

MATERIAL FACT

With respect to the stress test exercise carried out by the European Banking Authority (EBA) and the European Central Bank (ECB) which has been applied to all countries where the Group operates and which covers a three-year period (2016 – 2018) with two scenarios (baseline and adverse); Santander announces that the results were as follows:

- Under the adverse scenario, its fully loaded CET1 ratio as of December 31st 2018 decreases 1.99 percentage points, to 8.2%, from the starting point of 10.2% as of December 31st 2015. In this adverse scenario, CET1 ratio subject to Basel III transitional arrangements (phase-in) is 8.7% as of December 31st 2018, which implies a decrease of 4.02 percentage points from the starting 12.7%, due to the progressive coming into force of Basel III transitional deductions (2.03 percentage points).
- Under the baseline scenario, Santander's fully loaded CET1 ratio increases 2.99 percentage points, to 13.2%. With phase-in criteria, CET1 ratio increases 0.53 percentage points.

Boadilla del Monte (Madrid), 29th July 2016