

## SANTANDER AGM 2025

# EXECUTIVE CHAIR SPEECH

Good morning, ladies and gentlemen, and welcome to the 2025 Banco Santander Annual General Meeting.

Thank you all for joining us today.

This year we're holding a fully virtual AGM, broadcast live from our headquarters in Boadilla del Monte.

Many large, listed companies in Europe and the Americas already host meetings in this format, and we believe it is the most suitable way for a bank like Santander — with millions of shareholders all over the world — to ensure all shareholders have the same opportunities to participate and exercise their rights, wherever they are.

We last hosted the AGM virtually during the pandemic, and today, thanks to the necessary legislation and technology, we are able to do so again with an even better platform, allowing all shareholders to see, hear, or read each other's interventions, with all necessary governance and participation guarantees, and with the support of the vast majority of our shareholders.

## **[OVERVIEW OF THE BANK]**

Santander is a retail and consumer bank with a presence in 10 core markets in Europe and the Americas.

We aim to be the best open financial services platform.

We meet our customers' financial needs — whether borrowing, making payments, managing savings or insuring a home — from start to finish through our global platforms and extensive branch network.

And in the era of Artificial Intelligence, we're transforming these businesses to offer better user-friendly products and services that are competitively priced by harnessing our technology and scale, with over 170 million customers worldwide.

We're simplifying processes, automating operations, investing in our people and leveraging our global network to grow faster, boost efficiency and create more value for our teams, customers and for you, our shareholders.

Furthermore, Santander's robust and transparent corporate governance follows the highest international standards.

In 2024, we completed the transition of our Lead Independent Director, Glenn Hutchins. In his first year, Glenn has done an excellent job in engaging with other non-executive directors, key investors and proxy advisors to align the bank's strategy with the interests of our shareholders and other stakeholders.

## [2024 RESULTS]

2024 was a historic year for Santander in terms of our results, capital and the total remuneration we paid out to you, our shareholders.

Once again, we achieved a record profit, earning 12.6 billion euros, and we exceeded all our financial targets, as well as making significant strides with our three strategic pillars: Think Value, Think Customer, Think Global.

**With the first strategic pillar, Think Value -how we create value for our shareholders** - we met our objective to maintain double-digit average annual growth through the cycle in tangible net asset value plus dividend per share.

In the past two years, we've achieved average annual growth of 15%, which is higher than the average of our competitors.

We were able to create this value thanks to meeting our 2024 objectives, in line with the commitments we made at the 2023 Investor Day.

Our disciplined capital allocation enabled us to achieve a CET1 fully loaded ratio of 12.8%, while increasing profitability to 16.3% RoTE. We also maintained our shareholder remuneration policy, paying out around 50% of profit.

With these results, total shareholder remuneration reached an all-time high for Santander of close to 6.3 billion euros, 6 times more than in 2014.

We paid out almost half of that in a cash dividend charged against our 2024 earnings which was up 19% year-on-year per share, and the other half in share buybacks.

From 2021 to the second 2024 buyback programme, Santander has repurchased approximately 15% of its shares and returned c.9.5 billion euros to shareholders

In addition, shareholders have received 9.6 billion euros in cash dividends, including the final cash dividend of 11 cents per share that you will vote on today.

In total, we have rewarded our shareholders with nearly €32 billion from 2015 to 2024.

**Regarding our second strategic pillar, Think Customer - how Santander puts the customer at the heart of everything we do** - in 2024 we continued to build a digital bank with branches and made inroads to become the most profitable bank in our core markets.

Through our ONE Transformation plan, we're combining technology and the talent of our teams to offer high quality, fully digital products while ensuring that our branches provide the support and advice that our customers need, automating and digitalizing operational tasks to minimize the time we spend on them.

We're also rolling out a new branch model across our footprint.

The Group now has 220 Work Cafés, which offer a better and more personalized service to our customers and non-customers.

By combining innovation and a personal touch we are "squaring the circle": we make sure our customers have a unique experience with competitive prices, and we do so in a way that is profitable for our shareholders.

A great example in 2024 was the launch of Zinia, which offers advanced digital consumer financing solutions (check-out lending) in Germany through our partnerships with Amazon and Apple.

Against this backdrop, in 2024 we increased our customer base by 8 million to 173 million; and grew active customers by 4%.

**Last but not least, is our third strategic pillar, Think Global - how we're leveraging our diversification and global scale.**

ONE Transformation is our plan to harness the full potential of our global scale, by combining our local leadership with the platforms we are deploying across the Group.

The goal is to roll out a common operating and business model with "local flavour" to serve our 173 million customers.

The idea behind this plan is to foster collaboration between our five global businesses — what we call "network collaboration" — as well as to offer the best solutions and scale them in all our markets through our global technology platform.

This way we enhance customer experience while reducing the cost to serve, growing faster and continuing to increase profitability.

In 2024, network collaboration synergies between our five global businesses led to 20 billion euros in revenue, which accounts for 32% of the Group total.

