

MATERIAL FACT

Further to the material fact communication dated 13 July 2017 of Banco Santander, S.A. ("**Banco Santander**") and Banco Popular Español, S.A. ("**Banco Popular**") informing of their decision to launch a commercial action aimed at building loyalty among of Grupo Santander's retail clients affected by Banco Popular's resolution (the "**Fidelity Action**"), it is hereby informed that, on the date hereof, the Securities Note and the Summary in connection with the public offer to purchase (the "**Offer**") contingent redeemable perpetual bonds of Banco Santander (the "**Fidelity Bonds**") have been approved by the Spanish Securities Market Commission ("**CNMV**") and registered in its official records.

The Offer acceptance period goes from tomorrow until 7 December 2017.

The Offer details are contained in the Securities Note, which alongside with the Share Registration Document of Banco Santander approved by the CNMV on 4 July 2017, and the Summary, form the Offer Prospectus, which is available at the web pages of the CNMV (www.cnmv.es), of Banco Santander (www.santander.com) and of Banco Popular (www.grupobancopopular.com).

Madrid, 12 September 2017

IMPORTANT INFORMATION

This document is not a prospectus but an advertisement and investors or clients of Grupo Santander should not request or acquire the Fidelity Bonds (*Bonos de Fidelización*) of Banco Santander, S.A. (“**Banco Santander**” or the “**Bank**”) or participate in the Fidelity Action referred to in this document, except on the basis of the information contained in the prospectus of the Fidelity Bonds registered by Banco Santander with the *Comisión Nacional del Mercado de Valores* (“**CNMV**”), and which is publicly available at the Bank’s registered address and, in electronic format, on the websites of the Bank (www.santander.com), Banco Popular Español, S.A. (www.grupobancopopular.com) and the CNMV (www.cnmv.es).

Likewise, the Bank has requested the passport of the prospectus for the purposes of having cross-border effects in Portugal. This announcement does not constitute an offer to sell, or a solicitation of offers to acquire the Fidelity Bonds or any security in any jurisdiction in which such offer or solicitation is unlawful or, as the case may be, until the applicable requirements for those purposes have been met. The distribution of this announcement and/or the prospectus and/or Fidelity Bonds into jurisdictions other than Spain and Portugal may be restricted by law. Persons that access this announcement comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The securities referred to herein have not and will not be registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.