



For full details of the Rights Issue announced by Santander please visit

www.santander.com

The following information is intended to answer some questions that participants who hold their entitlement to Santander shares in the form of CREST Depository Interests (CDIs) through the Santander Nominee Service may have about how they will be affected by the Rights Issue

1: I have heard that Santander are doing a Rights Issue. How am I affected?

Santander have announced that they are doing a Rights Issue and more information can be found at www.santander.com.

You should have received a letter from the Santander Nominee Service that explained how this affects you and what will happen going forward. You should have also received a Q&A document that covered many issues.

Please note that nothing will happen to your existing holding of CDIs.

2: What is this letter that I have received?

All CDI holders in the Santander Nominee Service have been sent a letter, along with a Q&A document, setting out the arrangements that have been made for them in respect of the Rights Issue recently announced by Santander.

The letter only refers to the Rights that arise from your existing CDIs held through the Santander Nominee Service. Your existing CDIs remain unaffected.

3: Why have I received two/or more letters?

You will receive one letter for each account held within the Nominee Service.

4: Will I be receiving proceeds and how will I be paid?

Yes, proceeds from the sale of the Rights will be distributed by cheque.

The average sale price per Rights obtained was €0.09565194 and exchanged at the rate of £0.87797817 per €1 so that the Sterling price will be £0.08398031.

5: What is the background to the Rights Issue?

Full details can be found at www.santander.com

6: Is the Rights Issue underwritten?

Yes. The Rights Issue is fully underwritten by the Joint Underwriters, subject to certain customary conditions, on the basis set out in the relevant Underwriting Agreement.

7: What is a Rights Issue?

Rights issues are a way for companies to raise capital. They do this by giving their existing shareholders a right to buy shares in proportion to their existing shareholdings.

8: How does the Rights Issue work? How many Rights am I entitled to?

You were beneficially entitled to 1 Right for each CDI held on your behalf in the Santander Nominee Service at the last trading date of 10.59 p.m. London time on 5 July 2017 provided that you did not agree a sale of your CDIs on or before 5 July for which the transaction completed by 7 July.

Arrangements were made for these Rights to be sold on your behalf. The proceeds from the sale of Rights will be distributed to all participants in the Santander Nominee Service by cheque. All participants will receive the same price per Right sold.

9: Don't you need Shareholder consent to do a Rights Issue?

Yes. Shareholder consent for the Rights Issue was obtained by vote at Santander's ordinary annual general meeting held on 7 April, 2017, under resolution five of the agenda.

10: Could I have taken up my Rights under the Rights Issue?

No. Unfortunately, due to the short timetable for Rights Issues in the Spanish market, the volumes and the logistics that would have been involved in taking instructions from all participants in the Santander Nominee Service, it was not possible to offer participants the choice of whether to buy the new CDIs on offer, or to sell their Rights. If no action was taken, the Rights would have lapsed and be valueless. Equiniti as operator of the Santander Nominee Service appointed a broker to find purchasers for all the Rights linked to CDIs held through the Santander Nominee Service.

However, for participants who wish to add to their investment in the Company, additional dates will be added to the regular free purchase service provided by Equiniti to enable them to buy additional CDIs in August and September without paying brokers' fees. Details of the additional dates will be included on the Share Purchase Form that will be enclosed with the settlement cheque for the sale of rights.

Please note that the value of shares, and the income from them, may go down as well as up and any decision to participate in the free purchase service will be yours alone and in accordance with the terms and conditions of the free purchase facility.

11: Can I sell my Rights under the Rights Issue?

Due to the short timetable for the Rights Issue, the volume and the logistics that would have been involved in taking instructions and payments from all participants in the Nominee Service, all participants in the Santander Nominee Service had their Rights made available to a broker appointed by Equiniti to be sold.

12: Why is it not practicable to allow me to take up my Rights?

Santander is incorporated and maintains its primary listing in Spain where it is market practice that the acceptance period for a Rights Issue is 15 days. Unfortunately, due to this short timetable, the volumes and the logistics that would have been involved in

taking instructions from all participants in the Santander Nominee Service, it was not possible to offer participants the choice of whether to buy the new CDIs or to sell their Rights. Equiniti as operator of the Santander Nominee Service appointed a broker to find purchasers for all the Rights linked to CDIs held through the Santander Nominee Service.

However, for participants who wish to add to their investment in the Company, additional dates will be added to the regular free purchase service provided by Equiniti to enable them to buy additional CDIs in August and September without paying brokers' fees. Details of the additional dates will be included on the Share Purchase Form that will be enclosed with the settlement cheque for the sale of rights.