## **[STRATEGIC REVIEW OF GLOBAL BUSINESSES]**

Allow me to briefly go over our performance and strategy in the five global businesses.

2024 was a pivotal year for Santander in our Retail and Consumer businesses in every market where we operate.

**In Retail**, we're making headway to become our customers' bank of choice.

Our 147 million Retail customers are increasingly signing up to our products and services through digital channels — with digital sales growing double-digits.

Our teams are focused on delivering value-added services and we reduced our full-time non-commercial employees (FTEs) by 13% in 2024.

In 2024, Santander was among the top three banks in terms of average customer satisfaction, based on the Net Promoter Score, in 8 of our 10 core markets.

We increased our RoTE in Retail from 15.1% to 18.9%; raised the number of active customers by 4 million up to 79 million; grew revenue per active customer by 5%; and reduced the cost per customer by 3%.

**Our Consumer business** saw some notable achievements in 2024 including, for example:

- **Drive, a fully digital vehicle purchasing platform in the US**, where users can finance the purchase of a car from start to finish online; and the expansion of our leasing in Europe.
- **The launch of Openbank in the US and Mexico.** Openbank in the US has exceeded our expectations in the first few months and will allow us to keep growing profitability.

With over 90,000 customers brought on board and more than to 3.5 billion dollars in deposits in just five months, we're already optimizing our financing base in the US.

- **In addition, a few weeks ago we announced our partnership with Verizon**, the leading telecom company in the US, with 100 million customers, which will boost Openbank's growth in the country.
- **In Mexico**, the comprehensive suite of everyday banking products that includes interest-bearing accounts, debit and credit cards, and cash withdrawals at 10,000 Santander ATMs.

**In CIB**, we have an "originate to distribute" model through which we rotate our assets to increase profitability.

CIB leverages our local strength in countries such as Spain, Brazil and Mexico, with relationships with large companies, in a fundamentally transactional business, supported by specialized teams in financial advisory and capital markets in London and New York.

**Our Wealth business**, with double-digit revenue growth, generates a third of the Group's total fees, including insurance and asset management.

Assets under management climbed 13% to c.500 billion euros in 2024, with over 100 billion euros in Spain and record net sales.

In 2024, *Euromoney* magazine named us the Best International Private Bank in Latin America.

**Last, we have Payments**, which consolidates the group's payments "factories", including cards, through innovative and efficient solutions.

Our global account-to-account payment solution (*Payments Hub*) uses a single API to offer instant payments to our customers in the Eurozone, the UK and Mexico.

- We're rolling it out fully in Brazil and the US in 2025 and will enable real-time connectivity between our banks and customers in the US and Mexico before the year is out, something that will be differential.
- We have also already started offering this service to third-party banks.

In PagoNxt, our leading merchant acquiring platform, Getnet, offers clients new global solutions, including, for example, a regional e-commerce API to offer payment acquiring and processing services to merchants in Brazil, Mexico, Argentina and Chile. In 2024, Getnet processed 9.8 billion transactions globally.

In Cards, our global platform, Plard, manages over 15 million debit cards in Brazil. In the coming years we will roll out Plard in all the Group's markets.



## [SUSTAINABILITY]

With regards to sustainability, Santander has a clear purpose: to help people and businesses prosper.

In 2024:

- We helped finance the purchase of 3.7 million homes; with total lending amounting to 350 billion euros;
- We allocated 214 billion euros to help clients purchase other goods;
- We provided 330 billion euros to help set up or grow companies, including over 530,000 SMEs and sole traders.
- We financed the purchase of four million new cars.
- And we have contributed close to 11 billion euros in taxes in the markets in which we operate.

In 2024, we achieved the target we set in 2019 to allocate over 120 billion euros to green finance projects. And we did it 18 months early.

We've mobilized almost 140 billion euros since 2019 and continue to work on reaching our new target of 220 billion euros by 2030.

We retained our position as **global leader in renewable energy** by growing our green mortgage and sustainable vehicle portfolio by 20%.

We also made considerable inroads with our target to **financially include** 5 million people between 2023 and 2025; reaching 4.3 million people between 2023 and 2024.

In 2024, we helped 1.3 million microbusinesses in Latin America that previously did not have access to financial services through microloans to help build their operations.

Finally, last year 2.2 million people and businesses benefited from our investment of over 100 million-euros in **higher education, entrepreneurship and employability**.

And we allocated c.63 million euros to **social initiatives** that drive financial education, culture and support during humanitarian crises, such as the floods in Spain and Brazil, the hurricane in Mexico, or the fires in Chile and Portugal.

In the specific case of the **flash floods in Valencia**, we worked with over 60 organizations on the ground to help rebuild homes and schools, restart businesses and provide grants for the most affected students to resume their courses.

### ***[2025 OVERVIEW: REMARKS ON EUROPE AND SPAIN FOR THE MEDIA]***

During the first months of 2025, we have seen increased geopolitical uncertainty and high volatility in the markets across the world.

The current five-year growth forecast for the global economy stands at 3.1%, which is the lowest for 16 years.

