

MATERIAL FACT

Santander is a retail and commercial bank with a diversified geographical presence and critical mass in 10 core markets in Europe and the Americas. Our model is based on developing deep and long-lasting relationships with our customers, so we can help them prosper in a simple, personal and fair fashion. This model has proven resilient in the most adverse economic situations, like the recent political and economic crisis in Brazil, where Santander continues to meet its financial targets.

With regards to the second quarter earnings, and as we announced previously, we concluded a cost efficiency exercise in the second quarter. The cost associated (c.€500mn) was partially offset by the capital gains generated in the sale of our stake in Visa. The net impact in the quarter amounted to a charge of c.€250mn. As we shared in our first quarter earnings conference call, our aim is to offset the restructuring cost completely by the end of this year. At this point we reiterate that 2016 EPS will be above 2015 EPS.

We do not anticipate that recent events will have a material impact on Grupo Santander accounts in 2016. Accordingly, we are maintaining our previously-announced guidance for all core financial targets for the Group this year, which include: capital creation of 10 basis points per quarter, 40 basis points per annum in order to reach +11% by 2018; positive EPS growth; tangible book value per share growth; and a 10% increase in cash dividend per share and €21cents DPS. As such, all commercial and financial targets for this year are reiterated. We continue to deliver on all our commitments.

Boadilla del Monte (Madrid), 27 June 2016