Credit that are not more than ten per cent (10%) over their limit.

(c) Regarding the Mortgage Loans:

- (1) That each one of the Mortgage Loans is secured by a real property mortgage, without the mortgaged properties being subject to any prohibitions against disposal, conditions subsequent or any other restriction on title.
- (2) That all of the Mortgage Loans are formalized by public deed and all of the mortgages are duly established and recorded with the pertinent Property Registries. The recording of the mortgaged properties is current and effective and without contradiction.
- (3) That the Mortgage Loans are not instrumented via any type of registered, order, or bearer securities.
- (4) That the Mortgage Loans are not attached to the issuance of any mortgage bonds or mortgage units or participations or certificates of mortgage transfer other than the Certificates of Mortgage Transfer.
- (5) That the properties mortgaged by virtue of the Mortgage Loans are not subject to a situation of excluded assets for acceptance as security in accordance with Article 11 of Royal Decree 716/2009.
- (6) That the Mortgage Loans do not have any of the characteristics of the credits excluded or restricted under Article 12.1 a), c), d) and f) of Royal Decree 716/2009.
- (7) That copies of all of the mortgage deeds referring to the Mortgage Loans are duly placed in Santander's files, adequate for such purpose, at the disposal of the Manager, acting for and on behalf of the Fund, and all of the Mortgage Loans are clearly identified, both by means of machine-readable media as well as their deeds.
- (8) That it has no knowledge of the existence of litigation of any type in relation to the Mortgage Loans which may impair the validity thereof or which may lead to the application of Article 1535 of the Spanish Civil Code, or of the existence of circumstances which may lead to the ineffectiveness of the contract for the acquisition of the property mortgaged as security for the Mortgage Loans.
- (9) That it has no knowledge of the existence of any circumstance which prevents foreclosure or enforcement of the mortgage guarantee.
- (10) That the mortgages are established on real estate (and in cases of including buildings, they are build up and finished) located in Spain belonging to the mortgagor in fee simple and full title, Santander having no knowledge of any litigation over the title of the real estate that could harm the mortgages.

In addition, the Assignor declares that, to his understanding, as at the Date of Incorporation of the Mortgages it was not aware of any prohibition on the disposal of the mortgaged real estate.

- (11) That the guarantee of the Mortgage Loans is established on properties located in Spain and established for a first mortgage over ownership of the mortgaged property or, as the case may be, with higher rank, even though Santander may have documentation relating to the cancellation of the debts arising from earlier mortgages, although the processing of the registry cancellation of the same may be pending.
 - (12) That all of the real estate mortgaged has been appraised by appraisal companies duly registered with the Banco de España at the time of said appraisal, with said appraisal accredited by the corresponding certification. Appraisals conducted meet all of the requisites stipulated in mortgage market legislation.
 - (13) That the Assignor is not aware of the unworthiness of the value of any mortgaged property.
- (d) In relation to the Mortgage Transfer Certificates:**
- (1) That the MTCs are issued in accordance with the provisions of (i) Law 2/1981, (ii) Royal Decree 716/2009, (iii) Royal Decree 1289/1991, (iv) Additional Provision Five of Law 3/1994, of April 14th, as per the wording given by Final First Clause of Law 41/2007 and (v) other applicable regulations.
 - (2) That the MTCs are issued because the Mortgage Loans are not eligible according to the Article 3 of the Royal Decree 716/2009, in order to be object of mortgage participations, because they do not fulfil the requirements established in the chapter II of the mentioned Royal Decree. This information is according to the content established in the Schedule I of the Royal Decree 716/2009 special accounting registry of mortgage loans and credits.
 - (3) That the MTCs are issued for the same term which remains until the maturity of and for the same interest rate as each one of the Mortgage Loans to which they pertain.
 - (4) That, on the date of issue of the MTCs, the outstanding principal of each one of the Mortgage Loans is equivalent to the capital of the relevant Mortgage Transfer Certificate.
 - (5) That the respective corporate body of Santander has validly adopted all the necessary resolutions to issue MTCs.
 - (6) That the Manager has obtained from Santander, as Assignor of the Assets, the representations and warranties over the characteristics, both of the Mortgage Loans and the MTCs as well as the Assignor itself, which are described in this section and which are ratified in the Deed of Incorporation.

2.2.9 Substitution of the Assets.

2.2.9.1 Substitution of Assets derived from Mortgage Loans

In the event that any of the Assets derived from Mortgage Loans is affected by a hidden defect as a consequence of not meeting the requisites at the Date of Incorporation which those Assets must meet in order to be eligible for assignment to the Fund, and not conforming to the representations made to such effect by the Assignor to the Manager, reproduced under section 2.2.8 above of this Additional Building Block to the Securities Note, or does not have the characteristics reported by the Assignor to the Manager, the Party aware of such circumstances, be it the Assignor or the Manager, shall notify the other Party in writing. The Assignor will have fifteen (15) Business Days from the date of said notification to rectify said hidden defect or, if such hidden defect cannot be rectified, substitute the affected Asset with another or others with a total outstanding balance slightly less than or equal to that of the Asset so substituted. Said asset(s) must meet the requirements and comply with the declarations indicated above and be the same in terms of residual term, interest rate and outstanding principal, range of mortgage, ratio between outstanding principal and appraised value of the property or properties under mortgage and quality of guarantee, so that the financial equilibrium of the Fund and the rating of the Bonds are not affected by the substitution.

The substitution shall be carried out via the early repayment of the Mortgage Transfer Certificate affected and the issue by the Fund of the Mortgage Transfer Certificate that will substitute it (with the issuing by the Assignor of a new multiple title that will collect the number of MTCs that exist as at that date and will be exchanged for that surrendered initially or on the prior date of substitution). Said issue of Mortgage Transfer Certificates by the Assignor and substitution by the Manager, on behalf of the Fund, shall be carried out by granting the corresponding Notarial Certificate. This certificate shall include both the data relating to the Mortgage Transfer Certificate to be substituted and the Mortgage Loan underlying the same, as well as the new Mortgage Transfer Certificate issued, with the Mortgage Loan data, along with the reason for substitution and the variables determining the homogeneous character of both Mortgage Transfer Certificates, as described above, a copy of which shall be delivered to the CNMV, Iberclear and AIAF. It shall also be communicated to the Rating Agencies. The Assignor shall reimburse the Fund for any unpaid amounts relating to the substituted Asset by credit thereof to the Cash Account or Interest Account, as appropriate. Furthermore, in the event that the Outstanding Balance of the substituted Asset is slightly less than that of the Asset so substituted, the Assignor shall reimburse the Fund for the difference, taking into account the nominal value, the accrued interest and not due corresponding as well as whatever amounts not paid regarding that Asset, through credit thereof into the Cash Account or Interest Account, as appropriate, on the relevant date.

In particular, the modification by the Assignor, during the life of the Assets, of their conditions without subjection to the limits established in the special legislation applicable and the terms agreed by and between the Fund and the Assignor in the Deed of Incorporation and those stipulated in this present Prospectus, in section 3.7.1 of the Additional Building Block, and therefore, absolutely exceptionally, would constitute a breach by the Assignor of their obligations that should not be tolerated by the Fund. In view of said breach, the Fund, through the Manager, may (i) request the corresponding damages and (ii) request the substitution or repurchase of the affected Assets, according to the provisions of the present section, without that meaning that the Assignor guarantees the good result of the transaction, but the necessary repair of the effects produced by the default of its obligations, according to Article 1124 of the Civil Code. The Manager will report

immediately to the CNMV the substitutions or redemption of Assets carried out as a consequence of the default by the Assignor. The costs caused by the actions to remedy the default of the Assignor will be borne by the Assignor, without possibility of passing it on to the Fund.

In the event that the abovementioned substitution cannot take place or does not occur within ten (10) Business Days, the Manager will redeem the Mortgage Transfer Certificate in question early, with the Assignor in this case being required to buy it back and reimburse the Fund for the Outstanding Balance on the same, plus any interest accrued and not paid as well as any monies not paid in relation to said Assets via the deposit of said monies into the Cash Account or Interest Account, as applicable.

2.2.9.2 Substitution of Assets derived from Non-Mortgage Loans and Lines of Credit

If one or more of the Assets derived from Non-Mortgage Loans and Amounts Disbursed from the Lines of Credit is affected by a hidden defect as a consequence of not meeting the requisites at the Date of Incorporation which those Assets must meet in order to be eligible for assignment to the Fund, and not conforming to the representations made to such effect by the Assignor to the Manager, reproduced under section 2.2.8 above of this Additional Building Block to the Securities Note, or does not have the characteristics reported by the Assignor to the Manager, the Party aware of such circumstances, be it the Assignor or the Manager, shall notify the other Party in writing. The Manager will terminate the assignment of the Asset affected by the hidden defect; under these circumstances, the Assignor will have to reimburse the Fund for the Outstanding Balance on the same, plus any interest accrued and not paid as well as any monies not paid in relation to said Assets via the deposit of said monies into the Cash Account or Interest Account, as applicable.

In particular, the modification by the Assignor, during the life of the Assets, of their conditions without subjection to the limits established in the special legislation applicable and the terms agreed by and between the Fund and the Assignor in the Deed of Incorporation and those stipulated in this present Prospectus, in section 3.7.1 of the Additional Building Block, and therefore, absolutely exceptionally, would constitute a breach by the Assignor of their obligations that should not be tolerated by the Fund. In view of said breach, the Fund, through the Manager, may (i) request the corresponding damages and (ii) request the substitution or repurchase of the affected Assets, according to the provisions of the present section, without that meaning that the Assignor guarantees the good result of the transaction, but the necessary repair of the effects produced by the default of its obligations, according to Article 1124 of the Civil Code. The Manager will report immediately to the CNMV the substitutions or redemption of Assets carried out as a consequence of the default by the Assignor. The costs caused by the actions to remedy the default of the Assignor will be borne by the Assignor, without possibility of passing it on to the Fund.

2.2.10 Relevant Insurance Policies relating to the Loans.

The Assignor will formalize in the same act the assignment that accompanies the issue of the Mortgage Transfer Certificates its rights, where applicable, as beneficiary of any insurance contracts against damage subscribed by the Debtors or any other insurance policy that provides equivalent coverage. All amounts received by the Assignor in this capacity, where applicable, will thus be paid to the Fund as bearer of the Mortgage Transfer Certificates.

2.2.11 Information relating to Debtors in cases in which the Assets comprise obligations of five (5) or fewer Debtors that are legal persons, or where an Debtor accounts for twenty percent (20%) or more of the Assets, or where an Debtor accounts for a material portion of the Assets.

Not applicable.

2.2.12 Details of the relationship between the issuer, the guarantor and the Obligor if it is material to the issue.

Material relations do not exist for the purposes of this Prospectus between the Fund, the Assignor, the Manager and other parties involved in the transaction other than as reflected under section 5.2 of the Registration Document.

2.2.13 Where the Assets comprise fixed income securities, description of main conditions.

Not applicable.

2.2.14 Where the Assets comprise equity securities, description of main conditions.

Not applicable.

2.2.15 Where more than ten percent (10%) of the Assets comprise equity securities not traded on a regulated or equivalent market, description of main conditions.

Not applicable.

2.2.16 Where a material portion of the Assets are secured on or backed by real property, a valuation report relating to the property setting out both the valuation of the property and cash flow /income streams.

The values of the assessments of the guaranteed immovable goods of the Mortgage Loans correspond to the assessments carried out by the entities of the granting and formalization of the Mortgage Loans. No re-valuations of the properties that the Mortgage Loans guarantee have been carried out for the purposes of the assignment of the same to the Fund.

2.3 Actively managed assets backing the issue.

Not applicable.

2.4 Where an issuer proposes to issue further securities backed by the same Assets, a prominent statement to that effect and description of how holders of that class of assets will be informed.

Not applicable.

3. STRUCTURE AND CASH FLOW

3.1 Description of the structure of the transaction.

By the current securitization transaction, Santander shall transfer the Assets. The Fund will acquire the Assets and will issue the Bonds. This transaction will be formalized by the Deed of Incorporation, which will be executed by the Manager for and on behalf of the Fund and by Santander. This way, through the Deed of Incorporation of the Fund the following will take place:

- a) The assignment to the Fund of the Assets deriving from the Mortgage Loans and from the Non-Mortgage Loans and Amounts Disbursed from Lines of Credit;
- b) The issuance of Mortgage Issuance Certificates by Santander and the subscription of those by the Fund; and
- c) The issuance of sixty-four thousand five hundred (64,500) Bonds, distributed in two (2) Bond Series.

A copy of the Deed of Incorporation shall be submitted to the CNMV and Iberclear prior to the Date of the Bond Subscription.

Similarly, the Manager will each month send the CNMV information on movements in funds disbursed from the Lines of Credit described in section 3.4.3.b below by sending the corresponding public deed. This will include the information provided to it by the relevant Assignor in respect of upward variations experienced by the Lines of Credit during the month.

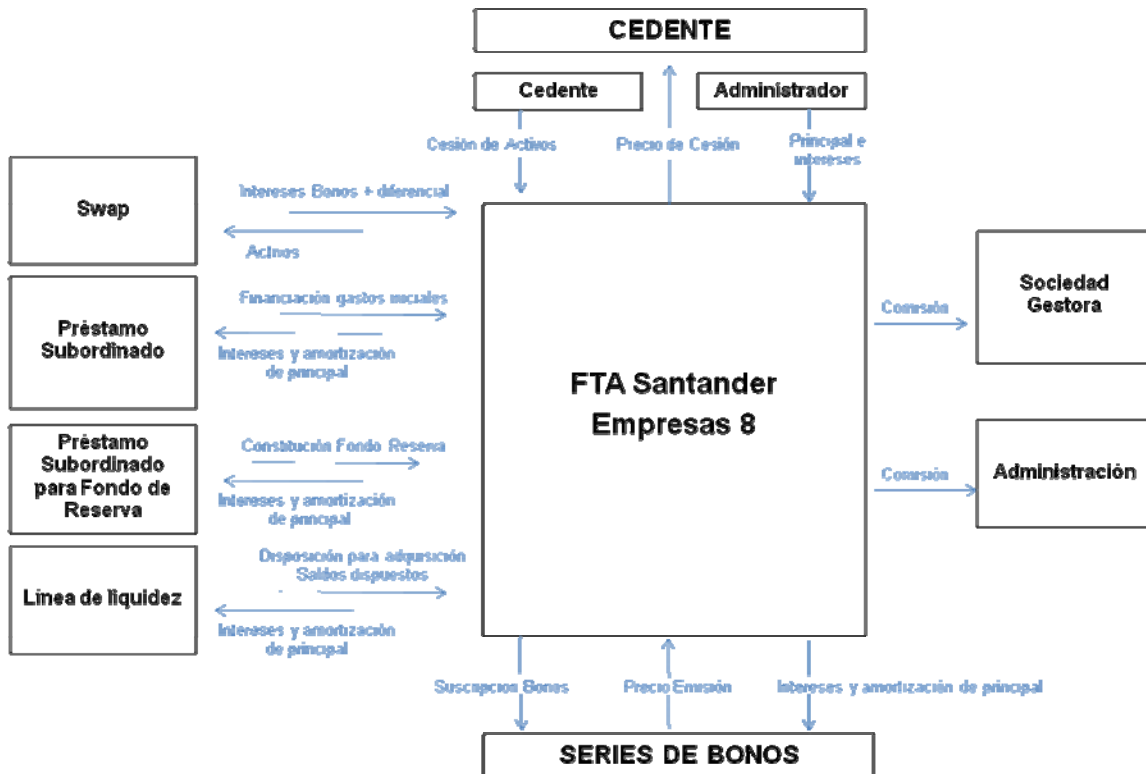
On another subject, and in order to consolidate its financial structure and procure the greatest coverage possible for the risks inherent to the issue, the Manager, acting on behalf of the Fund, shall proceed to formalize, *inter alia*, the contracts established below, with the power, in order to comply with the Fund's operating structure in the terms contemplated in the regulations in force from time to time, to extend or modify such contracts, substitute each one of the providers of services to the Fund thereunder and, even, if necessary, enter into new contracts, subject to notice to the CNMV and, as the case may be, obtaining the pertinent authorization, provided that the rights of the bondholders are not thereby hampered and, in particular, provided that a decline in their rating does not take place.

The Manager shall formalize the following contracts with the Assignor:

- (i) Guaranteed Rate Reinvestment Agreement (Cash Account), by virtue of which the Assignor shall guarantee a variable yield on the amounts deposited by the Fund through the Manager into the Cash Account.
- (ii) Guaranteed Rate Reinvestment Agreement (Interest Account), by virtue of which the Assignor shall guarantee a variable yield on the amounts deposited by the Fund through the Manager into the Interest Account.
- (iii) Swap Agreement, as per model ISDA 1992.
- (iv) Subordinated Loan Agreement, which will be used to finance the initial costs of the Incorporation of the Fund, the issue of the Bonds and part of the cost of acquisition of the Assets.
- (v) Liquidity Line Agreement, to ensure that all variations in the Lines of Credit, both upwards and downwards, are reflected in the Fund simultaneously on a daily basis via the corresponding adjustment in the Liquidity Line.

- (vi) Subordinated Loan Agreement for Reserve Fund (the “**Subordinated Loan Agreement for Reserve Fund**”), which will be applied to compliance with the payment obligations contained in the Order of Priority of Payments described in sections 3.4.6.(b) and 3.4.6.(d) of the Additional Building Block, respectively.
- (vii) Finally, the Manager, for and on behalf of the Fund, will enter into the Management, Subscription and Paying Agency Agreement with the Assignor.

