
Press release

Banco Santander enters Canada with the acquisition of auto financing company Carfinco for EUR 210 million

- Carfinco is one of the main auto financing companies in the country, with a presence in all 10 Canadian provinces and agreements with 2,200 dealers.
- Its board of directors has approved the transaction and will recommend that shareholders support it.

Madrid, September 16, 2014. Banco Santander has reached an agreement with the auto financing company Carfinco to acquire its Canadian business for CAD 298 million (approximately EUR 210 million). Santander will pay CAD 11.25 in cash per share, representing a premium to shareholders of 32% above the volume-weighted average price over the last 90 trading days.

As part of the agreement, Carfinco will also pay a special dividend to shareholders on the closing date. The amount of the special dividend will be determined closer to the closing date and is subject to necessary approvals. Carfinco's board of directors has approved the transaction and will recommend that shareholders vote in favor. The transaction remains subject to regulatory approvals.

Carfinco is one of the main auto financing companies in Canada and trades on the Toronto Stock Exchange. It is headquartered in Edmonton, Alberta, and operates in all 10 Canadian provinces. Its products are distributed through a network of 2,200 dealers, and the Company has a geographically diverse loan portfolio of CAD 278 million and 29,500 customers as of June 2014.

Juan Rodriguez Inciarte, senior executive vice president and head of Strategy at Banco Santander, said: "We are excited to sign this agreement with Carfinco, which allows us to enter a market with good growth potential such as Canada, where we hope to reach agreements with other car manufacturers like those we have signed in other countries."

Tracy Graf, president and CEO of Carfinco, said: "We are delighted with the value this all cash offer of \$11.25 per share brings to our shareholders and this agreement with one of the top banks in the world, which will bring to the Canadian market their knowledge, experience and relationships in the auto finance industry."

Under the transaction's structure, a new company will be formed in which Santander will own approximately 95% of the equity, while top management of Carfinco, including the president and CEO, will retain the remaining 5% and will maintain their management roles. Graf and other key executives will bring to Santander their experience and knowledge of the Canadian market to contribute to the future growth of the company, which registered an attributable profit of CAD 20.2 million in 2013.

Comunicación Externa.

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Prior to the closing of the transaction, Carfinco will sell its subsidiary Persian Acceptance Corp. (PAC), which develops the same activity in the United States.

This agreement provides Santander an entry point in Canada, a G7 country with an estimated GDP in excess of EUR 1.3 trillion this year and one of the highest income per capita in the world. It will also enable the bank to diversify its portfolio in the auto finance sector, in which Santander has a presence in the United States, Europe and Latin American countries including Brazil, Chile and Peru. Santander Consumer Finance, one of Santander's main subsidiaries, is a leading consumer finance provider in Europe, managing a loan portfolio of EUR 56,000 million and active in 14 European countries, with leading market positions in Spain, Germany, Italy and Poland. Santander Consumer USA has a portfolio of more than USD 20,000 million and distributes its products through 14,000 dealers in the United States.

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