



MATERIAL FACT

SANTANDER CONCLUDES ITS CAPITAL INCREASE WITH A 8.2 TIMES DEMAND

Further to the material fact announcements dated 3 and 4 July 2017 (registration numbers 254,210 and 254,243, respectively), and in accordance with section 5.1.9 of the share securities note of the Spanish prospectus of Banco Santander, S.A. ("**Banco Santander**"), registered with the official registry of the *Comisión Nacional del Mercado de Valores* on 4 July 2017 relating to the share capital increase in the total amount (including nominal value and issue premium) of 7,072,428,813.25 euros (the "**Share Securities Note**" and the "**Capital Increase**", respectively), Banco Santander informs that the 1,458,232,745 new shares that were offered in the Capital Increase have been fully subscribed for as follows:

- The period for the preemptive subscription and for the request of additional shares in respect of the Capital Increase (the "**Preemptive Subscription Period**") ended on 20 July 2017. During the Preemptive Subscription Period, 1,447,425,802 new shares, representing 99.259% of the Capital Increase, were subscribed for by exercising of the preemptive subscription rights.
- During the Preemptive Subscription Period, 10,634,428,367 additional shares were requested. Since the number of additional shares requested exceeds the 10,806,943 shares not subscribed for by exercising the preemptive subscription rights, on the date hereof Banco Santander, S.A., in its capacity as agent of the Capital Increase, carried out the pro-rata procedure set out in the Share Securities Note and a total of 10,806,943 additional shares, representing 0.741% of the Capital Increase, have been allocated.
- The total number of new shares subscribed for during the Preemptive Subscription Period together with the number of additional shares that have been requested represent a demand of 8.2 times the total number of shares offered in the Capital Increase.
- Thus, 1,458,232,745 new shares of the Capital Increase have been fully subscribed for and, consequently, no discretionary allocation period is necessary.

In the coming days, in line with the planned schedule for the Capital Increase as set out in the Share Securities Note, Banco Santander will execute the Capital Increase public deed and will apply for the admission to listing of the new shares on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia and on the Spanish Automated Quotation System (*Mercado Continuo*) as well as on all other foreign Stock Exchanges on which Banco Santander's existing shares are currently listed.

Boadilla del Monte (Madrid), 26 July 2017

IMPORTANT INFORMATION

The present announcement is not an informative prospectus but an informative communication and investors should not subscribe any new shares of Banco Santander, S.A. ("Banco Santander" or the "Bank") or purchase any pre-emptive subscription rights for new shares of the Bank's Capital Increase referred to herein except on the basis of the information contained in the prospectus in connection with the capital increase which has been registered with the Comisión Nacional del Mercado de Valores ("CNMV") on 4 July 2017 and is publicly available at the Bank's registered address and, in electronic format, in the web pages of the Bank (www.santander.com) and the CNMV (www.cnmv.es). Likewise, the Bank obtained on 5 July 2017 the community passport of the informative prospectus for the purposes of it being cross-border effective in the United Kingdom, Italy, Portugal and Poland.

This communication does not constitute an offer to sell, or a solicitation of offers to subscribe, the pre-emptive subscription rights or the new shares of the share capital increase in any jurisdiction in which such offer or solicitation is unlawful or, as the case may be, until the applicable requirements for those purposes have been met. The distribution of this communication and/or the prospectus and/or the transfer of pre-emptive subscription rights and/or new shares into jurisdictions other than Spain, the United Kingdom, Italy, Portugal and Poland may be restricted by law. Persons who gain access to the information set out herein should be aware of and comply with any such restrictions. Any failure to comply with them may constitute a breach of the securities laws of any such jurisdiction.

This communication (i) must not be construed in any way to be a request to buy or to sell securities or any related financial instruments in Brazil, and (ii) must not be construed in any way to be a public offering of securities in Brazil. The Brazilian Securities Commission (*Comissão de Valores Mobiliários*) has not authorised the public offering of shares to which this communication refers nor of any securities related to such shares. Hence, the said shares cannot be offered to the public in Brazil.

The Bank has filed a registration statement (including a prospectus) with the SEC for the capital increase and the offering of new shares and subscription rights to which this communication relates. Before you invest, you should read the prospectus in that registration statement, the prospectus supplement and any other documents the Bank has filed, or may file, with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, you may obtain a copy of the prospectus from Citigroup by calling toll free 1-800-831-9146 or UBS by calling toll free 1-877-387-2275.

The public offering of the new Banco Santander shares has been authorised by the Argentine National Securities Commission, and the Subscription Announcement (*Aviso de Suscripción*) setting forth the procedure and term for the subscription for new shares in Argentina has already been published in such jurisdiction. The capital increase to which this announcement refers and the Argentine offering will have the same terms and conditions, save as otherwise provided in the relevant Subscription Announcement. The Bank envisages to request the admission to trading of the new shares in the Buenos Aires stock exchange.