



## MATERIAL FACT

Banco Santander, S.A. ("**Banco Santander**") announces that its Board of Directors and that of Banco Popular Español, S.A.U. ("**Banco Popular**") have agreed the merger by absorption of Banco Popular by Banco Santander, pursuant to the procedure established in Articles 49 and 51 of the Spanish Structural Modifications Law (the "**Merger**").

Accordingly, the respective Boards of Directors have agreed to approve and sign the common draft terms of the merger by absorption of Banco Popular (being the absorbed company) by Banco Santander (being the absorbing company). Banco Popular is directly wholly-owned by Banco Santander.

In accordance with the abovementioned common draft terms of merger, once the Merger is completed after the mandatory authorisation of the Merger by the Minister of Economy, Industry and Competitiveness has been obtained and satisfied (or, when applicable, waived) the rest of the conditions precedent whom the Merger is subject to, Banco Santander will acquire, by universal succession, all of the assets and liabilities of Banco Popular, including those acquired from Banco Pastor, S.A.U. and from Popular Banca Privada, S.A.U. by virtue of the merger by absorption of these last companies by Banco Popular, which has already been approved by their respective Boards of Directors and the registration of which is required for the Merger to be effective.

The common draft terms of merger are available on the corporate websites of Banco Santander ([www.santander.com](http://www.santander.com)) and Banco Popular ([www.grupobancopopular.com](http://www.grupobancopopular.com)).

Boadilla del Monte (Madrid), 24 April 2018