THIRD SUPPLEMENT

(dated 18 April 2017)

to the

BASE PROSPECTUS

(dated 14 July 2016)

BANCO SANTANDER TOTTA, S.A.

(incorporated with limited liability in Portugal)

€12,500,000,000

COVERED BONDS PROGRAMME

This Supplement dated 18 April 2017 (the "**Supplement**") to the Base Prospectus dated 14 July 2016 as supplemented on 16 December 2016 and on 30 March 2017 (together the "**Base Prospectus**") constitutes a supplement to the Base Prospectus for the purposes of Articles 135-C, 142 and 238 of the Portuguese Securities Code prepared in connection with the € 12,500,000,000 Covered Bonds Programme (the "**Programme**") established by Banco Santander Totta, S.A. (the "**Issuer**", fully identified in the Base Prospectus). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

For the purposes of the applicable legal provisions, each of the Issuer, the members of its Board of Directors, the members of its Audit Board and its Statutory Auditor (see "*Management and Statutory Bodies*" in the Base Prospectus) hereby declare that, to the best of their knowledge (each having taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus. To the extent that there is any inconsistency between any statement in this Supplement and any other statement in or incorporated by reference in the Base Prospectus, the statements in this Supplement will prevail.

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus has arisen or been noted, as the case may be, since the publication of the Base Prospectus. The Issuer will, under the applicable laws, disclose its audited consolidated financial statements and the auditor's report contained therein in respect of the financial year ended 31 December 2016 until the end of April 2017.

I. GENERAL AMENDMENT

1. References to, and the definitions of, the Base Prospectus shall be construed as referring to the base prospectus dated 14 July 2016, prepared in connection with the Programme, as supplemented by this Supplement dated 18 April 2017.

II. RISK FACTORS

2. The fourth paragraph of page 32 of the Base Prospectus under the risk factor headed "**The auditors' reports scheduled to the audited consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2014 and 31 December 2015 contain emphases**", under the chapter headed "**Risk Factors**" of the Base Prospectus, with the wording:

   "Despite BST's understanding described above, an adverse outcome in the outstanding legal actions could affect BST's financial condition and results of operations, considering the amounts referred to above." shall be deleted and replaced by the following:

   "Further to the above, the Portuguese State and BST reached an agreement to end the legal actions in respect of certain interest rate swap agreements established with Portuguese state owned transportation enterprises, as identified above.

   In the context of said agreement, the Portuguese State will ensure that the Portuguese state owned transportation enterprises will comply with the terms of the decisions already taken by the High Court of Justice of London, which acknowledged the validity of such swap agreements, and will withdraw the appeals submitted to, but not yet accepted by, the High Court of Justice of London.

   BST will withdraw the legal action and the corresponding indemnity request against the Portuguese State and IGCP (the Portuguese Treasury and Debt Management Agency) pending in the Portuguese Courts and will grant a 15-year loan to the Portuguese Republic in the amount of EUR 2.3 billion, under favourable interest rates (compared to the current Portuguese government bonds market levels) and terms and conditions still to be agreed. In accordance with an announcement made by the Ministry of Finance on 12 April 2017, the Portuguese Republic estimates that reaching this agreement will permit it to save around EUR 442 million in interest payments and around EUR 50 million in costs pertaining to the legal actions mentioned above.".

III. OVERVIEW OF THE COVERED BONDS PROGRAMME

3. The first sentence of the paragraph that makes up the section headed "**Listing and Admission to Trading**", under the chapter headed "**Overview of the Covered Bonds Programme**" of the Base Prospectus, with the wording:

"This document dated 14 July 2016, as supplemented on 16 December 2016 and on 30 March 2017, has been approved by the CMVM as a base prospectus and application will be made to Euronext for the admission of Covered Bonds issued under the Programme to trading on the regulated market Euronext Lisbon ("**Euronext Lisbon**")." <u>shall be amended as follows</u>:

"This document dated 14 July 2016, as supplemented on 16 December 2016, on 30 March 2017 and on 18 April 2017, has been approved by the CMVM as a base prospectus and application will be made to Euronext for the admission of Covered Bonds issued under the Programme to trading on the regulated market Euronext Lisbon ("**Euronext Lisbon**").".

IV. DESCRIPTION OF THE ISSUER

4. In the section headed "**Recent Developments**", under the chapter "**Description of the Issuer**" of the Base Prospectus, <u>three new paragraphs shall be added at the end of such section</u>, with the wording:

"On 12 April 2017, BST informed the market that it had reached an agreement with the Portuguese State to end the legal actions in respect of certain interest rate swap agreements established with Portuguese state owned transportation enterprises.

In the context of this agreement, the Portuguese State will ensure that the Portuguese state owned transportation enterprises will comply with the terms of the decisions already taken by the High Court of Justice of London, which acknowledged the validity of such swap agreements, and will withdraw the appeals submitted to, but not yet accepted by, the High Court of Justice of London.

BST will withdraw the legal action and the corresponding indemnity request against the Portuguese State and IGCP (the Portuguese Treasury and Debt Management Agency) pending in the Portuguese Courts and will grant a 15-year loan to the Portuguese Republic in the amount of EUR 2.3 billion, under favourable interest rates (compared to the current Portuguese government bonds market levels) and terms and conditions still to be agreed. In accordance with an announcement made by the Ministry of Finance on 12 April 2017, the Portuguese Republic estimates that reaching this agreement will permit it to save around EUR 442 million in interest payments and around EUR 50 million in costs pertaining to the legal actions mentioned above.".