

**UPDATED NOTICE OF TERMINATION
OF
AMERICAN DEPOSITARY RECEIPTS FACILITY
OF
BANCO SANTANDER MÉXICO, S.A., INSTITUCIÓN DE BANCA MÚLTIPLE,
GRUPO FINANCIERO SANTANDER MÉXICO**

Depository:	Citibank, N.A. (in such capacity, the “ <u>Depository</u> ”).
Company:	Banco Santander México, S.A., Institución de Banca Múltiple, Grupo Financiero Santander México, a corporation organized under the laws of the United Mexican States (the “ <u>Company</u> ”).
Custodian:	Banco S3 CACEIS México, S.A., Institución de Banca Múltiple (the “ <u>Custodian</u> ”).
ADSs:	American Depositary Shares (“ <u>ADSs</u> ”) representing the Shares (as defined below).
Deposited Securities:	Series B shares (“ <u>Shares</u> ”) of the Company.
ADS CUSIP No.: <i>[Provided solely as a convenience only and without any liability for accuracy]</i>	05969B103.
ADS Ticker: <i>[Provided solely as a convenience only and without any liability for accuracy]</i>	BSMX.
ADS-to-Share Ratio:	One (1) ADS to Five (5) Shares.
Deposit Agreement:	Amended and Restated Deposit Agreement, dated as of October 1, 2022, by and among the Company, the Depository, and all Holders and Beneficial Owners of ADSs issued thereunder (the “ <u>Amended and Restated Deposit Agreement</u> ”), as further amended by Amendment No. 1 to the Amended and Restated Deposit Agreement, dated as of October 14, 2022 (“ <u>Amendment No. 1</u> ”, and together with the Amended and Restated Deposit Agreement, the “ <u>Deposit Agreement</u> ”).
Deposit Agreement Termination Date:	May 15, 2023. *ADS holders are strongly encouraged to fully review the Mexican tax consequences described herein for any ADSs that are not cancelled prior to the Deposit Agreement Termination Date and which are subsequently sold to the Repurchase Trust in Mexico following the Deposit Agreement Termination Date.

Termination of the Deposit Agreement

The Company has advised the Depository that the initial offer period of the U.S. tender offer (the “Tender Offer”) contemplated by the Offer to Purchase contained in the Schedule TO (as defined below) by Banco Santander S.A., a company organized under the laws of the Kingdom of Spain, and the sole purchaser in the Tender Offer (the “Purchaser”), which is more fully described in the Schedule TO, as amended, that is on file with the United States Securities and Exchange Commission (the “SEC”) under file number 005-90381 (the “Schedule TO”), expired at 5:00 p.m., New York City time, on April 10, 2023 (the “Tender Offer Expiration Date”).

In connection with the Tender Offer, the Bank has elected to permanently terminate its ADR facility without the appointment of a successor depository and, accordingly, to terminate the Deposit Agreement and the Depository’s appointment as depository bank under the Deposit Agreement (the “Termination”), effective May 15, 2023 (the “Deposit Agreement Termination Date”).

Share Cancellation, Share Delisting, and ADS Delisting

The Company has further advised the Depository that it intends to cancel the registration of its Shares with the Mexican National Securities Registry of the *Comisión Nacional Bancaria y de Valores* (“CNBV”) (the “Share Cancellation”). It is expected that the Shares will be delisted from the *Bolsa Mexicana de Valores, S.A.B. de C.V.* (“BMV”) in Mexico by the Deposit Agreement Termination Date (the “Share Delisting”). The Purchaser has announced that it will incorporate a repurchase trust (*fideicomiso*) (a “Repurchase Trust”) in Mexico on the same date as the Share Cancellation. In addition, the Company intends to take certain actions to suspend its public reporting obligations in the United States, including, but not limited to, the delisting of the ADSs from the New York Stock Exchange (the “ADS Delisting”) by the Deposit Agreement Termination Date. Upon completion of the ADS Delisting, the ADSs will no longer be tradeable and there will be no listing of ADSs on any stock exchange in the United States or elsewhere. Furthermore, following the Deposit Agreement Termination Date, the Depository will no longer provide most services contemplated in the Deposit Agreement in respect of the ADSs, including registration of any transfers of ADSs, except for the limited post-Termination services as outlined in the Deposit Agreement.

