

# Santander concludes €7.072 billion rights issue with investor demand amounting to more than eight times the number of new shares offered

*The value of total requested subscriptions equivalent to over €58 billion*

## Madrid, 26 July 2017 - PRESS RELEASE

Banco Santander announced today that it has concluded the €7.072 billion rights issues initiated on 3 July 2017 following the acquisition of Banco Popular. The transaction, the largest M&A financing rights issue in Europe since 2010, was subscribed more than eight times over with the value of total demand for subscriptions equivalent to more than €58 billion.

Requests to subscribe a total of 12,081,854,169 shares were received during the transaction, representing 829% of the 1,458,232,745 new shares issued. The new shares are expected to start trading on Spanish stock exchanges on July 31<sup>st</sup>.

The transaction achieved the tightest discount to TERP (17.75%) seen in any M&A financing rights issue in Europe above €3bn in the last 10 years.

Since the announcement of the rights issue, which will increase the number of Santander shares by 10%, the bank's share price has increased by 1.83%, making Santander the only bank to achieve a positive share price performance from the date of announcement to the end of subscription period among recent rights issues.

During 2017 Santander's share price has increased by 19.1% (at 25 July 2017), with a total shareholder return ('TSR'), including dividends paid in 2017, of 21.5%, well above the total return of the Stoxx Banks Index of 14%.

Feedback from analysts and investors has been positive with number of 'buy' ratings for Banco Santander S.A. increasing by 11 percentage points from 32% of analysts to 43% since the transaction was announced.

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Banco Santander Chief Financial Officer, Jose Garcia Cantera, said:

*"The acquisition of Popular is a unique opportunity to accelerate our strategy in Spain and Portugal and we are delighted with the success of this rights issue and the support we have received from investors. It is a testament to the strength of the strategic and financial rationale supporting the deal, as well as a strong vote of confidence in Banco Santander, in Spain and in Europe."*

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The integration of Santander and Popular will significantly enhance Santander's franchises in both Spain and Portugal. In Spain, the Bank will become market leader in both lending and deposits, serving over 17 million customers with a credit market share of c.20%. The combined business will have a 25% market share in SME lending in Spain - a key driver of economic growth for the country.

### Corporate Communications

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## IMPORTANT INFORMATION

The present announcement is not an informative prospectus but an informative communication and investors should not subscribe any new shares of Banco Santander, S.A. (“Banco Santander” or the “Bank”) or purchase any pre-emptive subscription rights for new shares of the Bank’s Capital Increase referred to herein except on the basis of the information contained in the prospectus in connection with the capital increase which has been registered with the Comisión Nacional del Mercado de Valores (“CNMV”) on 4 July 2017 and is publicly available at the Bank’s registered address and, in electronic format, in the web pages of the Bank ([www.santander.com](http://www.santander.com)) and the CNMV ([www.cnmv.es](http://www.cnmv.es)). Likewise, the Bank obtained on 5 July 2017 the community passport of the informative prospectus for the purposes of it being cross-border effective in the United Kingdom, Italy, Portugal and Poland.

This communication does not constitute an offer to sell, or a solicitation of offers to subscribe, the pre-emptive subscription rights or the new shares of the share capital increase 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 communication and/or the prospectus and/or the transfer of pre-emptive subscription rights and/or new shares into jurisdictions other than Spain, the United Kingdom, Italy, Portugal and Poland may be restricted by law. Persons who gain access to the information set out herein should be aware of and comply with any such restrictions. Any failure to comply with them may constitute a breach of the securities laws of any such jurisdiction.

This communication (i) must not be construed in any way to be a request to buy or to sell securities or any related financial instruments in Brazil, and (ii) must not be construed in any way to be a public offering of securities in Brazil. The Brazilian Securities Commission (Comissão de Valores Mobiliários) has not authorised the public offering of shares to which this communication refers nor of any securities related to such shares. Hence, the said shares cannot be offered to the public in Brazil.

The Bank has filed a registration statement (including a prospectus) with the SEC for the capital increase and the offering of new shares and subscription rights to which this communication relates. Before you invest, you should read the prospectus in that registration statement, the prospectus supplement and any other documents the Bank has filed, or may file, with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at [www.sec.gov](http://www.sec.gov). Alternatively, you may obtain a copy of the prospectus from Citigroup by calling toll free 1-800-831-9146 or UBS by calling toll free 1-877-387-2275.

The public offering of the new Banco Santander shares has been authorised by the Argentine National Securities Commission, and the Subscription Announcement (Aviso de Suscripción) setting forth the procedure and term for the subscription for new shares in Argentina has already been published in such jurisdiction. The capital increase to which this announcement refers and the Argentine offering will have the same terms and conditions, save as otherwise provided in the relevant Subscription Announcement. The Bank envisages to request the admission to trading of the new shares in the Buenos Aires stock exchange.

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