



MATERIAL FACT

Banco Santander, S.A. ("**Santander**") communicates that it has reached an agreement with Warburg Pincus ("**WP**") and General Atlantic ("**GA**") under which Santander will acquire their 50% stake in Santander Asset Management, bringing this unit back to 100% ownership of Santander Group.

As part of the transaction Santander, WP and GA have agreed to work towards the disposal of their participation in Allfunds Bank, S.A. ("**Allfunds Bank**") through a trade sale or an *initial public offering* (IPO).

Santander Asset Management has €170 bn of assets under management and has a leading position in 11 countries in Europe and Latin America. The asset management business contributes €1.1 bn to the annual fee income of Santander Group (proforma consolidating 100% of SAM), which aims to strengthen this business by reinforcing the range of products.

Santander Group estimates that in 2018 the transaction will be accretive in earnings per share (>1%) and the return on invested capital (RoIC) will be above 20% (and above 25% in 2019). Santander Group also estimates that the negative impact on its capital (*core equity tier 1*) by the end of 2017 will be approximately 11 basis points. All estimates are net of the effect resulting from the foreseeable sale of the 25.25% indirect stake of the Santander Group in Allfunds Bank.

The transaction is subject to obtaining all required regulatory approvals.

Boadilla del Monte (Madrid), 16 November 2016