The transaction is explained in the diagram below:



Initial Balance Sheet of the Fund

The Fund’s Balance Sheet as at the close of the Payout Date shall be as follows:

ASSETS		LIABILITIES	
FIXED ASSETS		BOND ISSUES	
Assets (credit rights over Non-Mortgage Loans, Lines of Credit and MTCs). Interest Account	6,450,000,000 772,000	Series A Bonds Series B Bonds	5,014,900,000 1,435,000,000
CURRENT ASSETS		OTHER L/T DEBTS	
Reserve Fund	1,290,000,000	Subordinated Loan Subordinated Loan for Reserve Fund	772,000 1,290,000,000
Total Assets	7,740,772,000	Total Liabilities	7,740,772,000

3.2 Description of entities participating in the issue and description of functions to be performed by them.

Description of the entities that participate in the issue and its roles is reflected under section 5.2 of the Registration Document.

3.3 Description of the method and date of sale, transfer, novation or assignment of the assets.

Santander will assign to the Fund at the Date of Incorporation the Assets which total principal is equal or slightly higher to SIX BILLION FOUR HUNDRED AND FIFTY MILLION EUROS (€6,450,000,000).

3.3.1. Assignment of the Assets.

The assignment of the Assets shall be carried out by Santander at the time of the Fund's incorporation, will be instrumented through the Deed of Incorporation and shall be carried out as determined below, differentiating between Assets deriving from Mortgage Loans and Assets deriving from Non-Mortgage Loans and Amounts Disbursed from the Lines of Credit.

The Assignor shall not receive any amount for the deferment in the payment of the Loans and Lines of Credit between the date of assignment and the Payout Date.

a) Assignment of the Assets deriving from Non-Mortgage Loans and Amounts Disbursed from the Lines of Credit:

Assets derived from Non-Mortgage Loans and Amounts Disbursed from the Lines of Credit will be assigned directly to the Fund by virtue of the Deed of Incorporation, which shall contain the necessary terms for carrying out said assignment.

b) Assignment of the Assets deriving from Mortgage Loans:

The assignment of the Assets deriving from Mortgage Loans shall be carried out by virtue of the Deed of Incorporation, which shall contain the necessary terms for the issuance by Santander of Mortgage Transfer Certificates, in accordance with the provisions of Additional Provision Five of Law 3/1994, of April 14th, as per the wording given by Final Provision One of Law 41/2007, by virtue of which current law in force applicable to mortgage units or participations is applied to the issuance of MTCs, as regards everything applicable thereto, for subscription by the Manager, on behalf of the Fund; Law 2/1981, of March 25th, on Regulation of the Mortgage Market; Royal Decree 716/2009, of April 24th;

and other regulations in force from time to time, applicable to the transferability and acquisition of mortgage market securities.

Assignment of Mortgage Transfer Certificates (MTC) by the Assignor will be carried out by the Deed of Incorporation and under the following rules:

- (i) Each MTC shall represent a share of one hundred percent (100%) of the outstanding principal pending maturity on the Assets deriving from Mortgage Loans to which they pertain, as well as, from the date of assignment, of ordinary and penalty interest, any monies or assets received by virtue of the legal or notarial execution of the guarantees, the disposal or exploitation of property allocated to the Fund in execution of mortgage guarantees, or in internal administration and possession of the property (in process of execution) up to the amounts owed by the Debtor in question, the acquisition of the price received at auction or amount determined by a court of law and all possible rights and compensation in favor of the Assignor, including not only those derived from insurance contracts, where applicable, assigned to the Fund by the Assignor, but also those derived from any other right to the Assets.
- (ii) The MTCs shall be represented in one multiple registered certificate, which shall contain the minimum mentions reflected under Article 29 of Royal Decree 716/2009.

Both for the cases of having to carry out the substitution of any MTC, as well as for the event that the Manager, acting for and on behalf of the Fund, or Santander, must proceed with the foreclosure of a Mortgage Loan on which a given MTC has been issued, as well as if, the Early Liquidation of the Fund being applicable, in the cases and under the conditions provided by section 4.4.3 of the Registration Document, the sale of the said MTCs must take place, the Assignor agrees to fraction, as the case may be, any multiple certificate into as many individual or global certificates as may be necessary, to substitute it or to exchange it in order to achieve the aforementioned purposes.

- (iii) As established by Royal Decree 716/2009, the MTCs shall be transferable through a written declaration on the certificate itself and, in general, by any of the means admitted by Law. The transfer of the MTC and the address of the new holder shall be identified by the transferee to the Assignor.

The transferor shall not be liable for the solvency of the Assignor or of the Obligor of the Mortgage Loan, nor for the sufficiency of the mortgage it secures.

- (iv) The Assignor, as issuer of the MTCs, shall keep a special log to record the MTCs issued on each Mortgage Loan, as well as transfers thereof which are notified thereto. The book itself shall reflect any changes of address notified by the holders of the MTCs to the Assignor.

Said log shall also contain the following data:

- Opening and maturity date of the Mortgage Loan, initial amount thereof and form of settlement; and
 - Registration details of the mortgage.
- (v) Given the nature of qualified investor of the Fund and the subscription by the latter of the MTCs, for the purpose of paragraph two of the First Additional Provision of Royal Decree 716/2009, the issuance of the MTCs shall not be subject to a marginal

notation in each recording of the mortgage pertaining to each one of the Mortgage Loans at the Property Registry.

(c) Upward variations in Lines of credit

The assignment to the Fund of upward variations in the Lines of Credit will take place in accordance with the provisions of section 3.4.3. (b) below.

3.3.2. Terms and conditions of the assignment of the Assets.

The assignment to the Fund of the Assets shall be carried out under the following conditions:

- (i) The assignment of the Assets shall comprise the entire Outstanding Balance of the Assets, as well as the ordinary and default interest on the Fund's Date of Incorporation.

It will also include any breaches of limits on Lines of Credit that occur prior to the Date of Incorporation which have not been paid by the Debtor, as well as breaches of limits since the Date of Incorporation equal to ten per cent (10%) of the amount available on each Line of Credit. Notwithstanding the above, in the case of Lines of Credit that have been exceeded by more than the cited amount (10%), and provided that they are not Assets in Default (i.e. Assets that, on a given date, are more than ninety (90) days overdue and are not considered Failed Assets), in such cases Santander will be obliged to repurchase the Asset and reimburse the Fund for the Outstanding Balance on the same, plus any interest accrued and not paid as well as any monies not paid in relation to said Assets via the deposit of said monies into the Cash Account or Interest Account, as applicable.

- (ii) The assignment to the Fund of the Assets is full and unconditional and for the entire remaining term through maturity thereof.

- (iii) The assignment price of the Assets shall be at par, i.e. principal pending pay-off on the Assets pooled into the Fund on the Date of Incorporation.

The assignment price shall be paid in full prior to 15:00 hrs (CET time) of the Payout Date, for value that same day. Payment shall be made by order given by the Manager to Santander in order that it proceed to debit the Interest Account open at Santander, in the name of the Fund, the amount of the price for acquisition of the Assets.

In the event that the incorporation of the Fund was terminated, and, consequently, the assignment of the Assets according to that provided in section 4.3.3 of the Registration Document (i) the payment obligation of the total price by the Fund for the assignment of the Assets, will be extinguished and (ii) the Manager will be obliged to reconstitute Santander in any of the rights that raised in favor of the Fund for the assignment of the Assets.

- (iv) The assignment of the Assets shall also comprise that of any in-rem or signature guarantees which have been established as security for each Asset and of the rights accessory thereto, as the rights or indemnities that would correspond to the Assignor by virtue of any insurance agreement regarding the assets that, if that is the case, were mortgaged as guarantee of the Mortgage Loans.

- (v) As stipulated in section 3.7.1 (11) below, it has been agreed not to provide notification of the assignment of Assets to the respective Debtors. Nevertheless, if said notification is provided it will be provided and have the consequences provided for in said section.
- (vi) The Assignor shall not be liable for the solvency of the Debtors or for the sufficiency of the guarantees on the Assets.

The Assignor shall only be liable for the existence and legitimacy of the Assets at the time of the assignment in the terms and conditions determined in the Prospectus, as well as for the legal status under which it effects the assignment and for the representations reflected under section 2.2.8 of this Additional Building Block.

- (vii) In the exceptional event that a Debtor should place an objection to Santander for set-off against one of the Assets, Santander shall be liable to the Fund for any damages experienced by the latter as a result of the said exercise of the right to set-off by any of the Debtors, the Fund having to pay an amount equal to that which has been subject to set-off by the relevant Debtor plus, as the case may be, any interest accrued on the said amount as from the date on which the set-off took place (inclusive) through the date it is paid by Santander to the Fund (non-inclusive), calculated at the rate established in the relevant Asset.
- (viii) Without prejudice of that established in section 2.2.9 of this Additional Building Block and paragraph (i) of this section 3.3.2, Santander shall not assume any repurchase obligation in respect of the Assets.
- (ix) The assignment of the Assets is subject to Spanish common law. In accordance with Spanish common law currently in force, the validity of the assignment of the Assets to the Fund on the part of the Assignor is subject to no impediment existing to the free assignment thereof to the Fund or, in the event the Obligor's consent should be necessary, said consent has been obtained.

The notification of the assignment to the Obligors at the time of the assignment is not contemplated.

In accordance with Article 1527 of the Spanish Civil Code, the Obligor that, prior to becoming aware of the assignment, pays the creditor, shall be released from the obligation. For this purpose, the Assignor shall notify (itself or through a notary public) the assignment, when necessary or required in accordance with the terms of the pertinent Asset, to the respective Obligors, within a period of twenty (20) Business Days following the formalization of the Deed of Incorporation, or at any subsequent time if so required by the Manager and, in any case, in the event of insolvency of the Assignor. Once the assignment has been notified to the Obligors, they are only discharged from their obligations through payment to the Fund. In accordance with Article 1198 of the Spanish Civil Code, an Obligor who has consented to the assignment may not object to the Fund the set-off to which it would have been entitled vis-à-vis the Assignor.

Notwithstanding the above, in case of insolvency or signs thereto, intervention by the Bank of Spain, liquidation or substitution of the Administrator or because the Manager deems it reasonably appropriate, the Manager will be able to request the Administrator to notify the Debtors (and, where applicable, third party guarantors and insurance companies) the assignment to the Fund of Assets pending payment, as well as the payments deriving from them will only have a freeing effect if they are carried out in the Cash Account or Interest Account, as applicable, in the name of

the Fund. However, in case of the Administrator had not fulfilled notification to the Debtors and, where applicable, third party guarantors and insurance companies, within fifteen (15) Business Days following receipt of the request in case of insolvency procedures or liquidation of the Administrator, the Manager, if it so decides, will directly or through a new Administrator appointed by the Manager carry out the notification to the Debtors and, where applicable, third party guarantors and insurance companies.

In the same manner and cases, the Manager will be able to request the Administrator to carry out all acts and fulfill any formalities required, included notifications to third parties and recordings with relevant accounting registries, to the goal of guaranteeing maximum efficiency of the assignment of the Assets and the accessory guarantees against third parties.

The Assignor will also grant the faculties more wide needed in Law to the Manager so that the Manager can, on behalf of the Fund, notify the assignment to the Debtors at the moment deemed appropriate.

The Assignor will bear the expenses of notification to the Debtors even for cases that the notification is carried out by the Manager.

3.3.3. Description of the rights which, in favor of their holder, are conferred by the Assets on the Loans backing them.

The Fund, as holder of the Assets, shall hold the rights recognized to the assignee in Article 1528 of the Spanish Civil Code.

Specifically, the Assets confer the following rights:

- a) All of the amounts accrued on the amortization of capital or principal of the Assets;
- b) All of the amounts accruing for ordinary interest on the Assets;
- c) All of the amounts to be accrued for default interest on the Assets;
- d) Amounts accrued due to breaches corresponding to Assets derived from Amounts Disbursed from Lines of Credit for up to ten per cent (10%) of the maximum amount available on each Line of Credit.
- e) Any amounts or assets received through judicial foreclosure of the guarantees or, in the case of the Mortgage Loans, for the judicial or notary public foreclosure, for the disposal or exploitation of the real properties adjudicated to the Fund in foreclosure of the mortgage guarantees, or in administration and interim possession of the property (in a foreclosure process) up to the amount of the sums owed by the respective Obligor, acquisition at the price of the winning bid or amount determined by judicial resolution; and
- f) All possible rights or indemnities which may result in favor of Santander, including not only those deriving from the insurance contracts assigned by Santander to the Fund, if there are any, but also those deriving from any accessory right to the Assets.

The assignment of the Assets shall comprise the entire principal, ordinary and default interest and other monies indicated above pending repayment on the Fund's Date of Incorporation, that is, the assignment of the total Outstanding Balance of the Assets.

Fees deriving from the Assets assigned are not subject to assignment to the Fund.

All of the rights mentioned above shall accrue in favor of the Fund as from the Date of Incorporation.

The rights of the Fund resulting from the Assets are tied to the payments made by the Obligors against the Loans and, therefore, are directly affected by the evolution, lateness, advance payment or any other incident in relation thereto.

3.4 An explanation of the flow of funds, including:

3.4.1 How the cash flow from the Assets will meet the issuer's obligations to holders of the securities.

The amounts received by the Fund deriving from the Assets, shall be deposited by the Administrator into the Cash Account or Interest Account, as applicable, immediately and in any case, before the forty eight hours (48) following the day at which they were received.

Notwithstanding the above, in respect of amounts that correspond to the Fund and which are derived from upward or downward variations in the outstanding balance on Lines of Credit, the procedure described in section 3.4.3 (b) shall apply.

3.4.2 Information on any credit enhancements.

3.4.2.1 Description of credit enhancements.

Credit enhancement operations that incorporate the structure of the fund are as follows:

a) Reserve fund

Incorporated using funds from a subordinated loan for Reserve Fund that will allow the Fund to make payments in the face of losses due to Failed Assets (this term referring to Assets that Santander considers it will not recover or which, on a given date, are than twelve (12) months or more overdue in the case of Loans and, in the case of Lines of Credit, six (6) months overdue as detailed in section 3.4.2.2 below.

b) Guaranteed Rate Reinvestment Agreements

The Cash Account and Interest Account are remunerated at set rates, so that a minimum return on the balance of these accounts is guaranteed.

c) Financial Interest Rate Swap

The Interest Rate Swap Agreement intends to cover: (i) the Fund's interest rate risk, which comes about because the Assets are subject to fixed and variable interest rates with reference indexes and revision periods that differ from those set for Bonds; and (ii) the risk that the Assets may be the object of renegotiations that decrease the set interest rate within the limits agreed and which are included in section 3.7.1. (8) below. In addition, through the Swap Agreement, the Fund receives the result of applying to the Outstanding Balance on Assets on which there are no payments more than ninety (90) days overdue the nominal annual rate of interest that results from adding (i) the Reference Rate of Interest of the Bonds calculated for the Interest Accrual Period in progress; (ii) the average weighted margin of the Bonds; (iii) 1% and (iv) in the event that the Assignor is substituted as a Member of the Board, the percentage (%) that results from dividing the commission for the provision of services by the new Member of the Board by the

Outstanding Balance of assets on which there are no payments more than ninety (90) days overdue.

d) Subordination of the Series of Bonds

Subordination and postponement in the payment of interest and repayment of principal between Bonds from different Series.

3.4.2.2 Reserve Fund.

The Reserve Fund will initially be financed from the payout from the Subordinated Loan for the Reserve Fund on the Payout Date

(i) **Required Level:**

- a) The Reserve Fund will be constituted initially with ONE BILLION TWO HUNDRED AND NINETY MILLION EUROS (€1,290,000,000), an equivalent amount to twenty per cent (20%) of the initial amount of the Bonds for Series A and B on the Payout Date.
- b) Later, on each Payment Date, the Reserve Fund will, where applicable, be financed from Available Funds according to the Order of Priority of Payments until the balance of the Fund reaches a level equal (the “**Required Level of the Reserve Fund**”) to the smaller of the following amounts:
 - (i) ONE BILLION TWO HUNDRED AND NINETY MILLION EUROS (€1,290,000,000) i.e. the initial amount of the Reserve Fund; and
 - (ii) The greater of the following amounts:
 - (1) 40% of the Outstanding Principal on the Bonds on the previous Determination Date; and
 - (2) 10% of the Outstanding Principal on the Bonds on the Payout Date.

Notwithstanding the above, the Required Level of the Reserve Fund will not be reduced on the corresponding Payment Date and will remain at the Required Level of the Reserve Fund as at the previous Payment Date when any of the following circumstances arise:

If the Reserve Fund has been used in any prior Payment Date, and as a consequence, it is at a lower level than the Required Level;

- (i) If on the previous Payment Date the Reserve Fund did not have the funds equal to the Required Level of the Reserve Fund; or
- (ii) That, on the Determination Date immediately prior to the corresponding Payment Date, the Outstanding Balance on Assets in Default is more than 1% of the Outstanding Balance on said Payment Date of all Assets that are not Failed Assets.
- (iii) That two (2) years have not yet passed since the Date of Incorporation of the Fund.

(ii) Use:

The Reserve Fund shall be applied, on each Payment Date, towards performance of the payment obligations contained in the Order of Priority of Payments contained under section 3.4.6.(b) *infra* or, if the event happens, the Order of Priority of Payments for Liquidation provided in section 3.4.6.(d) below.

