

APPENDIX B

BYLAWS OF BANCO SANTANDER, S.A.

CHAPTER I. THE COMPANY AND ITS CAPITAL

Section 1. Name of the Company

Article 1. Corporate name

The name of the Company is **BANCO SANTANDER, S.A.** (hereinafter, the “Bank” or the “Company”).

The Bank was founded in the city for which it was named, by means of a public instrument executed on 3 March 1856 before notary public Mr. José Dou Martínez; such public instrument was ratified and partially amended by another one dated 21 March 1857 and executed before notary public Mr. José María Olarán, of the above-mentioned capital city.

As a result of the enactment of the Decree-Law dated 19 March 1874, whereby the circulation of a single paper currency was established in Spain, the privilege of issuing paper money which the Bank had and which it had exercised from the date it commenced operations expired. Thus, the Bank became a credit company [*sociedad anónima de crédito*] pursuant to the provisions of the Law dated 19 October 1869. Such credit company took over the assets and liabilities of what had been, until that time, an issuing Bank. All of the foregoing was formalized by public instrument executed on 14 January 1875 before notary public Mr. Ignacio Pérez, of the City of Santander, which public instrument was recorded in the Commercial Registry book of the Trade Promotion Section of the Government of the Province of Santander.

Article 2. Corporate purpose

1. The corporate purpose of the Company consists of:
 - a) The conduct of activities and operations and the provision of services of any kind which are typical of the banking business in general and which are permitted under current law.
 - b) The acquisition, possession, enjoyment and disposition of all types of securities.
2. The activities that make up the corporate purpose may be carried out totally or partially in an indirect manner, in any of the manners permitted by Law and, in particular, through the ownership of shares or the holding of interests in Companies whose purpose is identical, similar, incidental or supplemental to such activities.



Article 3. Registered office and other offices

1. The registered office of the Bank is located in the city of Santander, Paseo de Pereda, numbers 9-12.
2. The board of directors may resolve to change the location of the registered office within the same municipal area.

Article 4. Commencement of activities and duration

1. The Company commenced its activities on 20 August 1857.
2. The duration of the Company is indefinite.

Section 2. Share capital and shares

Article 5. Share capital

1. The share capital is 8,118,286,971 euros.
2. The share capital is represented by 16,236,573,942 shares having a nominal value of fifty euro cents each, all of which belong to the same class and series.
3. All the shares have been fully paid-up.

Article 6. Form of the shares

1. The shares are represented in book-entry form and are governed by the Securities Market Law [*Ley del Mercado de Valores*] and such other provisions as may be applicable.
2. The book-entry registry of the Company shall be maintained by the entity or entities charged by the law with such duty.

The entity in charge of the book-entry registry shall notify the Bank of transactions involving the shares and the Bank shall keep its own stock ledger with the name of the shareholders.

3. The person whose name appears as the holder in the entries in the records of the entity in charge of the book-entry registry shall be deemed the legitimate holder thereof, and therefore, such person may request from the Bank the benefits to which the shares entitle them.
4. In the event of persons or entities formally acting as shareholders under a fiduciary agreement, trust, or any other similar title, the Bank may require such persons to provide the particulars of the beneficial owners of the shares, as well as information

regarding all acts entailing the transfer of such shares or the creation of liens thereon.

Article 7. Shareholders' rights

1. Shares confer on the lawful holders thereof the status of shareholder and give them the rights set forth in the law and in these bylaws and, specifically, the following:
 - a) The right to share in the distribution of corporate earnings and in the net assets resulting from liquidation.
 - b) The pre-emptive right to subscribe to the issuance of new shares or debentures convertible into shares.
 - c) The right to attend and vote at the General Shareholders' Meetings and to challenge corporate resolutions.
 - d) The right to receive information.
2. Shareholders shall exercise their rights vis-à-vis the Company with loyalty and good faith.
3. In such manner as is set forth in legal and administrative provisions, the Company shall not acknowledge the exercise of voting and related rights arising from interests in the Company held by persons who acquire shares thereof in violation of mandatory legal rules of any type or rank. Likewise, the Company shall make public, in such manner as determined by the above-mentioned regulations, the interest held by the shareholders in the capital of the Company, whenever the circumstances requiring such publication arise.

Article 8. Unpaid subscriptions

1. Unpaid subscription amounts on partially paid-up shares shall be paid up by the shareholders at the time determined by the board of directors, within five years of the date of the resolution providing for the capital increase. The manner and other details of such payment shall be determined by the resolution providing for the capital increase.
2. Without prejudice to the effects of default as set forth by law, any late payment of unpaid subscriptions shall bear, for the benefit of the Bank, such interest as is provided by law in respect of late payments, starting from the day when payment is due and without any judicial or extra-judicial demand being required. In addition, the Bank shall be entitled to bring such legal actions as may be permitted by law in these cases.



Article 9. Non-voting shares

1. The Company may issue non-voting shares for a nominal amount of not more than one half of the paid-up share capital.
2. Non-voting shares shall attribute to the holders thereof the rights established in the resolution for the issuance thereof, in accordance with law and by means of an appropriate amendment of the bylaws.

