

MATERIAL FACT

Banco Santander, S.A. ("**Santander**") informs that its subsidiaries Banco Popular Español, S.A. ("**Popular**") and Banco Santander Totta, S.A. ("**Santander Totta**") have reached an agreement with certain entities managed by Värde Partners, Inc. ("**Varde**") and WiZink Bank, S.A. ("**WiZink**") by virtue of which:

- i. Popular will sell to Varde its 49% stake in WiZink; and
- ii. Popular and Santander Totta will acquire the debit and credit card business sold through Popular in Spain and Portugal that WiZink had acquired from Popular in 2014 and 2016.

With these transactions Santander Group is resuming Banco Popular's debit and credit card business which improves the marketing strategy and facilitates the integration of Banco Popular.

Santander Group expects the net effect of both transactions to have a positive impact in its CET 1 fully loaded ratio of approximately 10 basis points, without having any significant impact in the Group's results.

The above transactions remain subject to regulatory authorisations and other customary conditions for this kind of transactions. Closing of the transactions is expected within the second half of 2018.

Boadilla del Monte (Madrid), March 26, 2018