(iii) Subordination:

The Subordinated Loan for Reserve Fund will be postponed in respect of other creditors of the Fund (including, but not limited to, Bondholders and with the exception of the creditor by virtue of the Subordinated Loan) under the terms provided for in the Order of Priority of Payments or, where applicable, in the Liquidation Order of Priority of Payments described in sections 3.4.6. (b) and 3.4.6. (d) below, respectively.

(iv) Yield:

The amount of this Reserve Fund will be paid in the Interest Account at the Payout Date.

The Subordinated Loan for Reserve Fund will accrue nominal annual interest, calculated each quarter for each Interest Accrual Period, which will be the result of adding (i) the Reference Interest Rate calculated for Bonds and (ii) a margin of 0.65%. Interest will only be paid if the Fund has sufficient liquidity in accordance with the Order of Priority of Payments or, where applicable, in the Liquidation Order of Priority of Payments described in sections 3.4.6.(b) and 3.4.6.(d) below, respectively. Interest accrued, which should be paid on a particular Payment Date, will be calculated using the (i) number of days in each Interest Accrual Period and (ii) on the basis of a year containing three hundred and sixty (360) days.

Interest accrued and not paid on a Payment Date will accumulate at a rate of interest applied at the same rate as the nominal interest rate on the Subordinated Loan for Reserve Fund and be paid, if the Fund has sufficient liquidity in accordance with the Order of Priority of Payments or, where applicable, in the Liquidation Order of Priority of Payments described in sections 3.4.6. (b) and 3.4.6. (d) below, respectively.

(v) Repayment

The Subordinated Loan for Reserve Fund will be repaid on each Payment Date in installments equal to the difference between the balances required of the Reserve Fund on the two (2) Determination Dates immediately prior to the Payment Date in question. This shall be subject to the Fund has sufficient liquidity in accordance with the Order of Priority of Payments or, where applicable, in the Liquidation Order of Priority of Payments described in sections 3.4.6. (b) and 3.4.6. (d) below, respectively.

3.4.3 Details of any subordinated debt finance.

a) Subordinated Loan Agreement.

The Manager, acting for and on behalf of the Fund, shall enter into with Santander, the Subordinated Loan Agreement, of a commercial nature, in the total amount of SEVEN HUNDRED AND SEVENTY-TWO THOUSAND EUROS (€772,000), which shall be earmarked towards financing the Fund's incorporation expenses and the Bond issue, and towards partially financing the acquisition of the Assets.

The amount of the Subordinated Loan shall be disbursed into the Interest Account on the Payout Date.

The loan shall accrue an annual nominal interest rate, determined quarterly for each Interest Accrual Period, which shall be that which results from adding together: (i) the Reference Interest Rate determined for the Bonds, and (ii) a spread of zero point six five (0.65%).

The interest accrued by the Subordinated Loan shall be paid only if the Fund has sufficient Available Funds in accordance with the Order of Priority of Payments contemplated under section 3.4.6.(b) of this Additional Building Block or, if the event happens, the Order of Priority of Payments for Liquidation provided in section 3.4.6.(d) of this Additional Building Block. Interest accrued, which shall be paid on a specified Payment Date, shall be calculated by taking as a base: (i) the actual days existing in each Interest Accrual Period, and (ii) a year containing three hundred and sixty (360) days.

Interests accrued and not paid on a Payment Date shall accumulate, accruing interest at the same rate as the nominal interest on the Subordinated Loan, and shall be paid, provided that the Fund has sufficient Available Funds and in accordance with the Order of Priority of Payments contemplated under section 3.4.6.(b) of this Additional Building Block, on the immediately following Payment Date or, if the event happens, on the date that the application of the Order of Priority of Payments for Liquidation provided in section 3.4.6.(d) of this Additional Building Block takes place.

The Subordinated Loan will be redeemed lineally and quarterly during the first three (3) years after the incorporation of the Fund and the Bond issue. exception made of the excess of Funds earmarked to cover the expenses of incorporation of the Fund and issuance of the Bonds that will be redeemed early at the first Payment Date and all that provided that the Fund has sufficient Available Funds in accordance with the Order of Priority of Payments contemplated under section 3.4.6. (d) of this Additional Building Block.

This loan, due to its subordinated nature, shall be postponed in ranking with respect to several of the other creditors of the Fund in the terms provided by section 3.4.6. (b) of this Additional Building Block, or, if the event happens, the Order of Priority of Payments for Liquidation provided in section 3.4.6. (b) of this Additional Building Block including, but not only, the Bondholders.

If, on the Date of Subscription, the Rating Agencies do not confirm as definitive any of the provisional ratings assigned, this circumstance will lead to the termination of the Subordinated Loan Agreement, exception made to that regarding to the initial expenses for incorporation of the Fund and the Bond issue.

b) Liquidity Line

Purpose and variations and Lines of Credit

The Manager, acting for and on behalf of the Fund, will enter into a contract with the Assignor at the same time as the granting of the Deed of Incorporation, a commercial Liquidity Line Agreement associated with the Cash Account (the “**Liquidity Line**”) to ensure that all variations in the Lines of Credit, both upwards and downwards, are reflected in the Fund simultaneously on a daily basis via the corresponding adjustment in the Liquidity Line.

Possible upward variations in the Lines of Credit will be compensated each day with possible downward variations in other Lines of Credit, as well as amounts derived from Assets as principal. The Liquidity Line can then have a debtor balance (against the Fund) only if upward disbursements made one day cannot be offset with amounts deposited in the Cash Account and which are derived from downward variations and/or repayment on the other Lines of Credit and/or repayments of principal on the Loans.

Daily limit and variations in the balance of the Liquidity Line

The Liquidity Line will have a maximum limit that will be set in the Deed of Incorporation and will be equal to the different between one hundred and ten per cent (110%) of the limit on funds available from the Lines of Credit and the balances paid out from these Lines of Credit on the Date of Incorporation. This limit cannot be greater than twenty per cent (20%) of the amount of the Issue.

Thereafter, and as a result of downward and upward variations in the balance of Lines of Credit, the balance of the Liquidity Line will vary each day. The balance will be equal to the difference between (i) the amounts paid out and pending repayment from the Lines of Credit and (ii) the sum of (a) the initial amounts paid out and pending repayment (at the time of the transfer to the Fund) of Lines of Credit transferred to the Fund and outstanding and (b) amounts of principal repaid on the Loans, where applicable, and deposited in the Cash Account.

Yield

When the difference between (i) the amounts paid out and pending repayment from the Lines of Credit and (ii) the sum of (a) the initial amounts paid out and pending repayment (at the time of the transfer to the Fund) of Lines of Credit transferred to the Fund plus the amount of principal repaid on the Loans, as applicable, and deposited in the Cash Account with effective value on the same day, if positive, the Liquidity Line can then have a debtor balance (against the Fund). In this case, said debtor balance (against the Fund) will accrue interest daily, which will be calculated and liquidated each quarter on each Payment Date in accordance with the Order of Priority of Payments established in section 3.4.6.(b) below or, where applicable, in the Order of Priority of Payments established in section 3.4.6.(d) below at a rate of interest equal to the three (3)-month EURIBOR plus a margin of 0.45%, based on the days passed on which the Cash Account has a debtor balance (against the Fund) and a year of 365 days.

If the difference between (i) and (ii) in the previous paragraph is negative, the Liquidity Line will have a credit balance (in favor of the Fund) that will accrue in favor of the Fund the Interest Rate described in section 3.4.4.1 below (Cash Account), i.e. the Reference Interest Rate of the Bonds.

Information to be sent to the CNMV

Each month, the Manager will send the CNMV information on the increase in initial balances paid out (at the time of their assignment to the Fund) of the Lines of Credit via the corresponding public document. This document will include information provided to it by the Assignor in respect of upward variations experienced by the Lines of Credit in the current month and which are in accordance with the statements contained in section 2.2.8.b) of this Additional Block Module, under the terms described in section 3.1 above for its verification in accordance with the provisions of Article 2.2.c) 2 of Royal Decree 926/1998.

Repayment of Asset derived from Lines of Credit

Assets derived from Amounts Disbursed from Lines of Credit that reach maturity are repaid in full.

Interest accrued and repayment of principal on the Liquidity Line

All amounts to be paid to the Assignor in interest accrued by the Liquidity Line will be paid on each Payment Date. In all cases, payments will be subject to the Order of Priority of Payments described under section 3.4.6.(b) below or, where applicable, the Order of Priority of Payments for Liquidation described in 3.4.6.(d) below.

All amounts that must be paid to the Assignor as repayments on principal for the Liquidity Line will be paid via the corresponding adjustments in the Liquidity Line in accordance with the adjustment procedure described in section 3.4.3.(b).

Special interrelationship between the Liquidity Line and the Cash Account, Duration and cancellation of the Liquidity Line

As a consequence of the interrelationship between the existence of the Liquidity Line, the assignment of Assets derived from the Amounts Disbursed from the Lines of Credit and opening of the Cash Account, the Liquidity Line will be cancelled once disbursed amounts that have been assigned to the Fund have been repaid in full.

Once the Liquidity Line has been cancelled, (i) the Cash Account will be closed, with any balances in said account being transferred to the Interest Account and (ii) all payments into and out of the cash Account thereafter for the life of the Bond issue will be redirected to the Interest Account.

Early Liquidation of the Fund and downgrade in Santander credit rating

If Santander's unsubordinated debt with no specific guarantee experiences at any point in the life of the Bonds a downgrade in the rating for its short-term debt to below P-1 from Moody's, or according to DBRS, Santander's credit risk were to be downgraded to below BBB (High) and/or R-1 (Low) in the long- and short-term respectively, or said rating is withdrawn, Santander must constitute within a period of thirty (30) days a deposit for an amount equal to the balance available from the Liquidity Line at the time in an entity with a minimum short-term Moody's rating of P-1 or DBRS rating of not lower than BBB (High) and R-1 (Low) in the long-and short-term, respectively, with the Manager making disbursements from this deposit only when the Cash Account has a debit balance (against the Fund), so that upward variations in the Lines of Credit are reflected in the Fund in accordance with the provisions of section 3.4.3.(b). If Santander cannot, due to objective and reasonable circumstances, cannot provide said deposit under the terms stated herein, the Manager will be authorized to liquidate the Fund early and, with it, redeem the whole Bond issue early on a Payment Date under the terms stipulated in section 4.4.3.1 of the Registration Document.

In addition, in the event that the unsubordinated debt without guarantees of Santander, as depository of the Cash Account, were to experience at any point during the life of the Bonds a downgrade in their short-term rating below P-1 from Moody's or in accordance with the DBRS ratings, the credit risk of the depository of the Cash Account granted by DBRS were set to a rating below BBB (High) and/or R-1 (Low) for short- or long-term debt from DBRS, or said rating were withdrawn, the Manager would have to adopt the measures stipulated in section 3.4.4.3 below.

3.4.4 An indication of any investment parameters for the investment of temporary liquidity surpluses and description of the parties responsible for such investment.

3.4.4.1 Cash Account

To the extent that the Cash Account is directly related to the existence of Lines of Credit, the Manager, acting for and on behalf of the Fund, and the Assignor, at the same time the Deed of Incorporation is granted, shall enter into the Guaranteed Rate Reinvestment Agreement (Cash Account) by virtue of which the Assignor shall guarantee a yield on the amounts deposited by the Fund, through its Manager, into the Cash Account. Specifically, the Guaranteed Rate Reinvestment Agreement (cash Account) shall determine that the amounts received by the Fund, for:

- (i) Principal on all Assets, to the extent that the Lines of Credit have not been repaid in full; and
- (ii) The amounts of the returns obtained for the Cash Account balance;

shall be deposited into the Cash Account.

Given the operation of the Liquidity Line, the Cash Account could have a creditor balance (in favor of the Fund) or debtor balance (against the Fund) (up to the limit of the Liquidity Line) in accordance with the provisions of section 3.4.3.(b) of this Additional Building Block.

If there is a creditor balance (in favour of the Fund), amounts deposited in the Cash Account accrue interest on a daily basis and will be calculated and paid on the last day of each month at the current Reference Interest Rate for Bonds at the beginning of each month for the number of days passed on which the Cash Account has a credit balance (in favour of the Fund) and based on a year of 365 days.

If there is a debtor balance (against the Fund), these amounts will accrue interest daily, which will be calculated and liquidated quarterly on each Payment Date in accordance with the Order of Priority of Payments described under section 3.4.6.(b) below at a rate of interest equal to the three (3)-month EURIBOR plus a margin of 0.45% for the number of days passed on which the Cash Account has a debtor balance (against the Fund) and based on a year of 365 days.

On each Determination Date, the balance of the Cash Account (except for downward variations) will be transferred to the Interest Account.

3.4.4.2 Interest Account

In addition, the Manager, acting for and on behalf of the Fund, will enter with the Assignor at the same time as the granting of the Deed of Incorporation the Interest Account Agreement. By virtue of this Agreement, the Assignor will guarantee a yield on amounts deposited by the Fund via its Manager into the Interest Account. Specifically, the Interest Account Agreement will determine that the amounts received by the Fund in

- * Interest on Assets
- * Amounts pertaining to yields obtained on the balance in the Interest Account
- * The Subordinated Loan
- * Amounts received from the Bond issue
- * Any other monies derived from the Assets, other than the principal

- * Amounts that constitute the Reserve Fund at any time
- * The net amount received by virtue of the terms of the Swap Agreement, as described in section 3.4.7 of this Additional Building Block
- * If the Lines of Credit have been repaid in full, the principal on the Assets will be deposited into the Interest Account.

On the Payout Date, the Interest Account will receive the effective amount for the payment of the subscription of the Bonds issue, the initial amount of the Subordinated Loan, the Reserve Fund taken from the Subordinated Loan for Reserve Fund, represented by the Manager, charged to the Interest Account will acquire the Assets assigned by the Assignor for their initial amount, start-up costs and the cost of issuing the Bonds and an initial contribution to the Reserve Fund.

The balance of the Interest Account, with the exception of interest paid between the Determination Date and the Payment Date, will be transferred in full on each Payment Date, where applicable, to the Cash Account so that they constitute Available Funds on the Payment Dates.

Amounts deposited accrue interest on a daily basis and will be calculated and paid on the last day of each month at the current Reference Interest Rate for Bonds at the beginning of each month based on the number of days passed and a year of 365 days.

Using the Interest Account, the amounts deposited therein can be isolated in such a way that they cannot be accessed in order to finance potential disbursements from the Lines of Credit.

3.4.4.3 Common provisions

In accordance with the above, all amounts paid and collected for the duration of the Bond issue will be channeled through the Cash Account and Interest Account, except in the event of the cancellation of the Liquidity Line under the terms of section 3.4.3.(b) above. In this case only, the Interest Account will be retained, (i) with any amounts in the Cash Account transferred to the Interest Account and (ii) all payments and collections made henceforth to be made through this account.

The Assignor will not carry out any withholding in the interest liquidation of the Cash Account or Interest Account as established in section 59, paragraph k of Royal Decree 1777/2004. In the event that Assignor were to carry out inappropriate withholdings, Santander agrees to pay to the Fund the same amounts that would correspond to the Fund if those withholdings did not take place.

Downgrade in credit rating

Moody's criteria

In the event that the unsubordinated and non-guaranteed short-term debt of the Holder of the Cash Account and/or Interest Account should be downgraded at any time during the life of the Bond issue below P-1 on the rating scale of Moody's or another equivalent expressly recognized by Moody's, the Manager must, within thirty (30) Business Days of the day this situation arises, adopt one of the options described below that which allow an appropriate level of guarantee to be maintained with respect to undertakings derived from the Cash Account and Interest Account:

- (a) Obtain from an entity whose unsubordinated and non-guaranteed debt has a minimum rating of P-1 from Moody's, without this prejudicing the rating given to the Bonds by Rating Agencies, an unconditional and irrevocable on demand endorsement that guarantees the Fund, by mere request from the Manager, the punctual payment by the Holder of the Account of its obligation to repay the amounts deposited in the Cash Account or Interest Account whilst it continues to be without its P-1 Moody's rating.
- (b) Transfer the Cash Account and/or Interest Account to an entity whose unsubordinated non-guaranteed has a rating of at least P-1 from Moody's and ensure the highest possible return on its balance, which could differ from the return received from the Holder of the Account by virtue of said agreement.

DBRS criteria:

In the event that, according to DBRS ratings, the credit risk of the Holder of the Cash Account or Interest Account issued by DBRS for its short-term risk is reduced to below BBB (High) and/or R-1 (Low) for long- and short-term debt, respectively, according to DBRS, or said rating is withdrawn, the Manager must, within no more than thirty (30) Business Days from the time this situation arises and subject to notification being provided to the Ratings Agencies, adopt of one the measures described below that are required to maintain an adequate guarantee in respect of commitments derived from the functions contained in the respective agreement:

- i) Obtain similar guarantees or commitments from a lender or lenders with a credit rating of not lower than BBB (high) and/or R-1 (low) for long- and short-term debt respectively, from DRBS to guarantee undertakings assumed by the Holder of the Cash or Interest Account, as applicable.
- ii) Replace the Holder of the Cash and/or Interest Account with a lender with a credit rating of not lower than BBB (high) and/or R-1 (low) for long- and short-term debt respectively, from DRBS to undertake, under the same conditions, the functions of the lender concerned established in its respective agreement.

