

**RESOLUTION OF THE BOARD OF DIRECTORS OF BANCO
SANTANDER, S.A. APPROVING THE MERGER**

**[●].- APPROVAL OF THE MERGER BY ABSORPTION OF SANTANDER
INVESTMENT BOLSA S.V., S.A. SOLE SHAREHOLDING COMPANY**

(A) Approval of the common draft terms of merger (*proyecto común de fusión*) by absorption of Santander Investment Bolsa S.V., S.A., Sole Shareholding Company by Banco Santander, S.A.

It is unanimously resolved to approve and sign the common draft terms of merger (*proyecto común de fusión*) by absorption of Santander Investment Bolsa S.V., S.A. Sole Shareholding Company (“SIBSV”) by Banco Santander, S.A. (“Santander”) (“Draft Terms of Merger” or “Draft Terms”), in accordance with articles 30 and 31 *et seq.* and articles 49 and 51 of Law 3/2009 of 3 April on the Structural Modifications of Companies (the “Structural Modifications Law”). A copy of Draft Terms, duly signed by the members of this board of directors is annexed to these minutes and filed with the general secretariat of Santander.

Pursuant to paragraphs 1 and 2 of article 32 of the Structural Modifications Law, Draft Terms shall be included on Santander’s corporate website (www.santander.com) and shall be deposited with the Commercial Registry of Madrid by the single director of SIBSV.

It was put on the record that, as at today, the Draft Terms have also been signed and approved by the single director of SIBSV. Consequently, Draft Terms of Merger are approved by the directors of both companies by means of this resolution. As mentioned in section 11 of Draft Terms and in accordance with articles 51(1) and 49(1)(4) of the Structural Modifications Law, the approval of the merger by the general meeting of Santander or the sole shareholder of SIBSV (i.e. Santander), respectively, shall not be necessary (in the case of Santander, unless shareholders representing 1% of its share capital request a general meeting to be convened as provided for in article 51(2) of the Structural Modifications Law).

(B) Approval of the merger balance sheet

It is unanimously resolved to approve as the merger balance sheet of Santander, for the purposes of article 36(1) of the Structural Modifications Law, the individual balance sheet of Santander as of 31 December 2017, included in the annual accounts for financial year 2017, formulated by the board of directors of Santander on 13 February 2018 and duly verified by PricewaterhouseCoopers Auditores, S.L., auditor of Santander’s accounts, on 16 February 2018.

It is put on the record that the said balance sheet was approved by the ordinary general meeting of Santander held on 23 March 2018.

The text of the merger balance sheet and Santander’s corresponding audit report are annexed to these minutes and filed with the general secretariat of Santander.

(C) Approval of the merger by absorption of SIBSV by Santander and the termination of SIBSV by means of its dissolution without liquidation and the *en bloc* transfer of all of its assets and liabilities to Santander, which shall acquire all of the rights and obligations of SIBSV by universal succession in accordance with these common draft terms of merger

It is unanimously agreed to approve the merger between Santander and SIBSV by means of Santander (absorbing company) absorbing SIBSV (absorbed company), and the termination of SIBSV by means of its dissolution without liquidation and the *en bloc* transfer of all of its assets and liabilities to Santander, which shall acquire all of the rights and obligations of SIBSV by universal succession (the “**Merger**”).

SIBSV is directly wholly-owned by Santander. Therefore, the simplified procedure set forth in articles 49 *et seq.* of the Structural Modifications Law is applicable. In particular, in accordance with article 49 of the Structural Modifications Law, in relation to article 26 of the same Law, Santander shall not increase its share capital as a result of the acquisition of SIBSV.

Therefore, the following aspects are not included in the information provided below in compliance with article 228 of Commercial Registry Regulations: (i) the exchange ratio, methods for covering the exchange and exchange procedure; (ii) the date as from which the holders of shares (*acciones*) delivered in exchange shall have the right to receive Santander profits; or (iii) the reference to possible benefits for independent experts.

Additionally, the approval of the Merger by the general meeting of Santander shall not be necessary –unless requested by shareholders representing at least 1% of the share capital–, nor will the approval by the sole shareholder of SIBSV be necessary, in accordance with articles 51(1) and 49(1)(4) of the Structural Modifications Law, respectively. It is also put on the record for the appropriate purposes that SIBSV does not qualify as an essential operating asset of Santander.

Consequently, this resolution approving the Merger shall be as effective as if it had been approved by the general meeting of Santander unless, within 15 days as from the publication of the announcement of Draft Terms under article 51 of the Structural Modifications Law, shareholders representing at least 1% of the share capital of Santander request by means of a notarial notification the convening of a general meeting, which, in such event, must be called for a date within two months of the notarial notification.

Information on the terms and conditions of the resolution approving the Merger

The mandatory aspects to be included in this resolution approving the Merger, in accordance with article 228 of Commercial Registry Regulations, in relation to article 49(1)(1) of the Structural Modifications Law, which strictly conform to the provisions of Draft Terms, are described below.

(a) Identification of companies involved:

- Santander Investment Bolsa, Sociedad de Valores, S.A. Sole Shareholding Company is a Spanish company with registered offices at Ciudad Grupo Santander, Avda. de Cantabria, s/n, 28660, Boadilla del Monte (Madrid), holding tax identification number A-79204319, and registered with the Commercial Registry of Madrid at volume 14,471,

folio 71, section 8, page number M-84,468, and in the Registry of brokerage companies (*sociedades de valores*) of the CNMV under number 31.