Please note that the value of shares, and the income from them, may go down as well as up and any decision to participate in the free purchase service will be yours alone and in accordance with the terms and conditions of the free purchase facility.

13: Why are you selling my Rights without a request from myself?

Unfortunately, due to the short timetable for rights issues in the Spanish market, the volumes and the logistics that would have been involved in taking instructions from all participants in the Santander Nominee Service, it was not possible to offer participants the choice of whether to buy the new CDIs or to sell their Rights. If no action was taken, the Rights would have lapsed and been valueless. Equiniti as operator of the Santander Nominee Service appointed a broker to find purchasers for all the Rights linked to CDIs held through the Santander Nominee Service.

However, participants who wish to add to their investment in the Company without paying brokers fees, additional dates will be added to the regular free purchase service provided by Equiniti to enable them to buy additional CDIs in August and September without paying brokers' fees. Details of the additional dates will be included on the Share Purchase Form that will be enclosed with the settlement cheque for the sale of rights.

Please note that the value of shares, and the income from them, may go down as well as up and any decision to participate in the free purchase service will be yours alone and in accordance with the terms and conditions of the free purchase facility.

14: Why have my Ordinary Shares (CDI's) been sold?

We have not sold your CDIs which represent your entitlement to Santander shares. It is only your Rights to buy further CDIs under the Rights Issue which have been sold.

15: Why can't I keep my Rights? Is there anything I can do to keep them?

Due to the short timetable for Rights Issues in the Spanish market, the volumes and the logistics that would be involved in taking instructions from all participants in the Santander Nominee Service, it was not possible to offer participants the choice of whether to buy the new CDIs or to sell their Rights.

All participants in the Santander Nominee Service automatically had their Rights, received from their CDI holding, made available to a broker appointed by Equiniti to be sold. The proceeds received from the sale of Rights will be distributed

proportionately to all participants in the Santander Nominee Service. All participants will receive the same price per Right sold.

The Rights would otherwise lapse at the end of the acceptance period and become worthless.

Unfortunately, you are unable to keep the Rights and participate in the Rights Issue.

16: I hold CDIs through the Santander Nominee Service and also through another nominee service. Will my Rights also be sold by that other nominee service?

This will depend on your arrangements with that other nominee service. You should contact your other nominee service provider regarding the Rights Issue.

17: Why are CDIs held through nominees other than the Santander Nominee Service being dealt with separately?

Nominee services operate in accordance with different terms and conditions. They allow for different forms of communication between the nominee and the beneficial holders and provide different types of service. As a result of this, it may be possible for other nominee services to offer participants different options in the time available.

18: Who is liable for the costs of selling the Rights? Will you be deducting any costs/fees from the sales proceeds?

Santander has agreed to pay the nominee costs in respect of the sale of your rights as well as the brokerage fees and other charges, such as currency conversion.

19: How will the Rights Issue affect the Santander share price?

We are not able to advise you regarding the likely future share price, but you can find an indication of the current share price at the Company's website.

20: Does this mean that my shareholding in Santander will be diluted?

Yes. However, for participants who wish to add to their investment in the Company, additional dates will be added to the regular free purchase service provided by Equiniti to enable them to buy additional CDIs in August and September without paying brokers' fees. Details of the additional dates will be included on the Share Purchase Form that will be enclosed with the settlement cheque for the sale of rights.

Please note that the value of shares, and the income from them, may go down as well as up and any decision to participate in the free purchase service will be yours alone and in accordance with the terms and conditions of the free purchase facility.

21: Can I withdraw my CDIs from the Santander Nominee Service/CREST and take up the Rights granted in respect of the underlying Santander shares?

You can withdraw your CDIs but it will not enable you to take up your Rights as arrangements have already been made for the sale of your Rights as per Terms and Conditions of the Santander Nominee Service.

22: Can I apply for the Additional CDIs which are referred to in the prospectus?

No. Unfortunately, there is insufficient time to obtain participants' written instructions before the application deadline.

23: I instructed that all/some of my CDIs be sold on or before 5 July 2017. Am I entitled to Rights on these CDIs?

If the sale was made on or before 5 July 2017 you are not entitled to the proceeds from the sale of the related Rights. The person to whom you sold the CDIs is entitled to the proceeds. If you receive a cheque for the proceeds of the sale of the Rights, as your name may still appear on the register at the Record Date, you may be required to pay the proceeds to the purchaser. You will be able to see the relevant sale date from the contract note you receive.

If the sale was made on or after 6 July 2017, you are entitled to the proceeds from the sale of the related Rights, and you will receive a cheque in due course. You will be able to see the relevant sale date from the contract note you receive.