3.4.5 How payments are collected in respect of the Assets.

As collection manager, Santander shall receive on behalf of the Fund such sums of money as are paid by the Debtors as deriving from the Assets, both for principal or interest, as well as any other concept assigned to the Fund, and shall proceed to deposit into the Cash Account or Interest Account the amounts which pertain to the Fund, immediately and, in any case, within a period not to exceed forty eight (48) hours.

Notwithstanding the above, in respect of amounts that correspond to the Fund and which are derived from upward or downward variations in the outstanding balance on Lines of Credit, the procedure described in section 3.4.3 (b) above shall apply.

Powers and authorities of the holder of the Assets in case of breach of its obligations by Debtors or by the Administrator.

As Administrator of the Assets, the Assignor will apply the same diligence and procedure of claiming amounts due and not paid that it applies to other loans in its portfolio and, in particular, adopt the appropriate legal steps if said steps have not had the desired effect once the internal time limits for action aimed at ensuring the satisfactory payment in the interests

of the Fund, and, in any case, will resort to said actions if the Manager, as representative of the Fund, and subject to an analysis of the specific circumstances of the case, were to concur with the view of the Assignor that they are appropriate.

In addition, the Assignor is obliged to inform the Manager each quarter, as representative of the Fund, of defaults and early repayments and, on a selective basis, of requirements in relation to payments, reliable notification to the debtor, legal action and any other circumstances that affect the Assets. In addition, the Assignor will provide the Manager with all information required by the latter in relation to said Assets and, in particular, the precise documentation required for the Manager to begin legal action, where applicable.

a) **Foreclosure against Debtors of the Assets.**

The Fund, as owner of the Assets, shall have all the legal actions inherent to ownership of the Assets pursuant to regulations in force. Said action must be exercised by means of the procedures of the relevant court procedures pursuant to the provisions of Articles 517 *et seq* of the Civil Procedure Law. Given that the Lines of Credit are documented in the attestation executed before a notary public, actions for the recovery of amounts disbursed from the Lines of Credit, as well as breaches of the limits of the same as a result of the capitalization of interest, can be processed via foreclosure. On the other hand, breaches of limits on Lines of Credit that are not the result of the capitalization of interest, but rather are the product of additional disbursements from the Debtors, must be processed via declarative action.

For the above purposes, the Management Company shall grant in the act of granting of the Deed of Incorporation a power as broad and sufficient as legally necessary in favor of the Assignor so that the latter, acting through any of its attorneys sufficiently empowered for that purpose, may, for and on behalf of the Manager, demand from the debtor of any of the Assets payment of its debt and file court action against the same, as well as other powers required to perform its duties as Administrator. These powers may also be granted in a deed other than the Deed of Incorporation or extended if necessary for the performance of said duties.

b) **Action against the Administrator.**

The Manager, acting for and on behalf of the Fund, will be able to foreclose against the Administrator for the effectiveness of the maturity dates on Assets in principal and interest and any other monies when a failure to comply with the obligation to pay said sums is not the result of non-payment by Debtors of Assets and is imputable to the Administrator.

The Administrator will not be responsible for action taken in accordance with instructions from the Manager.

In addition, in the event that the Assignor does not meet the obligations described in section 3.7.1 of this Additional Building Block, the Fund, via the Manager, will in any case be able to take declarative action against the Assignor for its failure to meet said obligations in respect of the Assets. All of the above is in accordance with the procedures stipulated for said process provided for in the Civil Procedure Law.

Similarly, and under the same circumstances, the Manager may request that the Administrator carry out any acts and fulfill any formalities necessary, including notification to third parties and entries in the relevant registers, in order to guarantee

that the Assets and additional guarantees are assigned to third parties in the most efficient manner possible.

With the Assets extinguished, the Fund, via the Manager, will retain the option to adopt action against the Administrator until the latter has met its obligations.

c) Actions in case of non-payment of the Mortgage Loans.

In the event of the foreclosure of a mortgage when the Property Register contains records on the property encumbered by the mortgage by virtue of which action is taken, mortgages that are preferable to this one that, nevertheless, have been extinguished, the Assignor will adopt all measures allowed under the law to re-establish consistency between the recorded and extra-registry legal reality. In cases where the relevant documentation is available, this process will take place in accordance with the provisions of Article 40 and Section IV of the Mortgage Law and, in other cases, in accordance with Article 209 of this Law.

The Fund, as the owner of the Assets derived from the Mortgage Loans, shall be entitled to bring all legal actions arising from the ownership of said Assets, as per the legislation in force. Said suit shall be brought through the formalities of judicial foreclosure procedures in accordance with the provisions of Articles 517 et seq. of the Civil Procedure Law (for foreclosure procedures).

In case of breach in the payment of principal or interest on a Mortgage Transfer Certificate as a consequence of the non-payment of the Debtor of the Mortgage Loan, the Manager, acting for and on behalf of the Fund, shall have the following powers and authorities as provided by Article 31 of Royal Decree 716/2009:

- (i) Compel the Assignor as Administrator to bring mortgage foreclosure;
- (ii) Appear with equal rights, with the Assignor, as the issuing entity of the Mortgage Transfer Certificates, in the foreclosure brought by the latter against the Debtor, appearing for such purpose at any foreclosure procedure brought by the former;
- (iii) If the Assignor does not bring the procedure within sixty (60) calendar days from the formal demand for payment of the debt dispatched through the service of a notary public, the Manager, acting for and on behalf of the Fund, will also be authorized to take mortgage action in respect of the Mortgage Loan in the amount corresponding to the percentage of its participation and the Assignor will be required to issue a certificate for the existing balance on the Mortgage Loan.
- (iv) In case of a stay in the procedure brought by the Assignor, the Fund, duly represented by the Manager, as holder of the relevant Mortgage Transfer Certificate, may subrogate in the position of the former and following through with the foreclosure procedure, with no need for the above-mentioned time period to transpire.

In the cases provided by paragraphs (iii) and (iv), the Manager, on behalf of the Fund, may request the competent Judge to bring or continue with the pertinent mortgage foreclosure procedure, including with the lawsuit the original certificate of the Mortgage Transfer Certificate with its breakdown, the formal demand served by a notary public contemplated under section (iii) above and a recorder's certificate showing recording and survival of the mortgage for the case of Mortgage Transfer Certificates, and the document confirming the balance claimed.

If legally necessary, and for the purpose of the provisions of Articles 581.2 and 686.2 of the Civil Procedure Law and in Article 236.c of the Mortgage Regulations, the Administrator, in the Deed of Incorporation, shall grant an irrevocable Power of attorney, as ample and sufficient as is required by Law, in order that the Manager, acting for and on behalf of the Administrator, may make a formal demand to the Mortgage Obligor of any of the Mortgage Loans, served through a notary public, for payment of its debt.

The Fund, as holder of the Mortgage Transfer Certificates, may also, through the Manager, appear with equal rights with the Administrator in the foreclosure procedure and, in this regard, may, under the terms of Articles 691 et seq. of the Civil Procedure Law, request adjudication of the mortgaged property in payment of its debt. The Manager shall proceed with the sale of the properties so awarded within the shortest timeframe possible, at arm's length market conditions.

The relevant costs and provisions of funds, as the case may be, in relation to the foreclosure procedures indicated in this section, shall be for the account of the Fund.

3.4.6 Origin and Application of Funds.

- (a) **Origin:** Available Funds calculated at the Determination Date prior to the Payment Date shall be the amounts deposited in the Cash Account or, if there is no Cash Account, in the Interest Account that correspond to:
- (i) Amounts received for principal on the Assets in each preceding Determination Period to the Payment Date.
 - (ii) The yield obtained during each Determination Period preceding the Payment Date from amounts deposited into the Cash Account or Interest Account, as applicable.

Whilst the Cash Account has not been cancelled and, therefore, remains in force, amounts deposited in the Interest Account will also be considered Available Funds on the Determination Dates prior to Payment Dates for calculation purposes, since they will be transferred to the Cash Account on each Payment Date.

- (b) **Application:** The Manager, on behalf of the Fund, shall proceed to apply on each Payment Date (that is not the Legal Maturity Date, and neither when the Early Liquidation of the Fund takes place in the terms established in section 4.4.3. (1) of the Registration Document) the amount of the Available Funds to the following payments and withholdings, in accordance with the Order of Priority of Payments described below:
1. Payment of taxes and ordinary and extraordinary expenses of the Fund, compensated or not by the Manager, and the periodic management commission that corresponds to the Manager; in the event that Santander is replaced as Administrator by a new entity that is not part of the consolidated group of Santander, payment of an administration commission and in the event of substitution of Santander as Paying Agent by a new entity that is not part of the consolidated group of Santander, of a payment agency commission.
 2. Payment to Santander of the net amount of the Swap according to that established in section 3.4.7. of this Additional Building Block, and only in the event of termination of the Swap for non compliance of the Fund (*Event of Default*, as defined by the Swap Agreement) or for it being the only party

affected by a case of early termination (*Termination Event*, as defined by the Swap Agreement), payment of the amounts to be satisfied by the Fund, if that is the case, that corresponds the liquidation payment.

3. Payment of interest accruing on the Series A and, where applicable, the payment of interest on the Liquidity Line divided *pro rata* between the two.
4. Payment of the interest accruing on the Series B Bonds, except for deferral of this payment to the sixth (6th) place in the order of priority of payments as described in section 3.4.6.c) of this Additional Building Block.
5. Retention of the Amounts Accrued for the Redemption of the Bonds.
6. Payment of interest accrued on Series B Bonds when the deferral of its payment from the fourth (4th) place in the order of priority according to that section.
7. Withholding of the necessary amount to maintain the Reserve Fund at the Required Level at each time as described in section 3.4.2.2 of this Additional Building Block
8. Payment of interest accrued on Subordinated Loan for Reserve Fund.
9. Redemption of the Subordinated Loan for Reserve Fund.
10. Payment of interest accrued on the Subordinated Loan.
11. Redemption of the Subordinated Loan.
12. Payment of the amount owed due to the termination of the Swap Agreement, except in cases contemplated in second (2nd) place on this Order of Priority of Payments.
13. Payment of the administration commission and paying agency, in the event that the substitution does not occur.
14. Payment of the Financial Intermediation Margin.

The expenses reflected in first place in the above Order of Priority of Payments are broken down into the following:

The following are deemed ordinary expenses:

- Expenses deriving from the annual audits of the Fund's financial statements;
- Expenses deriving from maintenance of the ratings of the two (2) Bond Series;
- Expenses that could arise from the verification, recording and administrative authorizations of obliged compliance;
- Expenses related to the redemption of the Funds;
- Expenses related to any notices which, in accordance with the provisions of this Prospectus, must be given to the holders of Bonds in circulation;
- Expenses regarding the account registry of the Bonds for its representation through book entry, its admission to trade in AIAF and its maintenance;
- Manager's fee that substitutes the current Manager, if that is the case;

- In general, any other expenses borne by the Manager, and arising out of its work involving representation and management of the Fund.

The following are deemed extraordinary expenses:

- If that is the case, those expenses arising from the presentation and formalization of amendment to the Deed of Incorporation and the agreements, as well as for the celebration of additional agreements;
- The necessary expenses in order to carry out the execution of the underlying Loans and Lines of Credit to the Assets;
- The corresponding reserve in order to pay the final expenses of termination and liquidation of administrative, fiscal or advertisement nature;
- In general, any other associated extraordinary expenses that were charged to the Fund or by the Manager in representation and on its behalf.

(c) Exceptional rules of priority of payments for the account of the Fund:

If the substitution of Santander as Administrator of the Loans should take place, in favor of another entity not forming part of Santander's consolidated group, a fee shall accrue in favor of the third party, new administrator, which shall go from holding 13th place to 1st place in the Order of Priority of Payments established under section 3.4.6.(b) above.

The payment of interest on Series B Bonds shall be postponed with respect to the Accrued Redemption Amount, occupying the sixth (6th) position in the Order of Priority of Payments, when on the Payment Date preceding the relevant Payment Date the accumulated Outstanding Balance of Failed Assets, not including the recovered amount, from the incorporation of the Fund, were greater than five per cent (5%) of the Outstanding Balance of the Assets at the Date of Incorporation and provided that the Series A Bonds had not been redeemed in full and it did not happen on the relevant Payment Date.

In the event that at a Payment Date, the Fund could not face the total or partial payment of the accrued interests of the Bonds of any of the Series, according to the Order of Priority of Payments established in section 3.4.6.b) supra, the amounts that the bondholders had not received will be accumulated in the following Payment Date in which, according to the mentioned Order of Priority of Payments, the Fund has Available Funds sufficient for that, and in order of maturity in case that it was not possible to pay all of them for insufficient Available Funds. Unpaid amounts of interest due will not accrue additional interest or Penalty interest and will not be accumulated to the Outstanding Principal Balance of the Bonds.

(d) Order of Priority of Payments for Liquidation:

The Manager will proceed to the liquidation of the Fund, when its liquidation takes place at the Legal Maturity Date or at the Payment Date in which takes place the Early Liquidation of the Fund, according to section 4.4.3. (3) of the Registration Document, through the application of the Available Funds for Liquidation in the following Order of Priority of Payments for Liquidation:

1. Payment taxes and ordinary and extraordinary expenses of the Fund, compensated or not by the Manager, and the periodic management commission that corresponds to the Manager; in the event that Santander is replaced as Administrator by a new entity that is not part of the consolidated

group of Santander, payment of an administration commission and, in the event of the substitution of Santander as Paying Agent, of the commission set by the Manager in favor of the substitute.

2. Payment to Santander of the Swap net amount according to that established in section 3.4.7 of this Additional Building Block, and only in the event of termination of the Swap for non-compliance of the Fund (*Event of Default*, as defined by the Swap Agreement) or for it being the only party affected by a case of early termination (*Termination Event*, as defined by the Swap Agreement), payment of the amounts to be satisfied by the Fund, if that is the case, that corresponds the liquidation payment.
3. Payment of interest accrued on Series A Bonds and, where applicable, interest on the Liquidity Line split between both on a *pro rata* basis.
4. Redemption of principal on Series A Bonds and, where applicable, the redemption of the Liquidity Line for its disbursed balance.
5. Payment of interest accrued and principal on Series B Bonds, in that order.
6. Payment of interest accrued on the Subordinated Loan for Reserve Fund.
7. Redemption of principal on Subordinated Loan for Reserve Fund.
8. Payment of interest accrued on the Subordinated Loan.
9. Redemption of principal on the Subordinated Loan.
10. Payment of the amount owned due to the termination of the Swap Agreement, except in the cases contemplated in second (2nd) place on this Order of Priority of Payments.
11. Payment of the administration commission and paying agency, in the event that the substitution does not occur.
12. Payment of the Financial Intermediation Margin.

The following will be Available Funds for Liquidation:

- a) The Available Funds; and
- b) The amounts obtained by the Fund for the sale of the remaining Assets and any other assets, if that is the case, for cases of Early Liquidation of the Fund according to the requirements established in section 4.4.3.(3) of the Registration Document.

3.4.7 Details of other agreements on which interest and principal payments to the Bondholders depend.

The Manager, acting for and on behalf of the Fund, will enter into a Swap Agreement structured in accordance with the template for the 1992 (*Multicurrency Cross Border*) ISDA Master Agreement and definitions from 2000 (*ISDA 2000 Definitions*) of the International Swan Dealers Association Inc., the most relevant terms of which are described below, with the Assignor at the same time as the granting of the Deed of Incorporation.

The decision to enter into interest swaps is in response to the need to mitigate (i) the interest rate risk which takes place at the Fund due to the fact of having the Assets subject to fixed and variable interest rates with different reference indexes and different review periods and

settlement periods for variable interest established for each Bond Series issued against the Fund and (ii) the risk that means that the Assets can be the object of renegotiations that reduce the agreed rate of interest, within the limits agreed to and which are included in section 3.7.1.(8) below.

By means of the Interest Swap Agreement, the Fund will make payments to the Assignor calculated on the interest rate of the Assets and, as counterpart, the Assignor shall make payments to the Fund calculated on the average weighted Nominal Interest Rate of the Bond Series, plus a margin of 1%.

Party A

The Fund, represented by the Manager.

Party B

Santander or the counterpart, in the event of substitution.

Calculation Agent

The Manager will act as Calculation Agent in the Swap Agreement.

Payment Dates.

The Payment Dates shall coincide with the Bond Payment Dates. The first Payment Date shall be April 18, 2011.

Settlement Dates

The Settlement Dates shall coincide with the Payment Dates. The first Settlement Date shall be April 18, 2011.

Determination Periods for Party A.

They shall be the days actually transpiring between two consecutive Determination Dates before Payment Dates, excluding the first and including the last. By way of exception, the first Determination Period for Party A shall have a duration equivalent to the days actually transpiring between the Payout Date (inclusive) and the date (inclusive) that corresponds to the Determination Date that corresponds to the first Payment Date, i.e. April 18th 2011.

Determination Periods for Party B.

They shall be the days actually transpiring between two consecutive Payment Dates, excluding the first and including the last. By way of exception, the first Determination Period for Party B shall have a duration equivalent to the days actually transpiring between the Payout Date (inclusive) and the first Payment Date (excluded).

Amount to be paid by Party A

This will be, at each Settlement Date, the result of applying the Party A Interest Rate to the Notional of the Swap for Party A, adjusted to the number of days of the immediately previous Determination Period for Party A (i.e. the same or equivalent to: number of days / 360).

