

MATERIAL FACT

Banco Santander, S.A. ("**Banco Santander**" or the "**Bank**") informs that it is envisaged to implement the "Santander Dividendo Elección" scheme (the "**SDE Scheme**") on the dates on which the second interim dividend is traditionally paid (October / November). Thus, subject to the prior resolution of the executive committee of Banco Santander, shareholders shall have the possibility to choose whether to receive cash or new shares on such dates. The envisaged timeline for the implementation of the SDE Scheme is as follows¹:

- 16 October 2015. Execution of the capital increase. Communication of the number of rights needed to receive one share and of the final price of the right-purchase commitment². Such price will be determined considering the stock price of the Santander share on 9,12,13,14 and 15 October.
- 19 October 2015 (23:59 hours CET). Reference date for the granting of rights. The shares acquired until (and including) this date will grant to their holders the right to participate in the SDE Scheme.
- 20 October 2015. Commencement of the rights trading period. Santander shares start trading ex-coupon.
- 29 October 2015. Last date to request remuneration in cash (sale of rights to Grupo Santander).
- 3 November 2015. End of the trading period of the rights. Acquisition of rights by Grupo Santander from those shareholders who have requested cash.
- 6 November 2015. Payment of cash to shareholders who have so requested.
- 13 November 2015. Commencement of the ordinary trading of the new shares in the Spanish Stock Exchanges, subject to the granting of the relevant authorizations³. Shareholders who have opted for new shares have them delivered.

Please note that the deadlines for Polish investors may differ from the ones specified in the presented timeline. The Bank will communicate to the public by way of a current report the specific dates applicable to Polish investors once they are agreed between Euroclear Bank and the Polish National Depository of Securities (*Krajowy Depozyt Papierów Wartościowych*).

Subject to the aforementioned resolution of the executive committee, it is estimated that the gross price at which Grupo Santander shall irrevocably commit to purchase rights, which will be calculated pursuant to the formula approved by the ordinary general shareholders' meeting, will be approximately 0.05 Euros per right.

Boadilla del Monte (Madrid), July 30, 2015

¹ This timeline may vary in view of the definitive terms of the new Spanish regime on clearing and settlement of securities which is expected to enter into force in the last quarter of 2015.

² The option to receive cash throughout the sale of rights to Grupo Santander will be available only to shareholders as of the relevant reference date and only with regard to the rights granted on that date. This option will not be available with regard to rights acquired in the market.

³ Estimated date. Admission to listing of the new shares in the stock exchanges outside of Spain where the Bank is listed shall also be requested.