Sale of untendered ADSs to the Repurchase Trust

The Depository is hereby providing notice to all holders and beneficial owners of ADSs that the Depository intends to sell the applicable Shares and any other deposited property underlying ADSs, not previously tendered in the Tender Offer or cancelled at the instruction of the holders thereof, to the Repurchase Trust in Mexico during the term of the Statutory Sell-out (as defined in the Schedule TO). Any such sales to the Repurchase Trust will be for the same cash consideration in Mexican pesos that would have been paid in respect of the Shares in the all cash tender offer that occurred in Mexico concurrently with the Tender Offer. The Depository will convert the sales proceeds from such sale(s) to the Repurchase Trust in Mexico into U.S. dollars and will distribute such sales proceeds to DTC and registered holders of ADSs. In accordance with the terms of the Deposit Agreement, the Depository will hold the net U.S. dollar proceeds of such sale and conversion, together with any other cash then held by it under the Deposit

Agreement, un-invested in an un-segregated account, net of applicable fees, taxes and expenses, and without liability for interest, for the pro rata benefit of the holders whose ADSs have not theretofore been surrendered, until receipt of a duly completed Letter of Transmittal (as defined below). For additional information about the Repurchase Trust and the Statutory Sell-out period, please consult the Schedule TO.

ADSs held in The Depository Trust Company (“DTC”).

No affirmative action will be required on your part. DTC will be requested to surrender the ADSs to the Depository in Mexico following the Deposit Agreement Termination Date. The Purchaser will pay the applicable ADS cancellation fees. DTC will be requested to then credit the applicable cash consideration so received to the applicable DTC participants. The applicable Depository fee of US\$0.05 cash distribution fee per ADS held will be charged to your account.

Untendered ADSs held in uncertificated form (other than in DTC).

No affirmative action will be required on your part. The Depository will arrange for the cancellation of the ADSs registered in your name following the Deposit Agreement Termination Date and the subsequent sale of the underlying Shares to the Repurchase Trust in Mexico. The Purchaser will pay the applicable ADS cancellation fees. You will receive a corporate action advice specifying that all your issued and outstanding ADSs have been cancelled and the amount of your applicable cash consideration, less a US\$0.05 cash distribution fee per ADS held, resulting from the sale of the applicable underlying Shares to the Repurchase Trust.

Untendered ADSs held in certificated form.

In order to receive your applicable cash consideration resulting from the sale of the Shares underlying your ADSs to the Repurchase Trust in Mexico following the Deposit Agreement Termination Date, you will need to complete, sign, and deliver to the Depository at the address specified therein a Letter of Transmittal if you are a holder of certificated ADSs (the “Letter of Transmittal”), in accordance with the instructions therein. The Letter of Transmittal will be mailed to you after the Deposit Agreement Termination Date. Upon receipt of your Letter of Transmittal, the Depository will mail you a check for your applicable cash consideration, less a US\$0.05 cash distribution fee per ADS held. The Purchaser will pay the applicable ADS cancellation fees related to the underlying Shares that are sold to the Repurchase Trust.

There could be significant differences between the U.S. dollar and the Mexican peso exchange rate used to effect the conversion of the amounts payable to holders of ADSs who tendered their ADSs in the Tender Offer (which was calculated on the Tender Offer Expiration Date) and the U.S. dollar and the Mexican peso exchange rate used by the Depository to convert the proceeds of any sales to the Repurchase Trust in Mexico of the Shares underlying the ADSs that have not been surrendered at the time such sales are effected (which exchange rate will be based on the exchange rate that the Depository obtains at the time of completion of such sale(s) to the Repurchase Trust). Fees and expenses in connection with the U.S. dollar and the Mexican peso conversions could vary significantly. The rate of exchange or the amounts exchanged or paid will be adjusted for local fees, taxes, and forward points as applicable, which could vary significantly between the conversion effected to pay holders of ADSs who tender their ADSs pursuant to the

Tender Offer and the conversion effected by the Depositary to convert the proceeds of any sales to the Repurchase Trust in Mexico of Shares underlying ADSs.