Party A Interest Rate

This will be, on each Settlement Date, the annual interest rate which results from dividing (i) the sum of the interests received on the Assets and deposited to the Fund during the immediately previous Determination Period for Party A, by (ii) the Notional of the Swap for

Party A, all of which multiplied by the result of dividing 360 between the number of days of the Determination Period for Party A.

Amount to be paid by Party B

This will be, at each Settlement Date, the result of applying the Party B Interest Rate to the Notional of the Swap for Party B, adjusted to the number of days of the immediately previous Determination Period for Party B (i.e. the same or equivalent to: number of days / 360). In the event of the substitution of the Administrator, said amount will be increased by the commission accrued by the new administrator.

Party B Interest Rate

This will be, for each Determination Period for Party B, the nominal interest rate which results from adding (i) the Reference Interest Rate for Bonds determined for the current Interest Accrual Period; (ii) the average weighted margin of the Bonds; and (iii) a margin of 1%.

Notional of Swap for Party A

On each Settlement Date, this will be the Notional Balance of the Asset defined as the daily average during the preceding Determination Period for Party A of the Outstanding Balance of Assets on which payments are not more than ninety (90) days overdue.

Notional of Swap for Party B.

It will be at each Settlement Date the higher of: (i) the Notional Swap for Party A, and (ii) the Notional Adjusted to the Yield of the Assets.

The Notional Adjusted to the Yield of the Assets at each Settlement Date will be the lower of:

- (i) The sum of the ordinary interests perceived from the Assets and paid into the Fund during the immediately previous Determination Period for Party A, divided upon the Interest Rate for Party B, multiplied by the result of dividing 360 between the number of days of the Determination Period for Party B.
- (ii) The Outstanding Balance of the Assets on the preceding Settlement Date.

Therefore, the possible notionals of Party B are:

- a) Notional of the Swap for Party A. This notional is equal to the Notional Balance of the Assets defined as the daily average, during the immediately previous Determination Period for Party A, of the Outstanding Balance of the Assets that have no arrears in the payments of amounts due for more than ninety (90) days.
- b) Ordinary interest perceived from the Assets and paid into the Fund during the immediately previous Determination Period for Party A, divided upon the Interest Rate for Party B all that multiplied by the result of dividing 360 by the number of days of the Determination Period for Party B.
- c) The Outstanding Balance of the Assets on the preceding Settlement Date.

Possible Scenarios:

By definition, the notional described under paragraph c) preceding is always higher to the notional described under paragraph a).

Scenario 1: In the event that the notional described in paragraph b) is higher to the notional described in paragraph c), this would mean that the risk of the interest rate had not been materialized and at the same time that the defaulting rate of the portfolio is such that it will not affect the financial equilibrium of the Fund. In this case, Party B will pay to the fund the Interest Rate of Party B over notional described under paragraph c). The net of the Swap in this case is positive for Party B.

Scenario 2: In the event that the value of notional described under paragraph b) is higher than the notional described under paragraph a) and lower than the notional described under paragraph c), this would mean that the defaulting rate of the portfolio is such that it affects the financial equilibrium of the Fund. In this case, Party B will pay to the Fund the interest rate for Party B over the notional described under b). The net of the Swap Agreement in this case will be equal to that described under paragraph b). The net of the Swap will be equal to zero.

Scenario 3: In the event that the notional described under paragraph b) was lower to the notional described under paragraph a), this would mean that the risk of interest has been materialized. In this case, the Party B will pay the Fund the Interest Rate for Party B over the notional described under paragraph a). The net of the Swap in this case will be positive for Party A.

Since notional of the Swap is equal for Party A and Party B and the interest rate perceived by the Fund lower to the interest rate of Party B. Party B will pay Party A.

Events of Default of the Swap Agreement:

In the event that on a Payment Date the Fund does not have sufficient liquidity to pay the entire net amount (in the event that the amount to be paid by the Fund to the Assignor is greater than the amount to be paid by the Assignor and to be received by the Fund) to be paid by the Fund to the Assignor, the portion of the net amount not paid shall accumulate, accruing default interest at Party B Interest Rate, and shall be settled on the next Payment Date on which the Fund has sufficient liquidity in accordance with the Order of Priority of Payments described in section 3.4.6.(b) above, in such a manner that the Swap is not terminated.

If on a Payment Date the Assignor does not meet its payment obligations for the total net amount it is required to pay the Fund, the Manager will terminate the Swap and, where applicable, the Assignor shall assume the payment obligation of the liquidation amount provided for in the Swap. In this case, if the liquidation amount of the Swap corresponds to the Fund, its payment will take place deferred according to the Order of Priority of Payments or, where applicable, according to the Order of Priority of Payments for Liquidation described in sections 3.4.6.(b) and 3.4.6.(d) above in this Additional Building Block.

The liquidation amount shall be calculated by the Manager, as Determination agent of the Swap, as a function of the market value of the Swap.

Actions in cases of changes to the Party B ratings

Moody's

If, during the life of the Issue in question, no Relevant Entity has the Required First Level of Rating (“**Failure to Achieve First Level of Rating**”), Party B will, within thirty (30) Business Days of said situation arising, constitute a cash deposit in favor of the Fund with an entity with a rating for the unsubordinated debt with no guarantees equal to P-1 from Moody's, in accordance with the terms of the Financial Swap Agreement.

Party B can, at any time, avoid having to constitute the abovementioned deposit if it provides a Suitable Guarantee in respect of all present and future obligations of Party B under the Financial Swap Agreement through a guarantor with the Required First Level of Rating or is substituted by an entity with the Required First Level of Rating.

If, during the life of the Issue in question, no Relevant Entity has the Required Second Level of Rating (“**Failure to Achieve Second Level of Rating**”), Party B will go to all commercially reasonable efforts to, in the shortest period possible and at its own expense, procure (A) a Suitable Guarantee in respect of all present and future obligations of Party B under the Financial Swap Agreement through a guarantor with the Required Second Level of Rating, or (B) obtain a Suitable Substitute with the Required Second Level of Rating (or the Suitable Substitute has a Guarantor has at least the Required Second Level of Rating).

Whilst the alternatives described above are not implemented, Party B must, within thirty (30) Business Days of the Failure to Achieve Second Level of Rating, constitute a cash deposit in favor of the Fund with an entity with a rating for the unsubordinated debt with no guarantees equal to P-1 from Moody's, in accordance with the terms of the Financial Swap Agreement.

The obligations of Party B under the sections above, as well as the reasons for early terminations derived therefrom, will only be valid whilst the reasons that gave rise to the Failure to Achieve First Level of Rating or Failure to Achieve Second Level of Rating respectively persist. The deposit made by Party B under sections (i) and (ii) above will be returned to Party B when the reasons that gave rise to the Failure to Achieve First or Second Levels of Qualification respectively no longer exist.

For the purposes of the above:

“**Guarantor**” means any entity that provides an unconditional, irrevocable guarantee on demand in respect of current and future obligations of Party B (the “**Suitable Guarantee**”), and provided that (A) a law firm provides a legal opinion confirming that none of the payments made by said entity to Party A under the Guarantee is subject to deductions or withholdings pursuant to taxes; or (B) the Guarantee states that if said deduction or withholding exists, the payment made by said entity will increase by that amount required to ensure that the net payment received by Party A is equal to that Party A would have received in the absence of said deduction or withholding.

“**Suitable Guarantee**” means an unconditional and irrevocable guarantee given by a guarantor jointly and severally (as main debtor) that can be executed directly by Party A, in respect of which (A) a law firm has issued a legal opinion confirming that none of the payments made by said entity to Party A under the Guarantee is subject to deductions or

withholdings pursuant to taxes, and said opinion has been provided to Moody's, (B) said guarantee stipulates that in the event that said payments made by the guarantor to Party A are subject to deductions or withholdings for tax or any other impost, said guarantor is obliged to pay said additional amount so that the net amount in fact received by Party A (free of taxes) is equal to that Party A would have received in the absence of said deduction or withholding, or (C) in the event that any payment made under said guarantee is made net of deductions or withholdings for tax, Party B is obliged to pay an additional amount so that the net amount in fact received by Party A is equal to that which Party A would have received in the absence of said deduction or withholding.

"Suitable Substitute" means an entity that by law can meet the obligations of Party A under the Financial Interest Swap Agreement or its substitute (as applicable) (A) with the Required Second Level of Rating, or (B) whose current and future obligations to Party A under the Financial Interest Swap Agreement (or its substitute, as applicable) are guaranteed according to a Suitable Guarantee given by a guarantor with the Required Second Level of Rating.

"Relevant Entities" means Party B and any guarantor under a Suitable Guarantee in respect of all current and future obligations of Party B under the Financial Swap Agreement.

An entity will have the **"Required First Level of Rating"** (A) if it has a rating for its unsubordinated short-term debt with no guarantees from Moody's of P-1 and a rating for its unsubordinated long-term debt with no guarantees from Moody's of A2 or higher, and (B) if said entity does not have a Moody's rating for its unsubordinated short-term debt with no guarantees, a Moody's rating for its unsubordinated long-term debt with no guarantees of A1 or higher.

An entity will have the **"Required Second Level of Rating"** (A) if it has a rating for its unsubordinated short-term debt with no guarantees from Moody's of P-2 and a rating for its unsubordinated long-term debt with no guarantees from Moody's of A3 or higher, and (B) if said entity does not have a Moody's rating for its unsubordinated short-term debt with no guarantees, a Moody's rating for its unsubordinated long-term debt with no guarantees of A3 or higher.

DBRS

(A) If, according to the DBRS rating system, the credit risk of Party B is less than A in the long-term (**"Failure to Achieve First Level of Rating"**), Party B must, at its own expense and within no more than thirty (30) Business Days:

- i. Constitute a securities cash deposit in favor of the Fund, the size of which will be calculated by an independent third party, to guarantee that Party A will meet its contractual obligations. The amount of this deposit will be calculated as a function of the market value of the operation and in accordance with criteria in force at the time published by DBRS that allows the ratings allocated to each Bond Issue to be kept as required by the Swap Criteria of DBRS (as per *Legal Criteria for European Structured Finance Transaction* of August 2010 and updated versions thereof) (**"Securities Cash Deposit"**);

- ii. That a third entity with a rating on its long-term unsubordinated debt with no guarantees of A or higher according to the DBRS scale guarantees compliance with its contractual obligations; or
 - iii. That a third entity with a rating on its long-term unsubordinated debt with no guarantees of A or higher assumes a contractual position in the Interest Swap Agreement via its subrogation in the same, or by virtue of a new agreement with conditions that are substantially identical to those in this agreement and the operations affected, provided that they do not affect the ratings given to the Bonds by DBRS.
- (B) In the event that, according to the DBRS rating, the credit risk of Party B is less than BBB in the long-term (“**Failure to Achieve Second Level of Rating**”), Party B must, at its own expense and within no more than thirty (30) Business Days:
- i. A third entity with a rating on its long-term unsubordinated debt with no guarantees of A or higher shall assume a contractual position in the Interest Swap Agreement via its subrogation in the same, or by virtue of a new agreement with conditions that are substantially identical to those in this agreement and the operations affected, provided that they do not affect the ratings given to the Bonds by DBRS;
 - ii. That in the event that the Securities Cash Deposit constituted in the event of Failure to Achieve the first Level of Rating is maintained, a third entity with a rating for its long-term unsubordinated debt with no guarantees of BBB or higher shall assume its contractual position in the Interest Swap Agreement via its subrogation in the same, or by virtue of a new agreement with conditions that are substantially identical to those in this agreement and the operations affected, provided that they do not affect the ratings given to the Bonds by DBRS;
 - iii. Constitute an additional securities cash deposit in favor of the Fund, the calculation of which is approved by an independent third party, to guarantee fulfillment of the contractual obligations of Party A. The amount of this deposit will be calculated as a function of the market value of the operation and in accordance with criteria in force at the time published by DBRS that allows the ratings allocated to each Bond Issue to be kept as required by the Swap Criteria of DBRS (as per *Legal Criteria for European Structured Finance Transaction* of August 2010 and updated versions thereof) (“**Securities Cash Deposit**”); or
 - iv. That a third entity with a rating on its long-term unsubordinated debt with no guarantees of A or higher according to the DBRS scale guarantees compliance with its contractual obligations; or
 - v. That the Securities Cash Deposit constituted, in the event of a failure to Achieve the First Level of Rating, is guaranteed by a third entity with a rating for its long-term unsubordinated debt with no guarantees or BBB or

higher, according to the DBRS scale, guarantees compliance with the Securities Cash Deposit.

If Party B does not carry out any of the actions indicated, the Manager may consider that this constitutes Grounds for the Non-Compliance of the Financial Interest Swap Agreement.

All costs, expenses and taxes incurred on the performance of the above obligations shall be borne by Party B.

The occurrence, as the case may be, of the early termination of the Swap Agreement will not in itself constitute a cause for Early Termination of the Bond issue and early liquidation of the Fund, unless in conjunction with other events or circumstances relating to the financial position of the Fund, a substantial or permanent alteration of its financial equilibrium occurred.

The Swap Agreement shall be terminated at law in the event that the Ratings Agencies do not confirm, prior to the Date of Subscription at the latest, the ratings provisionally assigned to each of the Series.

The Manager shall employ all means within its reach which are necessary for a Swap Agreement to exist and be in effect at all times.

The termination of the Swap Agreement will take place at the earlier Payment Date among the following dates:

- (i) Legal Maturity Date, or
- (ii) The date that the Fund termination takes place, according with that provided in section 4.4.3 of the Registration Document, in which the liquidation of all Assets has taken place and the remaining of the Fund and the distribution of all the Available Funds for Liquidation following the Order of Priority of Payments for Liquidation of the Fund.

3.5 Name, address and significant business activities of the Assignor.

The Assignor of the Assets is Banco Santander, S.A., with registered office in Santander, at Paseo de Pereda 9-12, 39004 and with its operational headquarters located at Ciudad Grupo Santander, Avenida de Cantabria s/n, 28660 Boadilla del Monte (Madrid).

The principal financial activities of Santander are those characteristic of any bank, in accordance with the specific nature of such entities and as established by law. In this regard, the following activities should, basically, be highlighted:

- Capture of funds (through demand savings passbooks, current accounts, term savings passbooks, mutual funds, pension plans, insured retirement plans, assignment of assets, issuance of securities, unit linked and annuities, *inter alia*);
- Financing activities, fundamentally through personal loans, mortgage loans, credit facility accounts, discounting of effects, bank guarantees and leasing, confirming and factoring transactions;

- Provision of services, such as credit and debit cards, merchant payment systems, collection services, debit order services, transfers, asset management, currency exchange, etc.
- The information that follows is the audited consolidated financial information of Banco Santander as at December 31, 2008 and 2009 and a comparison of the two, as well as the information for the period to September 2010 (unaudited).
- The consolidated information to December 31, 2008 and 2009, expressed in millions of euros, has been prepared according to the International Rules of Financial Reporting applicable to Banco Santander under Regulation CE 1606/2002 and Banco de España Circular 6/2008.

Basic information

	9M '10	2009	Variation		2008	2008
			Absolute	%		
Balance (millions of euros)						
Total assets	1,235,712	1,110,529	125,183	11.3	1,049,632	
Receivables from clients (net)	715,642	682,551	33,091	4.8	626,888	
Client resources on account	984,195	900,057	84,138	9.3	826,567	
Capital and reserves	73,753	70,006	3,747	5.4	63,768	
Total funds managed	1,375,136	1,245,420	129,717	10.4	1,168,355	
Profit/loss (millions of euros)						
Interest margin	21,986	19,478	2,418	12.4	26,299	20,945
Gross margin	31,436	29,371	2,065	7.0	39,381	33,489
Net margin	17,938	17,232	706	4.1	22,960	18,540
Profit/loss from ongoing transact.	6,817	6,995	(178)	(2.5)	9,427	9,030
Profit attributable to the group (1)	6,080	6,740	(660)	(9.8)	8,943	8,876
EPS, profitability and effic. (%)						
Earnings per share (euro) (1)	0.7010	0.7907	(0.0897)	(11.3)	1.0454	1.2207
Diluted earnings per share (euro)	0.6949	0.7875	(0.0926)	(11.8)	1.0382	1.2133
ROE	11.75	14.01			13.90	17.07
ROA	0.77	0.86			0.86	0.96
RoRWA	1.55	1.74			1.74	1.86
Efficiency (with amortization)	42.9	41.3			41.7	44.6
BIS II ratios and default (%)						
Core capital	8.5	8.6				7.5
Tier I	9.7	10.1				9.1
BIS ratio	13.0	14.2				13.3
Default rate	3.42	3.24				2.04
Mortgage default rate	4.60	3.43				2.34
Default coverage	75	75				91
The share and capitalization						
No. of shares in circul. (millions)	8,229	8,229	-	-		7,994
Price (euro)	9,317	11,550	(2)	(19.3)		6,750
Stock market capitalization	76,668	95,043	(18,375)	(19.3)		53,960
Capital and reserves per share	8.49	8.04				7.58
Price / equity per share (times) (1)	1.10	1.44				0.89
PER (price / PPS) (times)	9.97	11.05				5.53
Other information						
Number of shareholders	3,146,531	3,062,633	83,898	2.7		3,034,816
Number of employees	176,471	169,460	7,011	4.1		170,961
Continental Europe	54,551	49,870	4,681	9.4		48,467
<i>Of which Spain</i>	33,536	33,262	274	0.8		34,492
United Kingdom	23,109	22,949	160	0.7		24,379
Latin America	87,765	85,974	1,791	2.1		96,405
North America (Sovereign)	8,539	8,847	(308)	(3.5)		—
Corporate activities	2,507	1,820	687	37.7		1,710
Number of offices	13,907	13,660	247	1.8		13,390
Continental Europe	6,075	5,871	204	3.5		5,998
<i>Of which Spain</i>	4,856	4,865	(9)	(0.2)		5,022
United Kingdom	1,328	1,322	6	0.5		1,303
Latin America	5,784	5,745	39	0.7		6,089
Sovereign	720	722	(2)	(0.3)		—

Note: The financial information contained here that refers to September 2010 has not been audited. Nevertheless, it has been approved by the Board of Directors of the Company in a meeting held on October 25, 2010 following a favorable report from the Audit and Compliance Commission dated October 20, 2010. In its review, the Audit and Compliance Commission sought to assure that the quarterly financial information was prepared in accordance with the same principles and using the same techniques as the annual financial statements.