24: I instructed that additional CDIs be bought on my behalf on or before 5 July 2017. Am I entitled to Rights on these CDIs?

If the purchase was made on or before 5 July 2017 you are entitled to the proceeds from the sale of the Rights relating to the CDIs you purchased. The person you purchased the CDIs from is not entitled to the proceeds. You will be able to see the relevant purchase date from the contract note you receive.

Any questions about receipt of funds should be directed to the broker who acted for you.

25: I instructed that all/some of my CDIs be transferred from the Santander Nominee Service to another nominee after 6 July 2017. What is my position?

As this instruction had been instructed after 6 July 2017, you are entitled to the proceeds from the sale of your Rights that you were entitled to as at the Record Date of 5 July 2017, and you will receive a cheque in due course.

26: I instructed that all/some of my CDIs held at another Nominee be transferred to the Santander Nominee Service on or before 5 July 2017. What is my position?

You should contact your nominee service provider regarding the Rights Issue.

27: I live outside of the UK. What should I do?

The arrangements for the sale of the Rights apply to all participants in the Santander Nominee Service regardless of where they live. There is therefore nothing for you to do and you will receive a cheque in due course for the sale of your Rights, subject to sanctions set on certain jurisdictions.

28: How much did I receive?

You received 1 Right for each CDI that was held on your behalf at the last trading date of 10.59 p.m. London time on 5 July 2017 provided that you did not agree a sale of your CDIs on or before 5 July 2017 for which the transaction completed by 7 July. For each Right that was sold on your behalf, you will receive the Sterling equivalent of the average price received for the sale of all of the Rights sold on behalf of participants in the Santander Nominee Service. The sale was carried out in Euros and the proceeds were converted into Sterling at the settlement of each daily trade.

The average price per Right obtained was €0.09565194. This price was exchanged to Sterling at the rate of £0.87797817 to €1 so the Sterling price per Right will be £0.08398031. Santander has agreed to pay the nominee costs in respect of the sale of your rights as well as the brokerage fees and other charges, such as currency conversion.

29: Why am I receiving the average price paid resulting from the sale of all the Rights?

It is not possible to track individual entitlements to the Rights being sold and, in order to ensure all participants in the Santander Nominee Service are treated equally, you will receive the average price obtained from the sale of all of the Rights.

30: How was the sale of my Rights arranged?

The Rights are not listed in the UK. Arrangements were made for a broker to sell all of the Rights to which participants in the Santander Nominee Service were entitled. The proceeds received from the sale of Rights will be distributed proportionately to all participants in the Santander Nominee Service. All participants will receive the same price per Right sold.

The sales of Rights occurred over a period of days, as determined by the appointed broker who conducted the sales, between 10 July and 13 July 2017 settling on 17 July 2017.

31: In what currency will the proceeds be paid?

You will receive the proceeds in Sterling. The Rights were sold in Euros and the proceeds of sale were converted into Sterling on settlement of each daily trade.

32: I live overseas, can I receive the funds in Euros or any other currency?

Unfortunately, no. You will receive the proceeds in Sterling. The Rights were sold in Euros, and the proceeds of sale were converted into Sterling on completion of each daily trade.

33: How will I receive the sale proceeds?

The Rights were sold in Euros and the proceeds of sale were converted into Sterling on settlement of each daily trade. The proceeds to which you are entitled will then be sent to your registered address by cheque.

34: When will I receive my cheque?

Your cheque will be sent to your registered address between 19 July and 27 July 2017.

35: Can I have my cheque sent to another address?

No. It is not possible for the cheque to be sent to another address, other than the registered address.

36: Can I request the sale proceeds be paid directly into my bank account?

No.

37: Why am I receiving payment by cheque when I have my dividends mandated to a bank account?

Due to the different types of mandates in place in the Santander Nominee Service regarding dividend payments, many would need to be ignored from the payment of proceeds under the Rights Issue and a cheque issued instead. Due to volumes, costs and technical issues associated with the exclusion of some of the mandates, the payment must be paid to all participants in the Santander Nominee Service by cheque.

38: I want to use my proceeds to buy more shares in Santander. How do I do this?

For participants who wish to add to their investment in the Company, additional dates will be added to the regular free purchase service provided by Equiniti to enable them to buy additional CDIs in August and September without paying brokers' fees. Details of the additional dates will be included on the Share Purchase Form that will be enclosed with the settlement cheque for the sale of rights.

Please note that the value of shares, and the income from them, may go down as well as up and any decision to participate in the free purchase service will be yours alone and in accordance with the terms and conditions of the free purchase facility.

39: Will I receive an updated entitlement statement?

No. Your beneficial entitlement to the CDIs will not change. You will receive your next annual CDI statement in November.