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MATERIAL FACT

Banco Santander, S.A. ("**Banco Santander**") communicates that an extraordinary meeting of the board of directors has been convened this afternoon for the purposes of:

(i) Approving a capital increase with the exclusion of pre-emption rights for an amount of up to 7,500 million euros, which would represent, approximately, 9.9% of the share capital of Banco Santander before the capital increase. The transaction will be implemented through an accelerated book-building.

(ii) Reformulating the dividend policy of Banco Santander effective from the first dividend to be paid against the 2015 results, in order to distribute 3 cash dividends and a scrip dividend against such 2015 results. Each of these dividends will have an estimated amount of 5 euro cents.

After the meeting of the board of directors, complete information on the resolutions passed by it will be disclosed .

Boadilla del Monte (Madrid), January 8, 2015

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