(1) In 9M '10, before the impact of the application of Banco de España Circular 3/2010, the attributed profit of the Group was 6.552 billion euros (-2.8%) and EPS of 0.7555 euros (-4.5%).

3.6 Return on and/or repayment of the securities linked to others which are not assets of the issuer.

Not applicable.

3.7 Administrator and responsibilities of the Manager as administrator.

3.7.1 Administrator.

The Assignor, in accordance with the provisions of Article 2.2 of Royal Decree 926/1998 and Article 26.3 of Royal Decree 716/2009, is obliged to exercise custody and administration of the Assets and the deposit of the Mortgage Transfer Certificates, the relations between the Fund and the Assignor being regulated by this Prospectus and the Deed of Incorporation.

The Assignor shall accept the mandate received from the Manager and, by virtue of such mandate, agrees as follows:

- (i) To exercise administration and management of the Assets acquired by the Fund in the terms of the scheme and ordinary procedures of administration and management established in this Prospectus;
- (ii) To continue administering the Assets, dedicating the same time and attention and the same level of expertise, care and diligence in the administration thereof as that which it would devote and exercise for the administration of its own loans and, in any case, it shall exercise an adequate level of expertise, care and diligence in providing the services contemplated in this Additional Building Block;
- (iii) That the procedures it applies and will apply for administration and management of the Assets are and will continue to be in accordance with the laws and rules in force;
- (iv) To abide by the instructions given to it by the Manager, with due loyalty;
- (v) To indemnify the Fund for damages which may derive from the breach of the obligations assumed.

A description of the scheme and of the ordinary procedures of administration and custody of the Assets and the deposit of Mortgage Transfer Certificates is contained in the following sections.

(1) Term of Duration.

The services shall be rendered by the Assignor until, once all of the Assets have been redeemed, all of the obligations assumed by the Assignor in relation to said Assets have been cancelled, without prejudice to the possible early revocation of its mandate.

In the event of the Administrator being declared insolvent, the intervention of the Banco de España, the failure of the Administrator to meet its obligations as per this Additional Building Block or a change in its financial position that entails an impairment or risk for the financial structure of the Fund or for the rights and interest of the Bondholders, the Manager, where it considers it necessary to do so, may carry out one or more of the following actions, among others, once it has informed the CNMV so that the rating given to the Bonds by the Ratings Agencies is not compromised:

- (i) Require the Administrator to subcontract or delegate to another entity the performance of said obligations which, in the judgment of the Manager, has the adequate legal and technical capacity, and provided that an adverse impact on the rating of the Bonds does not take place;
- (ii) Guarantee through a third entity of a sufficient rating and credit quality all or part of the obligations of the Administrator; or
- (iii) Revoke the appointment of the Administrator; in this case, the Manager should first appoint a new Administrator of sufficient credit quality and which will accept the obligations contained in this Additional Building Block. Any additional expenditure or cost derived from such actions will be met by the Administrator and, under no circumstances, by the Fund or the Manager.

If the Administrator is declared insolvent, (iii) will be the only possible course of action.

The Manager shall bear in mind the proposals which the Administrator formulates to it both on the subcontracting, delegation or appointment of the substitute in the performance of its obligations, as well as on the entity which could guarantee it in the execution and enforcement thereof.

The Administrator, in turn, may voluntarily resign from carrying the administration and management of the Assets, if possible, in accordance with current law in force from time to time and provided that (i) it is authorized by the Manager, (ii) the Manager has appointed a new Administrator, (iii) the Administrator has indemnified the Fund for damages caused thereto by the resignation and substitution. In addition, any additional cost shall be its responsibility, not collecting it, therefore, from the Fund, and (iv) no adverse impact on the rating of the Bonds takes place. Said change must first be communicated to the CNMV.

(2) Liability of the Assignor as to custody and administration of the Assets and deposit of the Mortgage Transfer Certificates.

The Assignor agrees to act in the custody and administration of the Assets and deposit of the Mortgage Transfer Certificates with all due diligence, and shall be

liable to the Fund, through its Manager, for any damage which may arise from its negligence.

The Assignor shall indemnify the Fund, through its Manager, for any damage, loss or expense incurred as a consequence of the breach of its obligations relating to custody and/or administration of the Assets and deposit of the Mortgage Transfer Certificates.

(3) Liability of the Assignor in collection management.

The Assignor agrees to act in the management of collections on the Assets, with all due diligence, and shall be liable to the Fund, through its Manager, for any damage which may derive from its negligence.

The Assignor does not in any way assume any liability in directly or indirectly guaranteeing the successful conclusion of the transaction, nor will it grant guarantees or bank guarantees, or subject itself to repurchase agreements in respect of the Assets with the exception of the provisions for the substitution of Credit Rights in section 2.2.9 of this Additional Building Block, paragraph (i) of section 3.3.2 of this Additional Building Block and the provisions contained in section 3.7.1(8) of this Additional Building Block.

(4) Custody of contracts, deeds, documents and files.

The Administrator shall maintain all deeds, policies executed documents and database records related to the Assets under safe custody and shall not abandon the possession, custody or control thereof without the prior written consent of the Manager to such effect, unless a document is requested thereof in order to start procedures for enforcement of an Asset.

The Administrator shall reasonably provide access, at all times, to said deeds, policies executed, documents and records to the Manager or to the Fund's auditor, duly authorized by the latter. Furthermore, if so requested the Manager shall furnish, within five (5) Business Days following the said request, free of charge, a copy or photocopy of any of the said contracts, deeds and documents. The Administrator shall proceed in the same manner for cases of requests for information from the Fund's auditor.

The Administrator in any case waives the privileges granted to it by law in its capacity as collection manager of the Fund and custodian of the Credit Rights and, in particular, those provided by Articles 1730 and 1780 of the Spanish Civil Code (relating to retention under pledge of property on deposit) and 276 of the Spanish Commercial Code (similar guarantee to retention under pledge of property on deposit).

(5) Collection management.

As collection manager, the Assignor shall receive for the account of the Fund such amounts as are paid by the Debtors arising out of the Assets and deposit into the Cash Account or Interest Account, as appropriate and depending on whether the monies pertain to principal or interest, the amounts which pertain to the Fund immediately and, in any case, within a deadline not to exceed forty eight (48) hours.

Notwithstanding the above, in respect of amounts that correspond to the Fund and which are derived from upward or downward variations in the Outstanding Balance of the Lines of Credit, the procedure described in section 3.4.3.(b) shall apply.

Santander shall in no case advance any amount it has not first received from the Debtors as principal or installment pending maturity, interest, prepayment, etc. derived from the Assets.

(6) Reporting.

The Administrator shall report periodically to the Manager on the degree of compliance by the Debtors with the obligations deriving from the Assets, the compliance by the Administrator with its obligation to deposit the amounts received as deriving from the Assets, and the actions carried out in case of default and sale by auction of any guarantees, and of the existence of any hidden defects in the Assets.

The Administrator shall prepare and submit to the Manager such additional information as, in relation to the Loans and Lines of Credit or the rights deriving therefrom, may be reasonably requested by the Manager.

(7) Subrogation of the Debtors.

The Administrator shall be authorized to allow substitutions in the position of Debtor in Loans and Lines of Credit, exclusively in cases in which the characteristics of the new Debtor are similar to those of the former one, and they meet the criteria for granting loans and credit described in section 2.2.7 of this Additional Building Block, and provided that the expenses deriving from this modification are paid in full by the Debtors. The Manager may totally restrict this power of the Administrator when such substitutions could adversely affect the ratings awarded to the Bonds by the Rating Agencies.

In any case, any subrogation made in accordance with the provisions of the above paragraph shall be immediately reported by the Administrator to the Manager.

In relation to the Mortgage Loans, the Debtor may request subrogation from the Administrator in accordance with the provisions of Law 2/1994. The subrogation of a new creditor in the Mortgage Loan and the consequent payment of the amount owed will result in the early repayment of the Mortgage Loan and of the relevant Mortgage Transfer Certificate.

(8) Powers and actions in relation to processes for the re-negotiation of Loans and Lines of Credit.

The Manager enables the Administrator on a general basis to carry out re-negotiations, with or without prior consent, in the terms and conditions described below.

The Administrator may not voluntarily cancel the guarantees of the Loans and Lines of Credit for a cause other than payment of the same, waive or settle in respect of the latter, abandon a claim on the Assets in whole or in part or extend them, nor in general carry out any act which diminishes the ranking, legal effectiveness or economic value of the guarantees or of the Assets, without prejudice to procedure to service requests from the Debtors with the same diligence and procedure as if dealing with other loans.

Notwithstanding the above, the Administrator will be able to settle on the Mortgage Loans in terms of being able to accept on behalf of the Fund dations in payment for properties that constitute the guarantee for Mortgage Loans, provided that no economic damage is done to the Fund. In this case, the product of the dation will correspond in full to the Fund until the Mortgage Loan in question has been repaid in full.

In no case may the Administrator start by its own initiative, without a request from the Debtors, interest rate re-negotiations which may yield a decrease in the interest rate applicable or amendments to the Final Maturity Date of a Loan or Line of Credit that could result in the extension of the same.

The Manager authorizes the Administrator to proceed with re-negotiation of the interest rate applicable to the Loans and Lines of Credit requested by the Debtors, with the following requisites:

- a) Administrator will renegotiate the interest rates on Loans and Lines of Credit to a rate considered to be the market rate and that is not different from the interest rate that Administrator applies to the renegotiation of credits and loans conceded by him. To this regard, it will be deemed as market interest rate such offered by the credit entities in the Spanish market to loans or credits of amount and conditions materially similar to that of the Loan or Line of Credit.
- b) In no event the renegotiation of the applicable interest rate will have as a result the change to a variable interest rate or index different to those interest rates or indexes used by Administrator in credits and loans conceded by him. However, a renegotiation will be possible that has as a result the change from a variable interest rate to a fixed rate, taking into account that the resulting fixed rate can under no circumstances be less than 0.75%.

Also, the renegotiation faculty recognized to Administrator in this section has the following restrictions:

- a) Under no circumstances can the amount of the Loan or Line of Credit be increased.
- b) The frequency of payments may not be amended (except in the event of an extension to the maturity date, subject to the provisions of section (d) below).
- c) The spread over the reference index cannot be renegotiated to below 0.75%.
- d) The maturity term of an Asset derived from a specific Loan or Line of Credit (including those with the redemption of principal in a single payment on maturity) may be extended provided that the following requisites are met:
 - The amount of the sum of capital or principal assigned to the Fund of the Loans and Lines of Credit on which the extension of the termination period occurs shall not be more than 10% of the Outstanding Balance of the Assets on the Date of Incorporation.
 - That in any event, the frequency of interest payments and the repayment of principal on the Loan or Line of Credit in question be increased (i.e. Payment Dates occur more frequently) and the same system of redemption be maintained.
 - That at the new date of final termination or last redemption of the Loan or Line of Credit is no later than the Final Maturity Date of the Fund.

In any case, after any re-negotiation takes place in accordance with the provisions of this section, the Administrator shall proceed to immediately notify the Manager of

the conditions resulting from each re-negotiation. Said communication will be issued using a logistics or IT file provided to update the conditions of Loans or Lines of Credit.

The Manager, on behalf of the Fund, may at in exceptional circumstances leave in suspense or modify the authorization and the requisites for re-negotiation on the part of the Administrator, as reflected under this section.

If the Administration does not comply with the provisions of this section regarding renegotiation of each of the Loans and Lines of Credit, the procedure of substitution established in section 2.2.9 of the Additional Building Block of the Securities Note. The Administrator assumes responsibility for compensating the Fund for any damages, loss or expenditure incurred by the same due to the failure of the Administrator to meet the obligations described in this section.

(9) Fee for provision of services.

As consideration for the custody, administration and management of the Assets and deposit of the certificates representing the Mortgage Transfer Certificates, the Administrator may receive for periods ended on each Payment Date a fixed administration fee of SIX THOUSAND EUROS (€6,000) per quarter, including VAT.

If the Assignor is replaced in its administrative of said Assets by another entity not forming part of the consolidated group of the Assignor, the substitute entity shall be entitled to receive an administration fee which shall hold first (1st) place in the Order of Priority of Payments or, where applicable, in the Order of Priority of Payments for Liquidation described in sections 3.4.6.(b) and 3.4.6.(d) of the Additional Building Block, respectively (in both cases, the fee is considered an ordinary expense of the Fund).

If the Fund, through its Manager, does not pay on a Payment Date the entire fee because it lacks sufficient liquidity in the Cash Account or Interest Account, as applicable, in accordance with the Order of Priority of Payments, any amounts not paid shall accumulate without penalty to the fee which must be paid on the next Payment Date, with payment thereof procedure at that time.

On the other hand, the Assignor, on each Payment Date, shall be entitled to the reimbursement of all exceptional expenses incurred, subject to justification thereof to the Manager, in relation to the administration of the Assets. Said expenses shall include, *inter alia*, those caused by enforcement of the guarantees that, if that is the case, the sale of real estate and, as the case may be, the sale of properties and shall be paid provided that the Fund has sufficient liquidity in the Cash Account or Interest Account, as applicable, and in accordance with the Order of Priority of Payments or, in this case, the Order of Priority of Payments for Liquidation described in sections 3.4.6.(b) and 3.4.6.(d) of the Additional Building Block, respectively.

(10) Subcontracting

The Administrator may subcontract any of the services that it has undertaken to provide by virtue of the above, except for those which are non-delegable in accordance with the legislation in force. Said subcontracting may, in no case, imply any additional cost or expense for the Fund or the Management and may not give rise to a decrease in the rating granted by the Rating Agencies. Notwithstanding any

subcontracting or delegation, the Administrator shall not be exonerated or liberated, by virtue of said subcontracting or delegation, of any of the liabilities assumed or which legally may be attributed to or required of him/her.

(11) Notifications

Without prejudice to the provisions of section 3.4.5 of this Additional Building Block for non-compliance by the Administrator to meet its obligations, the Manager and the Assignor have agreed not to notify the assignment to the relevant Debtors. To this effect, notification is not a requirement for the assignment of the Assets to be valid.

However, the Assignor will give the most flexible faculties necessary by Law to the Manager so that it can, on behalf of the Fund, notify the assignment to the Debtors in the moment it deems more appropriate.

Notwithstanding the above, in case of bankruptcy procedures or signs of it, Bank of Spain's intervention, liquidation or substitution of the Administrator or because it is deemed reasonably justified by the Manager, the Manager can require the Administrator so that it notifies the Debtors (and, if applicable, third party guarantors and insurance companies) the transmission to the Fund of the Assets pending payment, as well as that payments derived from them will only have discharging effect if paid from the Cash Account or Interest Account, as applicable, opened in the name of the Fund. However, in the case that the Administrator did not notify the Debtors or, where applicable, third party guarantors or insurance companies within the fifteen (15) Business Days following receipt of the request, or in the event of the bankruptcy or liquidation of the Administrator, the Manager will, if it so decides and either directly or through a new administrator appointed by them, notify the Debtors and, where applicable, third party guarantors and insurance companies.

Similarly, and under the same circumstances, the Manager will be able to ask the Administrator to perform any acts and complete any formalities necessary, including issuing notifications to third parties and entering records in the relevant accounting records, in order to guarantee maximum efficiency in the assignment of Assets and additional guarantees to third parties.

The Assignor will assume the costs of notification to the Debtors even if notifications are carried out by the Manager.

3.7.2 Manager

The administration and legal representation of the Fund is vested in the Manager, whose name, address and significant business activities are detailed under section 5.2 of the Registration Document in the terms provided by Royal Decree 926/1998, and other applicable regulations.

The Manager, as manager of third-party businesses, is also responsible for the representation and defense of the interests of the bondholders and of the remaining ordinary creditors of the Fund. Consequently, the Manager shall at all times watch over the interests of the bondholders, conditioning its actions to the defense thereof and adhering to the provisions established by regulation for such purpose.