Article 10. Redeemable shares

1. The Company may, on the terms established by law, issue redeemable shares for a nominal amount not to exceed one-fourth of its share capital.
2. Redeemable shares shall give the holders thereof the rights that are established in the resolution providing for the issuance thereof, in accordance with law and by means of the appropriate bylaw amendment.

Article 11. Co-ownership

1. Each share is indivisible.
2. Shares that are jointly owned shall be registered in the respective book-entry registry in the name of all co-owners. However, the co-owners of a share shall appoint a single person to exercise shareholder rights and shall be jointly and severally liable to the Company for all obligations entailed by the status of shareholders.

The same rule shall apply in all other instances of co-ownership of rights over shares.

3. In the case of usufruct of shares, the status of shareholder lies with the bare owner, but the usufructuary shall in every case be entitled to receive the dividends the Company resolves to distribute during the usufruct. The bare owner shall exercise all other shareholder rights.

The usufructuary has the obligation to facilitate the exercise of such rights by the bare owner.

4. If the shares are pledged, the owner thereof shall be entitled to exercise shareholder rights. The pledgee shall have the obligation to facilitate the exercise of such rights.

In the event that the owner fails to comply with his obligation to pay unpaid contribution amounts, the pledgee may perform such obligation himself or foreclose on the pledge.

5. In all other cases of limited *in rem* rights on shares, voting and related rights shall be exercised by the direct owner thereof.

Article 12. Transfer of shares

1. Shares and the economic rights attaching thereto, including pre-emptive rights, may be transferred by any means permitted by Law.
2. New shares may not be transferred until the capital increase is registered with the Commercial Registry.
3. Shares shall be transferred by means of book-entries.
4. The registration of the transfer in favor of the transferee shall have the same effect as the delivery of the securities.
5. The creation of limited *in rem* rights or other liens on shares shall be registered in the respective account of the book-entry registry.
6. Registration of the pledge is equivalent to transfer of title.

Section 3. Capital increase and reduction

Article 13. Capital increase

Capital increases may be effected by issuing new shares or by increasing the par value of existing shares and, in both cases, the consideration therefore may consist of non monetary or monetary contributions, including the set-off of receivables, or of the transformation of available profits or reserves. Capital increases may be made partly with a charge to new contributions and partly with a charge to unappropriated profits or reserves.

Article 14. Authorized capital

1. The shareholders acting at the general shareholders' meeting may delegate to the board of directors the power to resolve, on one or more occasions, to increase the share capital up to a specified amount, at the time and in the amount it may decide and within the limits established by the law. Such delegation may include the power to exclude pre-emptive rights.
2. The shareholders at the general shareholders' meeting may also delegate to the board of directors the power to determine the date on which the adopted resolution to increase the share capital is to be implemented and to set the terms thereof regarding all matters not specified by the shareholders at the general shareholders' meeting.



Article 15. Exclusion of pre-emptive rights

1. The shareholders acting at the general shareholders' meeting or the board of directors approving an increase in share capital, as the case may be, may resolve to exclude the pre-emptive rights of the shareholders to further the best interests of the Company.
2. The pre-emptive rights of existing shareholders shall be excluded when the capital increase is due to the conversion of debentures into shares, the merger of another company into the Company or of all or part of the assets split off from another company, or when the Company has made a tender offer for securities the consideration for which consists, in whole or in part, of securities to be issued by the Company or, in general, when the increase is carried out in consideration for non-cash contributions.

Article 16. Capital reduction

1. Capital reductions may be effected by reducing the par value of the shares or by repurchasing them or dividing them into groups for exchange. Capital reductions may be effected in order to return the value of contributions, to release unpaid subscriptions, establish or increase reserves or to restore the balance between the share capital and net assets.
2. In the event of a capital reduction to return contributions, payment to shareholders may be made in kind in whole or in part, provided the three conditions set forth in Article 64 are concurrently met.

Section 4. Issuance of debentures and other securities

Article 17. Issuance of debentures

The Company may issue debentures on the terms and with the limits established by law.

Article 18. Convertible and exchangeable debentures

1. Convertible and/or exchangeable debentures may be issued at a fixed (determined or determinable) or variable exchange ratio.
2. The pre-emptive rights of the shareholders in connection with the issuance of convertible debentures may be excluded as provided by law.
3. The shareholders acting at a general shareholders' meeting may delegate to the board of directors the power to issue simple or convertible and/or exchangeable debentures, including, if applicable, the power to exclude preemptive rights. The board of directors may make use of this delegation on one or more occasions within a maximum period of five years. The shareholders acting at a general

shareholders' meeting may also authorize the board of directors to determine the time when the issuance approved is to be carried out and to set the other terms not specified in the resolution of the shareholders.

Article 19. Issuance of other securities

1. The Company may issue notes, warrants, preferred stock or other negotiable securities other than those described in the preceding articles.
2. The shareholders acting at a general shareholders' meeting may delegate to the board of directors the power to issue such securities. The board of directors may exercise such delegated power on one or more occasions and during a maximum period of five years.
3. The shareholders at a general shareholders' meeting may likewise authorize the board of directors to determine the time when the issuance approved is to be effected, and to set all other terms not specified in the resolution adopted at the general shareholders' meeting, on the terms established by law.

