

MATERIAL FACT

Banco Santander has received from the European Central Bank a decision regarding prudential minimum capital requirements for 2016, following the results of the Supervisory Review and Evaluation Process (SREP).

The decision requires that Banco Santander group maintains a Common Equity Tier 1 capital ratio of 9.75% on a consolidated basis. This compares to a Common Equity Tier 1 of the group for regulatory purposes of 12.39% as of September 2015.

This 9,75% capital requirement includes: the minimum Pillar 1 requirement (4,5%); the Pillar 2 requirement including the capital conservation buffer (5,0%); and the requirement from its consideration as a global systemic financial institution (0,25%).

The decision also requires that Banco Santander, S.A. maintains a Common Equity Tier 1 capital ratio of 9.50% on an individual basis. This compares with a Common Equity Tier 1 for regulatory purposes of Banco Santander, S.A. of 14.19% as of September 2015.

This 9,50% capital requirement includes: the minimum Pillar 1 requirement (4,5%), and the Pillar 2 requirement including the capital conservation buffer (5,0%).

These capital requirements do not imply any limitations referred to in Regulation (UE) n° 575/2013 to distributions in the form of dividends, variable remuneration and coupon payments to holders of AT1 instruments.

Boadilla del Monte (Madrid), December 23rd 2015