The actions which the Manager shall perform in order to comply with its duties of administration and legal representation of the Fund are, purely as a matter of illustration and

without prejudice to other actions contemplated under this Additional Building Block, as follows:

- (i) Open, in the name of the Fund, the Cash Account and Interest Account with the Assignor and guarantee that the funds obtained from collections will be deposited in said account, under the terms provided for in this Prospectus.
- (ii) Exercise the rights inherent to the holding of the Assets of the Fund and, in general, carry out all acts of administration and disposal as are necessary for the proper performance of the administration and legal representation of the Fund;
- (iii) Carry the financial servicing of the Assets with diligence and rigor, without prejudice to the duties of management assumed by the Assignor in its capacity as Administrator in accordance with the provisions of section 3.7.1 above;
- (iv) Where applicable, replace the Administrator in accordance with the provisions of section 3.7.1.(1) above;
- (v) Verify that the amount of income effectively received by the Fund corresponds to the amounts to be received by the Fund in accordance with the conditions of each Loan and Line of Credit and the conditions of the various contracts;
- (vi) Validate and control the information it receives from the Administrator regarding the Loans, Lines of Credit and Assets;
- (vii) Calculate the available funds and movements of funds that it shall have to make once the application thereof has been carried out in accordance with the relevant order of priority of payments, ordering transfers of funds between the various asset and liability accounts and the applicable payment instructions, including those assigned to meet the financial servicing on the Issue;
- (viii) Calculate and settle the amounts which, for interest and fees, must be received and paid by the various asset and liability financial accounts, as well as the fees to be paid for the various financial services arranged and the amounts which for repayment pertain to the Bonds issued;
- (ix) Comply with its Determination obligations contemplated in this Additional Building Block and those it undertakes by virtue of the agreements provided for in the Deed of Incorporation;
- (x) Monitor the actions of the Administrator for recovery of payments in default, giving instructions, when applicable, in order to bring the relevant enforcement procedure and, where appropriate, on the stance to adopt at property auctions. Exercise the relevant actions when required by circumstances;
- (xi) Carry the accounting of the Fund with due separation from the accounting of the Manager, perform a rendering of accounts and comply with the tax or other legal obligations which are the Fund's responsibility;
- (xii) Furnish the holders of the Bonds issued against the Fund, the CNMV and the Rating Agencies any information and notifications provided for in current laws and, in particular, in respect of the last two entities, those contemplated in section 4 of this Additional Building Block of this Prospectus;
- (xiii) In order to allow the Fund's operations in the terms contemplated in this Prospectus and by current regulations in force from time to time, enter into, extend or modify amend agreements it has executed on behalf of the Fund, substitute each one of the providers of services to the Fund by virtue thereof and, including, if necessary, enter

into additional agreements, all of which subject to current law in force from time to time, prior authorization, if necessary, from the CNMV or competent administrative body, and notification thereof to the Rating Agencies, and provided that such actions do not yield a decrease in the rating on the Series and do not impair the interests of Bondholders.

- (xiv) Appoint and replace, as the case may be, the auditor that performs the audit on the Fund's annual financial statements;
- (xv) Prepare and submit to the CNMV and the competent bodies, all documents and information which must be submitted as established by current regulations in force, the Deed of Incorporation and this Prospectus, or requested thereof, as well as prepare and submit to the Rating Agencies any information they reasonably request thereof;
- (xvi) Adopt the appropriate decisions in relation to the liquidation of the Fund, in accordance with the provisions of this Prospectus;
- (xvii) Not carry out actions which could deteriorate the rating on the Bonds and procure the adoption of those measures which are reasonably in its reach in order that its rating is not adversely affected at any time;
- (xviii) Establish systems or procedures to analyze the historic yield of Assets acquired from the Assignor that allow an analysis of the composition and yield of said Assets.
- (xix) Maintain systems for monitoring Bonds issued with a charge to the Fund.
- (xx) Manage the Fund in such a manner that the net asset value thereof is always zero.
- (xxi) Pay ordinary and extraordinary costs incurred by the Manager on behalf of the Fund.

The Manager shall perform its activity with the diligence required thereof in accordance with Royal Decree 926/1998, representing the Fund and defending the interests of the bondholders and of the remaining creditors of the Fund as if dealing with its own interests, caring for the levels of diligence, reporting and defense of the interests of the former and avoiding situations which entail conflicts of interest, giving priority to the interests of the bondholders and to those of the remaining creditors of the Fund as opposed to those which are its own. The Manager shall be liable to the bondholders and remaining creditors of the Fund for all damages caused thereto by the breach of its obligations. Furthermore, it shall be liable as regards sanctions applicable thereto pursuant to the provisions of Law 19/1992.

The Manager has the necessary means, including adequate information systems, to carry out the duties of administration of the Fund attributed thereto by Royal Decree 926/1998.

The Manager has established a set of Internal Rules of Conduct in application of the provisions of Chapter II of Royal Decree 217/2008 of February 15th on the legal structure of investment services companies and other entities that provide investment services and which amends in part the Regulations of Law 35/2003 of November 4th on undertakings for collective investment, approved by Royal Decree 1309/2005 of November 4th, which was reported to the CNMV.

3.7.3 Substitution of the Manager

The Manager shall be substituted in the administration and representation of the Fund in accordance with the provisions to be established by regulation for such purpose. Thus, in accordance with the provisions of Articles 18 and 19 of Royal Decree 926/1998, the substitution of the Manager shall be carried out through the following procedure:

- (i) The Manager may resign from its duties when it deems pertinent and voluntarily request its substitution, by letter addressed to the CNMV reflecting the appointment of the substitute manager. Included with such letter shall be that of the new manager, duly authorized and registered as such in the special registries of the CNMV, in which the latter declares it is willing to accept such duties and is interested in the pertinent authorization. The resignation of the Manager and appointment of a new company as manager of the Fund shall be approved by the CNMV. In no case may the Manager waive the exercise of its duties until all of the requisites and formalities for its substitution to be able to fully assume its duties, in relation to the Fund have been fulfilled. Nor may the Manager waive its duties if due to the aforesaid substitution the rating awarded to any of the Series should decrease. All expenses generated as a consequence of such substitution shall be paid by the Manager itself, and may not be attributed, in any case, to the Fund.
- (ii) In the event of the occurrence in the Manager of any of the causes for dissolution contemplated under articles 360 *et. seq.* of the Spanish Limited Liability Companies Law, the substitution of the Manager shall proceed. The occurrence of any of such causes shall be notified by the Manager to the CNMV. In this case, the Manager shall be obliged to comply with the provisions of section (i), *supra*, prior to its dissolution.
- (iii) In the event that the Manager is declared insolvent, or has its authorization revoked, a manager to replace it must be appointed. The substitution shall have to be made effective prior to four (4) months transpiring from the date on which the event determining the substitution took place. If, four (4) months from when the event determining the substitution took place have elapsed and the Manager has not appointed a new manager, the Early Liquidation of the Fund and the redemption of the Bonds shall proceed, for which the actions contemplated under section 4.4.3 of the Registration Document shall proceed.
- (iv) The substitution of the Manager and appointment of the new company, approved by the CNMV in accordance with the provisions of the above paragraphs, shall be reported to the Rating Agencies and published within fifteen (15) days by legal notice in two nationally-circulated newspapers and in the bulletin of the AIAF.

The Manager is obliged to execute the public and private documents that are necessary in order to proceed with its substitution by another manager in accordance with the scheme provided in the above paragraphs of this section.

The substitute manager shall be subrogated in the rights and obligations which, in relation to this Prospectus, are vested in the Manager. Furthermore, the Manager shall deliver to the new manager such documents and accounting and database records relating to the Fund as are in its possession.

Scheme of remuneration in favor of the Manager for performance of its duties

The Manager shall have a right:

- (i) To a structured fee payable on the Payout Date on a lump-sum, one-off basis in an amount equal to NINETY THOUSAND EUROS (€ 90,000), for its work as promoter of the Fund, financial design of the structure of the operation and for its coordination of the Assignor, the Rating Agencies and the supervisory authorities;
- (ii) On each Payment Date of the Bonds, to a periodic management fee equal to zero point zero two percent (0.02%) per annum, with a minimum of SEVENTY

THOUSAND (€70,000) a year, to accrue on the actual days of each Interest Accrual Period, payable quarterly on each Payment Date, and calculated on the sum of the Principal Balance Pending Payment on the Bonds of all Series, starting on the Date of the Determination preceding the Payment Date in progress. The fee accruing from the Fund's Date of Incorporation through the first Payment Date of the Bonds shall be adjusted in proportion to the days transpiring between both dates, calculated on the face value of the Bonds issued.

The Determination of the periodic management fee, payable on a given Payment Date, shall be made pursuant to the following formula:

$$A = B \times 0.019 \times \frac{d}{365 \times 100}$$

Where:

A = Fee payable on a given Payment Date.

B = Sum of Balances Pending Payment on the Bonds of all Series, on the Determination Date pertaining to that Payment Date.

d = Number of days transpiring during each Interest Accrual Period.

3.8 Name and address and brief description of any counterparties in swap, lending, liquidity or accounts operations.

The Assignor is the counterparty of the Fund in the contracts described below.

a) Guaranteed Rate Reinvestment Agreements.

The Cash Account and Interest Account will be initially opened with the Assignor. A description of the agreements is contained in section 3.4.4.1 (for the Cash Account), 3.4.4.2 (for the Interest Account) and 3.4.3.3.8 (Common provisions) of this Additional Building Block.

b) Subordinated Loan Agreement.

A description of the agreement is contained in section 3.4.3.a of this Additional Building Block.

c) Liquidity Line.

A description of the agreement is contained in section 3.4.3.b of this Additional Building Block.

d) Financial Interest Swap Agreement.

A description of the agreement is contained in section 3.4.7 of this Additional Building Block.

e) Subordinated Loan for Reserve Fund Agreement

A description of the agreement is contained in section 3.4.2.2 of this Additional Building Block.

4. POST-ISSUANCE REPORTING

a) **Obligations and deadlines contemplated for the drawing up, auditing and approval of the annual financial statements and management report.**

The Manager shall present to the CNMV the Fund's annual financial statements, together with the auditors' report in respect thereof, within four (4) months following the close of the Fund's fiscal year which shall coincide with the calendar year (i.e. prior to April 30th of each year).

b) **Obligations and deadlines contemplated for the placement at the disposal of the public and forwarding to the CNMV and the Rating Agencies of periodic information on the economic-financial status of the Fund.**

b.1) **Ordinary periodic notifications.**

The Manager, in its task involving management and administration of the Fund, agrees to forward to the CNMV and to the Rating Agencies, with the utmost diligence possible, quarterly on at any other moment that is required, the information described below or any other kind of information requested thereof, in relation to the Bonds of the two (2) Series, the performance of the Assets, information about the allocated buildings, prepayments and the Fund's economic-financial position, irrespective of also making them aware of such additional information as may be requested thereof.

b.1') Within a deadline between the Rate Setting Time and the three (3) Business Days following, by the latest, following each Payment Date, it shall proceed to notify the Bondholders of the nominal interest rates resulting for each Bond Series for the following Interest Accrual Period.

(b.1'') With advance notice of at least one (1) calendar day preceding each Payment Date, it shall proceed to notify the Bondholders of the following:

- i. The resulting interest on the Bonds together with the redemption thereof;
- ii. The Average Prepayment Rates of the Assets, as at the Determination Date;
- iii. The residual average life of the Bonds calculated pursuant to the hypothesis of maintenance of said actual prepayment rate;
- iv. The Principal Balance Pending Payment (after the redemption to be settled on each Payment Date) on each Bond, and the percentage which such Balance Pending Payment represents as to the total initial face amount of each Bond.

Furthermore, and if applicable, the bondholders shall be informed of the interest accruing on the Bonds and not paid due to insufficient Available Funds.

Notices of these sections b.1') and b.1'') shall be performed as provided by section b.3 above, and shall also be reported to Iberclear and AIAF within a maximum deadline of two (2) Business Days prior to each Payment Date (exception made of that being a holiday in Madrid, passing to next Business Day).

In addition, after each Payment Date, a report will be sent to the CNMV with the following information:

- Outstanding Balance of the Assets, interest accrued on said Assets, both collected and pending collection, and amount overdue of the Assets;

- Report on the appropriateness and subsequent application of the Available Funds according to the Order of Priority of Payments contained in section 3.4.6.(b) of this Additional Building Block.

In addition to information to be submitted to the CNMV under the terms and in the format of Circular 2/2009, information contained in paragraphs (b.1') and (b.1'') on the Bonds will also be sent. This information will be communicated as described herein.

b.2 Extraordinary Notices

The Fund, through its Manager, shall also report to the bondholders and the Rating Agencies, of any material fact which may occur in relation to the Assets, the Bonds, the Fund, and the Manager itself, which may considerably influence the trading of the Bonds and, in general, any relevant modification to the assets or liabilities of the Fund and any amendment to the Deed of Incorporation, and also as to an eventual decision of Early Redemption of the Bonds for any of the causes provided in the Prospectus, the attestation executed before a notary public concerning the liquidation and procedure referred to in section 4.4.3.(3) of the Registration Document, shall be submitted to the CNMV in such case.

b.3 Procedure

Notices to bondholders which, as per the above, must be given by the Fund, through its Manager, shall be given as follows:

1. Ordinary periodic notices referred to under section b.1) above by publication either in the AIAF daily bulletin, or any other which may come to replace it in the future or other of similar characteristics, or via publication in a newspaper with large circulation in Spain.
2. Extraordinary notices referred to in section b.2) above, also by publication in a newspaper with large circulation in Spain.

In addition, the above notices may be given by publication in other generally-disseminated media.

These notices shall be deemed to be given on the date they are published. Any day of the calendar, whether a Business Day or Non-Business Day, can be suitable for this purpose (for purposes of this Prospectus).

The changes in the Bonds ratings, and the remedies to adopt in the event of activations of the triggers because of a drop in the rating of the counterparty of the financial agreements or because of any other cause, will notify to the CNMV by sending the corresponding Relevant Facts.

(c) Reporting to Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores; CNMV).

The Manager shall inform the CNMV of the information provided in the foregoing sections, as well as any information which, irrespective of the above, is requested thereof.

(d) Information to be furnished by Santander to the Manager

In addition, Santander is obliged to inform the Manager, on behalf of the Fund, on a quarterly basis and, in any case, at the request thereof, of any non-payments, prepayments and modifications of interest rates and, punctually, of payment demands, judicial actions, and any other circumstances which affect the Loans and Lines of Credit.

Furthermore, Santander shall furnish the Manager with all documentation the latter may request thereof in relation to the said Loans and Lines of Credit and, especially, the necessary documentation to start, as the case may be, judicial actions by the Manager.

Ignacio Ortega Gavara, for and on behalf of SANTANDER DE TITULIZACION, S.G.F.T., in his capacity of General Manager, hereby signs this Prospectus in Madrid on January 19, 2011.

DEFINITIONS

For adequate interpretation of this Prospectus, capitalized terms shall be construed in accordance with the definition given to each such term below, unless any other meaning is expressly attributed thereto. Any terms not expressly defined shall be construed in their natural and obvious sense according to the general usage thereof. Furthermore, it is stated for the record that terms in the singular shall include the plural and vice versa, whenever the context so requires.

The capitalized terms listed below shall have the following meaning:

“Assets”: Means the credit rights arising from the Loans and Amounts Disbursed from the Lines of Credit granted by Santander and which are subject to assignment to the Fund.

“Failed Assets”: Means the Assets that Santander finds that it will not recover or that, at a given date are in default for a period equal or higher to twelve (12) months of delay in the payment of the debits due in the case of Loans, and six (6) months in the case of Lines of Credit.

“Default Assets”: Means Assets on which, on a particular date, payments are more than ninety (90) days overdue and are not considered Failed Assets in accordance with the definition above. Lines of Credit will be in default when, by the time their maturity date has passed, the debtor has not deposited the balance disbursed in said date, or in the event that their limits have been breached, the deadline authorized by the Bank to rectify this situation (repay the amount in excess of the limit) has passed and the required payment has not been made.

“Non-Failed Assets”: Means the Assets not qualified as Failed Assets.

“Administrator”: Means Banco Santander, S.A. (exception made in case of substitution in the condition of administrator of the Loans, that being the case, it will be the substitute entity).

“Rating Agencies”: Means Moody’s and DBRS.

“Paying Agent”: Means Banco Santander, S.A.

“AIAF”: Means AIAF, Mercado de Renta Fija (*AIAF Fixed Income Securities Market*).

“Early Redemption”: Means the redemption of the Bonds at a preceding date to the Legal Maturity Date in the cases for Early Liquidation of the Fund according to the requirements provided for in section 4.4.3.(3) of the Registration Document.

“Bonds”: Means the securitization bonds issued against the Fund.

“Accrued Redemption Amount”: Means, at each Payment Date, the difference (if positive) between (i) the sum of the Principal Balance Pending Payment on Series A and B Bonds on the Determination Date prior to each Payment Date and (ii) the Outstanding Balance of the Failed Assets on that date.

“Amounts Disbursed from Lines of Credit”: Means the amounts of each Line of Credit that have been accessed by Debtors.

“Preliminary Portfolio”: Means the preliminary portfolio of loans and lines of credit, preselected on December 21, 2010 from which the Assets will be extracted that will be assigned to the Fund on the Date of Incorporation.

“Assignor”: Means Banco Santander, S.A.

“Mortgage Transfer Certificates” or **“MTC”**: Means the mortgage transfer certificates to be issued by Santander in accordance with section 3.3.1.b) of the Additional Building Block.

“CET”: Means “Central European Time”.

“**Circular 4/2004**”: Means the Circular of the Bank of Spain 4/2004, December 22nd, to credit entities, on rules of financial public and reserved information and models of financial statements.

“**Circular 2/2009**”: Means the Circular of the CNMV 2/2009, March 25th, to accounting rules, annual accounts, public financial statements and statements reserved to statistic information of the Securitization Funds.