- Banco Santander, S.A. is a Spanish credit institution with registered offices at Paseo de Pereda, numbers 9 to 12, 39004 (Santander), holding tax identification number A-39000013, and is registered with the Commercial Registry of Cantabria on sheet 286, folio 64, book 5 on Companies, entry 1, and with the Banks and Bankers Registry of the Bank of Spain under number 0049.

(b) Amendment of the bylaws of Santander:

The bylaws of Santander shall not be amended as a result of the Merger. Consequently, upon completion of the Merger, Santander, as the absorbing company, shall continue to be governed by its current bylaws, the text of which appears on its corporate website (www.santander.com) (and a copy of which is attached to the Draft Terms of Merger for the purposes of article 31(8) of the Structural Modifications Law).

(c) Date from which the transactions of SIBSV shall be deemed to have taken place on behalf of Santander for accounting purposes:

1 January 2018 is established as the date from which the transactions of SIBSV shall be deemed to have taken place on behalf of Santander for accounting purposes. Notwithstanding this, if the Merger is registered in financial year 2019, after the formulation of the annual accounts of Santander for financial year 2018, the provisions of section 2(2) of Accounting Standards Rule 19 of the General Accounting Plan (*Plan General de Contabilidad*) approved by Royal Decree 1514/2007 of 16 November (by reference to Accounting and Standards Rule 21) shall apply.

For the appropriate purposes, it is stated for the record that the retroactive accounting effects determined for accounting purposes is in accordance with the General Accounting Plan (*Plan General de Contabilidad*) approved by Royal Decree 1514/2007 of 16 November.

(d) Secondary obligations, special rights, and rights other than those representing capital:

It is stated for the record that there are no secondary obligations (*prestaciones accesorias*), special preferred shares (*acciones de clases privilegiadas ni especiales*) persons with special rights at Santander or SIBSV other than the simple ownership of the shares (*acciones*). Therefore, there is no need to grant any special right or offer any options.

(e) Benefits for directors:

It is stated that the directors of Santander or SIBSV shall not receive any benefits.

(f) Conditions precedent:

The effectiveness of the Merger is subject to the following conditions precedent:

- i. the authorisation by the Ministry of Economy, Industry and Competitiveness, pursuant to additional provision twelve of Law 10/2014 of 26 June on the Regulation, Supervision and Solvency of Credit Entities; and
- ii. the authorization by the Spanish Securities and Exchange Commission, in accordance with article 149, by reference to article 159, of the consolidated text of the Securities Market Law, approved by Royal Legislative Decree 4/2015, of 23 October.

(D) Applicability of the tax rules established in chapter VII of title VII, and additional provision two of the Corporate Income Tax Law, as well as in article 45, paragraph I(B)(10) of Royal Legislative Decree 1/1993 of 24 September, approving the Consolidated Text of the Asset Transfer and Documentary Stamp Tax Law

Pursuant to section 89(1) of Law 27/2014 of 27 November on Corporate Income Tax, the Merger is subject to the tax rules established in chapter VII of title VII, and additional provision two of the said Law, as well as in article 45, paragraph I(B)(10) of Royal Legislative Decree 1/1993 of 24 September, approving the Consolidated Text of the Asset Transfer and Documentary Stamp Duty Law. These rules provide for the possibility of carrying out company restructurings under tax neutrality conditions, provided that the said transactions are effected for economically valid reasons, such as those set out in Draft Terms.

Notice of the transaction shall be given to the Tax Authority within three months of the registration of the deed of merger in accordance with the terms established in articles 48 and 49 of the Corporate Income Tax Regulations approved by Royal Decree 634/2015 of 10 July.

(E) Delegation of powers

It is unanimously agreed to empower Ms. Ana Patricia Botín-Sanz de Sautuola y O'Shea, Mr. José Antonio Álvarez Álvarez, Mr. Jaime Pérez Renovales, Mr. Óscar García Maceiras, Mr. Francisco Javier Illescas Fernández-Bermejo, Mr. Alberto Ortega Fernández and Mr. Carlos Beltrán García-Echániz, without prejudice to the delegated powers currently in force, so that each of them acting individually, can undertake any actions that may be deemed necessary or convenient for the execution, carrying out, effectiveness and good conclusion of the resolutions adopted, including, but not limited to, the following:

- (i) clarify, specify and complete the resolutions adopted, and resolve any doubt or issue that may arise, by correcting and completing any defect or omission that may impede or hinder the effectiveness or registration of the corresponding resolutions;
- (ii) publish in the legally established manner, the necessary announcements in relation to the Merger and, in particular, the announcement provided for in article 51(1) of the Structural Modifications Law;
- (iii) effect any liquidation or provide guarantees to creditors that may oppose the Merger as provided for in the Structural Modifications Law and, in general, comply with the provisions of article 44 of the Structural Modifications Law, including the power to declare that the opposition period has expired;

- (iv) adopt all the resolutions that may be necessary or appropriate to execute and carry out the resolutions adopted, sign any public and/or private documents, and carry out any actions, legal transactions, contracts, representations and acts that may be appropriate to that end;
- (v) appear before, or notify and request any authorisations from the competent bodies of administrative authorities or any other relevant bodies or entities, including the Ministry of Economy, Industry and Competitiveness, the Securities Market Authority (*Comisión Nacional del Mercado de Valores*) or any other national or foreign body, entity or registry, that may be necessary or convenient in relation to the Merger in order to carry out the procedures and actions that may be necessary for its full completion and effectiveness; and
- (vi) appear before a notary public in order to execute the deed of merger and any other deeds or notarial act necessary or convenient for these purposes, with the express power to ratify, correct, clarify and amend.