Mexican Taxation

The Depositary has been informed that pursuant to the Mexican Income Tax Law (*Ley del Impuesto Sobre la Renta*) and the regulations promulgated thereunder, holders of ADSs whose Shares and any other deposited property underlying their ADSs not previously tendered in the Tender Offer or cancelled at the instruction of the holders thereof and subsequently sold to the Repurchase Trust in Mexico during the Statutory Sell-out period will be subject to applicable Mexican taxes.

Please note that the Depositary has been advised that the proceeds from the sale of the Shares by a non-Mexican holder of ADSs would be subject to the general 25% tax rate applicable to the gross sales price or, alternatively, to a 35% tax rate applicable to the gain arising from the sale of the Shares, if certain requirements set forth under applicable Mexican Income Tax Law are met (including appointing an agent in Mexico for tax purposes and filing an ad-hoc tax return). Upon the basis of this advice, the sale by the Depositary to the Repurchase Trust during the Statutory Sell-out period of the Shares underlying ADSs not tendered in the Tender Offer is expected to result in the application of the 25% tax rate to the proceeds of such sale.

The Depositary has been further advised that pursuant to the terms of the Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion and a protocol thereto between Mexico and the United States, as amended (the "Tax Treaty"), a non-Mexican holder of ADSs whose underlying Shares are sold to the Repurchase Trust in Mexico during the Statutory Sell-out period will be eligible to claim the benefits under the Tax Treaty and, as a result, may be exempt from Mexican income tax gains realized from the sale of the Shares provided that such non-Mexican holder owned, directly or indirectly, less than 25% of the Company's outstanding Shares during the 12-month period preceding the date of such sale, and provided that certain formal requirements set forth in the Mexican Income Tax Law are also complied with.

Holders of ADSs who wish to avail themselves of the applicable tax benefits of the Tax Treaty will need to cancel their ADSs to receive the corresponding number of Shares in Mexico prior to the Deposit Agreement Termination Date. Upon receipt of such Shares, you will need to work with your broker and other financial institution in Mexico to arrange for the sale of your Shares to the Repurchase Trust during the Statutory Sell-out period and provide applicable documentation to the Repurchase Trust to substantiate the entitlement(s) to the benefits of the Tax Treaty for the sale of the Shares to the Repurchase Trust. Any such cancellation of ADSs will be subject to the applicable ADS cancellation fees pursuant to the terms and conditions of the Deposit Agreement (US\$0.05 per ADS cancelled).

The Depositary has also been informed that as of the date hereof (i) there is presently no Mexican estate, gift, inheritance or value-added tax applicable to the purchase, ownership, or disposition of Mexican shares by a non-Mexican holder; *provided, however*, that gratuitous transfers of the Shares may, in certain circumstances, result in the imposition of Mexican federal income tax on the recipient, and (ii) there are presently no Mexican stamp, issue, registration, or

similar tax or duty payable by a non-Mexican holder of shares with respect to the purchase, ownership, or disposition of Mexican shares.

For purposes of this summary, the term “non-Mexican holder” shall mean a holder that is not a resident of Mexico for tax purposes, and that will not hold Mexican shares, or a beneficial ownership interest therein, in connection with the conduct of a trade or business through a permanent establishment for tax purposes in Mexico.

This summary of Mexican taxation in connection with the sale of the Shares to the Repurchase Trust during the Statutory Sell-out period is intended to be for general informational purposes only and does not, and is not intended to, constitute legal, tax, or financial advice. This information is subject to change at any time. Holders of ADSs should not rely on the Depositary as the sole source of information regarding applicable Mexican taxation. Holders of ADSs should consult their own tax advisors as to the Mexican and other tax consequences of the ownership and disposition of Mexican shares, including the effect of any foreign, state, or local tax laws, and their entitlement to the benefits, if any, afforded by the Tax Treaty, and any other applicable tax treaties to which Mexico is a party. The Depositary will not be in a position to assist or facilitate the reclaim of any taxes withheld in Mexico or to assist individual holders comply with the requirements for claiming tax credits in respect of such taxes in any other jurisdiction. The Depositary makes no recommendations and provides no investment, legal, or tax advice as to the foregoing matters.

If you have any questions about the foregoing, please contact the information agent for the Tender Offer, Morrow Sodali International LLC, at 800-662-5200, or Citibank, N.A. Shareholder Services at 877-248-4237.

April 28, 2023

Citibank, N.A., as Depositary