“**CNMV**”: Means Comisión Nacional del Mercado de Valores (*Spanish Securities Market Commission*).

“**Management, Subscription and Paying Entity Agreement**”: Means the management, subscription of the Bonds and paying agency agreement to be entered into by the Manager, for and on behalf of the Fund and the Lead Manager, which also establishes the obligations and responsibilities of Santander as Paying Agent and as Subscriber of one hundred percent (100%) of the Bonds.

“**Liquidity Line Agreement**”: Means the liquidity line agreement to be signed by the Manager, for and on behalf of the Fund, and the Assignor.

“**Subordinated Loan Agreement**”: Means the subordinated loan agreement in the amount of SEVEN HUNDRED AND SEVENTY-TWO THOUSAND EUROS (€72,000) to be entered into by the Manager, for and on behalf of the Fund, and Santander, to be earmarked towards financing the expenses related to incorporation of the Fund and issuance of the Bonds, partially financing the acquisition of the Assets.

“**Subordinated Loan for Reserve Fund Agreement**”: Means the subordinated loan agreement for ONE BILLION TWO HUNDRED AND NINETY MILLION EUROS (€1,290,000,000) that will be used to finance the Reserve Fund.

“**Guaranteed Rate Reinvestment Agreement (Interest Account)**”: Means the guaranteed interest rate reinvestment agreement in respect of the Interest Account, to be entered into by the Manager, acting for and on behalf of the Fund, and the Assignor, whereby the Assignor will guarantee a variable yield on the amounts deposited by the Fund (through its Manager) into the Interest Account.

“**Guaranteed Rate Reinvestment Agreement (Cash Account)**”: Means the guaranteed interest rate reinvestment agreement in respect of the Cash Account, to be entered into by the Manager, acting for and on behalf of the Fund, and the Assignor, whereby the Assignor will guarantee a variable yield on the amounts deposited by the Fund (through its Manager) into the Cash Account.

“**Swap Agreement**”: Means the interest rate swap agreement, as per the ISDA form, to be entered into by the Manager, acting for and on behalf of the Fund, and Santander.

“**Interest Account**”: Means the account to be opened at the Assignor in the name of the Fund, by the Manager, the operational aspects of which shall be the object of the Guaranteed Rate Reinvestment Agreement (Interest Account).

“**Cash Account**”: Means the account to be opened at the Assignor in the name of the Fund, by the Manager, the operational aspects of which shall be the object of the Guaranteed Rate Reinvestment Agreement (Cash Account).

“**DBRS**”: Means DBRS Ratings Limited.

“**Redemption Shortfall**”: Means at each Payment Date, the difference, if any, between the Accrued Redemption Amount and the remaining of the Available Funds once deducted the amounts applied to the concepts of point 1 to 7 of the Order of Priority of Payments provided for in section 3.4.6 (b) of the Additional Building Block.

“Debtors”: Means the individuals resident in Spain, excluding financial companies, companies in the Santander group and public sector companies to whom the Assignor has granted the Loans and Lines of Credit from which the Assets subject to securitization are derived.

“Business Day”: Means any day except:

- (i) Saturday;
- (ii) Sunday;
- (iii) Holidays as per the TARGET 2 calendar (for the sole purpose of determining the Nominal Interest Rate applicable for each Interest Accrual Period). It includes, apart from the days recognized in sections (i) and (ii) above, January 1st, Good Friday, Easter Monday, May 1st, December 25th and December 26th; and
- (iv) Holidays in Madrid (for the purpose of determining the Nominal Interest Rate applicable for each Interest Accrual Period and for the remaining conditions of the issue).

“Calendar Day”: Means all days of the year, including Sundays and holidays.

“Registration Document”: Means the registration document, formed by Annex VII, as approved by the CNMV on January 19, 2011.

“Lead Manager”: Means Banco Santander, S.A.

“Subscriber”: Means Banco Santander, S.A.

“Deed of Incorporation”: Means the Deed of Incorporation of the securitization fund Fondo de Titulización de Activos Santander Empresas 8, assignment of Assets and issue of Securitization Bonds.

“EURIBOR”: Means *“Euro Interbank Borrowing Offered Rate”*.

“Risk Factors”: Means the description of the main risk factors associated with the Bonds issue, the securities and the assets that back the Bonds issue.

“Date of Incorporation”: Means the date on which the Deed of Incorporation is executed. The Date of Incorporation is scheduled to be January 24, 2011.

“Payout Date”: Means the first (1st) Business Day after the Date of Subscription, i.e. January 27, 2011.

“Date of Subscription”: Means January 26, 2011, the date on which the Bonds issue will be wholly subscribed by Santander.

“Final Maturity Date of the Fund”: Means the last maturity date of the Loans and Lines or Credit or, if this is not a Business Day, the Business Day immediately thereafter.

“Legal Maturity Date”: Means April 16, 2052 or, if this is not a Business Day, the Business Day immediately thereafter.

“Determination Dates”: Means the fifth (5) Business Day prior to each Payment Date.

“Payment Dates”: Means January 16th, April 16th, July 16th and October 16th of each year or, if any of these dates is not a Business Day, the Business Day immediately thereafter.

“Prospectus”: Means, collectively, the table of contents, the document describing the risk factors, the Registration Document, the Securities Note, the Additional Building Block and the glossary of definitions.

“Fund” or **“Issuer”**: Means Fondo de Titulización de Activos, SANTANDER EMPRESAS 8.

“Reserve Fund”: Means the reserve fund to be funded by the Manager, for and on behalf of the Fund, in accordance with the provisions of section 3.4.2 of the Additional Building Block.

“Available Funds”: Means the amounts perceived by the Fund for the principal, interest and any other monies from the Assets, the yield of the Cash Account and Interest Account, the Reserve Fund, the net Swap amount, and whatever other amounts that could receive the Fund, according to section 3.4.6.a) of the Additional Building Block, that will be applied at each Payment Date to the payments provided for in the Order of Priority of Payments provided for in section 3.4.6.b) of the Additional Building Block.

“Available Redemption Funds”: Means the amount to be earmarked towards redemption of Series A and B Bonds on each Payment Date. The Available Redemption Funds shall be determined in accordance with the provisions of section 4.9.4 of the Securities Note.

“Available Funds for Liquidation”: Means

- a) The Available Funds: and
- b) The amounts that the Fund obtains for the sale of the remaining Assets and any other assets, if that is the case, for cases of Early Liquidation of the Fund according to the requirements established in section 4.4.3.(3) of the Registration Document.

“Iberclear”: Means Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (*securities registration, clearing and settlement management company*).

“V.A.T.”: Means Value Added Tax.

“Law 13/1985”: Means Law 13/1985 of May 25th, of investment coefficients, own resources and reporting obligations of financial intermediaries.

“Law 19/1992”: Means Law 19/1992 of July 7th, on the Scheme of Real Estate Investment Companies and Funds and on Mortgage Securitization Funds.

“Law 2/1981”: Means Law 2/1981 of March 25th, on the regulation of the mortgage market (as per its current wording).

“Law 37/1992”: Means Law 37/1992 of December 28th, on Value Added Tax.

“Law 41/2007”: Means Law 41/2007 of December 7th, which modifies Law 2/1981, of March 25th, on the Regulation of the Mortgage Market and other regulations of the mortgage and financial system, regulating reverse mortgages and long-term care insurance and which establishes certain tax regulations.

“Insolvency Procedures Law”: Means Law 22/2003 of July 9th, for Insolvency Procedures.

“Civil Procedure Law”: Means Law 1/2000 of January 7th, on Civil Procedure

“Mortgage Law”: Means the Spanish Mortgage Law of February 8, 1946 (according to the wording currently in force).

“Spanish Limited Liability Companies Law”: Means Royal Decree 1/2010 of 2 July, which approves the consolidated text of the Spanish Limited Liabilities Company Law.

“Securities Market Law” or **“Law 24/1988”**: Means Law 24/1988, of July 28th, regulating the Securities Market, as amended by Law 37/1998, of November 16th, by Law 44/2002, of November 22nd and by Royal Decree Law 5/2005, of March 11th.

“Liquidity Line”: Means the commercial liquidity line agreement referred to in section 3.4.3.b) of the Additional Building Block to the Securities Note that the Manager, for and on behalf of the Fund, will enter into with the Assignor at the same time as the granting of the Deed of Incorporation

so that upward and downward variations in the Lines of Credit are transferred to the Fund daily, via the relevant adjustment to the Liquidity Line.

“Lines of Credit”: Means lines of credit with no specific guarantee, with special personal guarantees from third parties (endorsements) and/or real guarantees other than the mortgage loan granted by the Assignor to individuals resident in Spain, excluding financial companies, companies in the Santander group, public sector companies and syndicated lines of credit to finance their economic activities in the short- and medium-term.

“Early Liquidation”: Means the liquidation of the Fund before April 16, 2052, and to the Early Redemption at a Payment Date of the whole Bond issue in the circumstances and procedure established in section 4.4.3 of the Registration Document.

“AIAF Market”: Means the Fixed Market of the Financial Assets Intermediary Association.

“Additional Building Block”: Means the additional building block to the securities note relating to the Bond issue, as prepared in accordance with Annex VIII of (EC) Regulation 809/2004, as approved by the CNMV on January 19, 2011.

“Rate Setting Time”: Means the second (2nd) Business Day as per the TARGET 2 calendar (*Trans-European Automated Real-time Gross Settlement Express Transfer System 2*) preceding each Payment Date, at 11:00 a.m. (Madrid time) on said day. Exceptionally, for the first Interest Accrual Period, the Rate Setting Time will be that of the Date of Incorporation.

“Moody’s”: Means Moody’s Investors Service España, S.A.

“Required Level of the Reserve Fund”: Means the amount that must have the Reserve Fund at each Payment Date, according to section 3.4.2.2 of the Additional Building Block.

“International Rules of Financial Reporting”: Means the International Rules of Financial Reporting that are applicable to the information submitted by Santander according to Regulation CE 1606/2002 and Circular 4/2004 of the Bank of Spain.

“Securities Note”: Means the securities note relating to the Bond issue, as prepared in accordance with Annex XIII of (EC) Regulation 809/2004, as approved by the CNMV on January 19, 2011 and that makes up part of this Prospectus.

“Spanish Order EHA/3537/2005”: Means Order EHA/3537/2005 of November 10th, issued by the Spanish Ministry of Economy and Tax, which implements Article 27.4 of Law 24/1988 of July 28th, on the Securities Market.

“Determination Periods”: Means each one of the periods between two consecutive Determination Dates, excluding the initial Determination Date and including the final Determination Date. The first Determination Period will have a lasting time equivalent to the time lasting from the Date of Incorporation to the Determination Date previous to the first Payment Date.

“Interest Accrual Periods”: Means each one of the periods into which the Bond issue is divided, comprising the days actually transpired between each Payment Date, including in each Interest Accrual Period the initial Payment Date of the relevant period and excluding the final Payment Date of the relevant period. The first Interest Accrual Period will have a lasting time inferior to the quarter, equivalent to the time lasting between the Payout Date (January 27, 2011) and the first Payment Date (April 18, 2011).

“Concession Policy”: Means the policy for the concession of credit of the Assignor referred to in section 2.2.7 of the Additional Building Block, which will be included in the Deed of Incorporation.

“Subordinated Loan”: Means the subordinated loan agreement for SEVEN HUNDRED AND SEVENTY-TWO THOUSAND EUROS (€72,000) to be entered into between the Manager, for

and on behalf of the Fund, and Banco Santander which will be used to finance the costs of incorporating the Fund and the Bond Issue, and to part-finance the acquisition of the Assets.

“Subordinated Loan for Reserve Fund”: Means the subordinated loan agreement for ONE BILLION TWO HUNDRED AND NINETY MILLION EUROS (€1,290,000,000) to be entered into between the Manager, for and on behalf of the Fund, and Banco Santander which will be used to fund the Reserve Fund.

“Loans”: Means the Mortgage Loans and Non-Mortgage Loans collectively.

“Mortgage Loans”: Means loans with a mortgage guarantee granted by the Assignor to legal entities resident in Spain, excluding financial companies, companies in the Santander group, public sector companies and syndicated loans to finance their economic activities in the short, medium or long-term or the acquisition of land or other real estate assets ascribed to their economic activities as well as the construction and rehabilitation of said land or properties.

“Non-Mortgage Loans”: Means Loans without a specific guarantee, secured by merely personal guarantees (endorsements) or real guarantees other than mortgages granted by the Assignor to legal entities resident in Spain, excluding financial companies, companies in the Santander group, public sector companies and syndicated loans to finance their economic activities in the short, medium or long-term or the acquisition of land or other real estate assets ascribed to their economic activities as well as the construction and rehabilitation of said land or properties.

“DRBS Rating”: Means the public rating assigned by DBRS or, where this rating does not exist, internal appraisals conducted by DBRS.

“Royal Decree 926/1998”: Means Royal Decree 926/1998 of May 14th, regulating Asset Securitization Funds and Securitization Fund Managers.

“Royal Decree 1777/2004”: Means Royal Decree 1777/2004 of July 30th, approving the Corporate Income Tax Regulations.

“Royal Decree 1310/2005”: Means the Royal Decree 1310/2005 November 4th, that partially develops Law 24/1988 July 28th, of the Securities Market, regarding admission to trade of securities in secondary official markets, public offerings or subscriptions and the applicable Prospectus.

“Royal Decree 1514/2007”: Means Royal Decree 1514/2007 of November 16th, approving the Spanish General Accounting Guidelines (*Plan General Contable*).

“Royal Decree 1065/2007”: Means Royal Decree 1065/2007 of July 27th, which approves the General Regulations for actions and procedures for tax management and inspection and for development of the common regulations for procedures of application of the taxes.

“Royal Decree 716/2009”: Means Royal Decree 716/2009 of April 24th, which develops some aspects of the Law 2/1981 of March 25th, which regulates the Securities Market and other acts of the securities and financial system.

“Royal Legislative Decree 1/1993”: Means Royal Legislative Decree 1/1993 of September 24th, approving the Transfer Tax/Stamp Duty Law, as amended.

“Royal Legislative Decree 4/2004”: Means Royal Legislative Decree 4/2004 of March 5th, approving the Corporate Tax Law (*Ley del Impuesto sobre Sociedades*), as amended.

“Royal Legislative Decree 6/2004”: Means Royal Legislative Decree 6/2004 of October 29th for reform of the structure of significant shareholdings in investment services companies, lending institutions and insurance companies.

“(EC) Regulation 809/2004”: Means Commission Regulation (EC) No. 809/2004 of April 29, 2004, implementing Directive 2003/71/EC of the European Parliament and of the Council as regards

information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

"Mortgage Regulations": Means the Regulations for Enforcement of the Mortgage Law of February 14, 1947.

"Internal Rules of Conduct": Means the Internal Rules of Conduct of the Manager regulating the activity of the management bodies, employees and representatives of the Manager according to Chapter II of Royal Decree 217/2008 of February 15th on the legal structure of investment services companies and other entities which render investment services and by which the Regulatory Framework of Law 35/2003 of November 4th was in part amended for Collective Investment Institutions, approved by Royal Decree 1309/2005 of November 4th, which has been reported to the CNMV.

"Principal Balance Pending Payment on the Bonds": Means the total outstanding balances on the Bonds of all Series (i.e. the principal amount of the Bonds pending redemption).

"Principal Balance Pending of the Series": Means the total of outstanding balances of the Bonds that make up the Series (that is, the amount of principal of the Bonds that make up the Series, pending redemption).

"Outstanding Balance of (the) Assets" or "Outstanding Balance": Means the amounts accrued of principal and not collected on Loans by the Fund on a particular date, plus amounts not yet accrued of principal and pending maturity of the Loans, as well as Amounts Disbursed from the Lines of Credit which have not been collected by the Fund on said date.

"Outstanding Balance of Default Assets": Means the principal amounts pending maturity of the Default Assets, as well as the amounts of the Assets that were due and not paid into the Default Assets Fund.

"Santander": Means Banco Santander, S.A.

"Series": Means each one of the two (2) series into which the total amount of the Bond issue is broken down.

"Series A": Means the Series with a total face value of FIVE BILLION FOURTEEN MILLION NINE HUNDRED THOUSAND EUROS (€5,014,900,000), comprised of FIFTY THOUSAND ONE HUNDRED AND FORTY-NINE (50,149) Bonds with a face value of ONE HUNDRED THOUSAND EUROS (€100,000) each.

"Series B": Means the Series with a total face value of ONE BILLION FOUR HUNDRED AND THIRTY-FIVE MILLION ONE HUNDRED THOUSAND EUROS (€1,435,100,000), comprised of FOURTEEN THOUSAND THREE HUNDRED AND FIFTY-ONE (14,351) Bonds with a face value of ONE HUNDRED THOUSAND EUROS (€100,000) each.

"Manager": Means Santander de Titulización, S.G.F.T., S.A.

"CAPR": Means Constant Annual Prepayment Rate.

"IRR": Means Internal Rate of Return for the holders of each Bond Series.

"Nominal Interest Rate": Means the nominal interest rate variable quarterly to which the Bonds will accrue interests according to section 4.8 of the Securities note and concordants

"Reference Interest Rate": Means the reference interest rate used to calculate the Nominal Interest Rate and that will be Euribor to three (3) months or, in case it is necessary, its substitute, as determined as described in section 4.8.e of the Securities Note. Euribor is the reference rate in the money market for euro.