CHAPTER II. GOVERNANCE OF THE COMPANY

Section 1. Corporate decision-making bodies

Article 20. Distribution of powers

1. The corporate decision-making bodies of the Company are the shareholders acting at a general shareholders' meeting and the board of directors.
2. The general shareholders' meeting has the power to decide on all matters assigned to it by the law or the bylaws. Specifically and merely by way of example, it has the following powers:
 - (i) To appoint and remove the directors and to ratify or revoke the interim appointments of such directors made by the board itself, as well as to examine and approve their performance and to exempt the directors from the legal prohibitions regarding conflicts of interest when the law necessarily assigns such power to the shareholders at the general shareholders' meeting;
 - (ii) To appoint and remove the external auditor and liquidators;
 - (iii) To commence claims for liability against directors, liquidators and the external auditor;
 - (iv) To approve, if appropriate, the annual accounts and corporate management and adopt resolutions on the allocation of results, as well as to approve, also if appropriate, the consolidated annual accounts;



- (v) To adopt resolutions on the issuance of debentures or other fixed-income securities, any capital increase or reduction, the transformation, merger or split off, the overall assignment of assets and liabilities, the relocation of the registered office abroad and the dissolution of the Company and, in general, any amendment of the bylaws, except when the law assigns such power to the directors with respect to any of the aforementioned matters;
- (vi) To authorize the board of directors to increase the share capital, pursuant to the provisions of the Spanish Capital Corporations Law and of these bylaws;
- (vii) To authorize the acquisition of the Company's own stock;
- (viii) To decide on the exclusion or limitation of pre-emptive rights, without prejudice to the possibility of delegating this power to the directors as provided by law;
- (ix) To decide upon matters submitted to the shareholders at the general shareholders' meeting by resolution of the board of directors;
- (x) To approve the director remuneration policy as provided by law and to decide on the application of compensation systems consisting of the delivery of shares or rights thereto, as well as any other compensation system referenced to the value of the shares, regardless of who the beneficiary of such compensation systems may be;
- (xi) To approve the transfer to subsidiaries of the essential activities carried out until that time by the Company itself, though it retains full ownership thereof;
- (xii) To approve the acquisition, disposition or contribution to another company of essential operating assets; and
- (xiii) To approve transactions whose effect is tantamount to the liquidation of the Company.

For purposes of the provisions in sub-sections (xi) and (xii), the asset or activity shall be presumed essential if the amount of the transaction exceeds twenty-five percent of the value of the assets as recorded in the last balance sheet.

3. The powers not assigned by law or the bylaws to the shareholders acting at a general shareholders' meeting shall be exercised by the board of directors.

Section 2. General shareholders' meeting

Article 21. Regulations applicable to the general shareholders' meeting

1. The shareholders acting at the general shareholders' meeting are the sovereign decision making body of the Company, and the resolutions adopted thereat bind

all of the shareholders, including those who are absent, dissent, abstain from voting or do not have the right to vote, all without prejudice to the rights and actions granted to them by the law.

2. The general shareholders' meeting shall be governed by the provisions of the bylaws and the law. The legal and bylaw regulation of the meeting shall be further developed and supplemented by the Rules and regulations for the general shareholders' meeting, which shall contain detailed provisions regarding the call to meeting, the preparation of, provision of information prior to, attendance at and progress of the Meeting and the exercise of political rights by the shareholders thereat. The rules and regulations shall be approved by the shareholders at a meeting at the proposal of the board of directors.

Article 22. Types of general shareholders' meetings

1. General shareholders' meetings may be ordinary or extraordinary.
2. The ordinary general shareholders' meeting must be held within the first six months of each fiscal year in order for the shareholders to review corporate management, approve the annual accounts from the prior fiscal year, if appropriate, and resolve upon the allocation of profits or losses from such fiscal year, to approve, if appropriate, the consolidated annual accounts, without prejudice to their competence to deliberate and resolve on any other matter included in the agenda. An ordinary general shareholders' meeting shall still be valid even if called or held outside of the applicable time period.
3. Any general shareholders' meeting not provided for in the foregoing sub-section shall be deemed an extraordinary general shareholders' meeting.
4. All general shareholders' meetings, whether ordinary or extraordinary, shall be subject to the same rules regarding procedure and powers of the shareholders thereat. The foregoing shall be without prejudice to the specific rules for extraordinary general shareholders' meetings established by law or the bylaws.

Article 23. Power and duty to call a meeting

1. The board of directors must call a general shareholders' meeting:
 - (a) When required pursuant to the provisions applicable to the ordinary general shareholders' meeting as set forth in the preceding article.
 - (b) When so requested by shareholders holding at least three percent of share capital, and such request sets forth the matters to be addressed at the meeting; in such case, the general shareholders' meeting must be called by the board of directors to be held within two months of the date on which a notarial request for such purpose is submitted to the board.



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