The recent announcements in the US regarding tariffs reflect an escalation in trade tensions. As a bank our focus is on helping clients navigate the volatility and we are committed to doing that.

Our markets, however, remain resilient.

The employment data — which is the cornerstone of asset quality — is very good.

Unemployment is either at an all-time low or very close to it in two-thirds of our core markets, and we expect strong performance in 2025 as well.

Here, Spain is expected to grow 2.5% in 2025, above the European average, reaching record employment levels, with nearly 22 million people registered in the Social Security system.

In Europe, we have a great challenge, and also a great opportunity to play a very significant role at a global level.

It's been a long time since institutional investors have shown so much enthusiasm for investing in Europe.

The decision of Germany, which represents a third of the European economy, to relax its debt brake, and its plans to invest more, combined with European decision to prioritize competitiveness mark [a turning point for Europe's outlook.]

It is time to take action and make the changes that lead to stronger and better growth, which will enable the European social model to be sustainable.

To achieve that, Europe must increase investment and promote innovation in a way that feeds into the real economy.

We are taking steps in the right direction, but we must do more.

Most countries have limited fiscal space – and therefore limited capacity to cut taxes or increase spending.

However, the European banking industry is strong and has the appropriate levels of capital to support Europe's huge funding needs and allocate capital efficiently to productive sectors.

This does not require new legislation, only to simplify, with the objective of striking the right balance between building capital and supporting growth, especially for SMEs.

Looking ahead, we also need structural reform - balancing public finances, fostering a better environment for private investment, attracting talent an institutional context that allows our companies to grow, make them more competitive and resilient and ensure that businesses born in Europe stay in Europe.

### **[ARTIFICIAL INTELLIGENCE]**

Artificial Intelligence and other emerging technologies will play a key role in making the leap in productivity that we need.

At Santander, we're investing in this technology to become more agile and efficient and enhance the customer experience and grow faster.

Our AI initiatives focus on capturing customers, reducing risk, and automating processes.

We have over 6,000 developers using AI tools, with a 20-30% increase in productivity.

We are using AI to strengthen cybersecurity, and have automated complex workflows such as the drafting of powers of attorney.

In Retail, with just six AI use cases we made approximately 200 million euros in savings and operational efficiencies in 2024.

Staying with Retail, we can further personalize our product and service proposition for each customer, which should lead to 20% growth in digital sales.

In **Wealth**, AI is helping us in financial advisory services for customers and bankers, as well as in process automation. AI has the potential to boost sales in Wealth significantly, up to 10%.

We have committed to using AI ethically, safely and transparently under a solid governance framework.

We recently created the role of Group Chief Data & Artificial Intelligence Officer, who will be responsible for implementing our new operating model to embed AI in the organization.

### **[2025 TARGETS AND Q1 TRENDS]**

Looking forward, we expect to continue increasing profitability in 2025.

While we are monitoring the implications of recent tariff announcements in the US, it is in challenging times when the value of our diversification is most apparent.

As such, we maintain all our targets for the year, including:

- Achieving around €62 billion in revenues;
- Falling costs year-on-year in absolute terms;
- A stable cost of risk – with better performing markets offsetting others.
- And reaching a RoTE of c.16.5% (post-AT1) and a CET1 of 13%.

In the first quarter of 2025, we maintained the positive trend seen in previous years by growing our customer number, with revenues expected to remain flattish and costs to decrease in current euros compared to the same period last year.

BOTH, costs and revenues, are in line with our guidance for 2025, and as a result, efficiency improved c.50 basis points. Credit quality remains stable, with the cost of credit within the expected range.

As a result, in the first quarter we expect to:

- Increase profitability relative to full-year 2024, achieving a RoTE of c.15.7% post AT1s, on a path to reach our full year target of 16.5%.
- Grow tangible net asset value plus cash dividend per share of by over 14%

While maintaining solid capital generation, with a CET1 ratio of 12.9% (up 10 basis points against FY 2024).

**We remain committed to creating value for shareholders, and the shareholder remuneration target announced for the next two years is the highest ever.**

As we said in February, our aim is to pay out up to 10 billion euros to our shareholders through share buybacks, which would mean:

- Distributing — under our current policy — approximately 50% of our attributable net profit, split almost evenly between a cash dividend and share buybacks; and
- Distributing excess capital in the second cycle after our annual results, subject to regulatory approval and business performance.

**Last year we said Santander was a unique investment opportunity. Given our strong performance recently, we continue to believe that we're exactly that.**

**A perfect combination** of profitable and sustainable growth, solvency and a low risk profile, as well as shareholder remuneration and value creation.

**[CLOSING]**

**1. At Santander we're building the bank of the future, while consistently growing shareholder remuneration.**

We're investing in talent and technology and developing the necessary tools to meet the needs that our customers expect today.

We're transforming how we serve our customers by putting them at the heart of everything we do and creating simpler and more tailor-made experiences at competitive prices, anywhere, anyhow.

## **2. We will continue to lead with purpose and responsibility.**

We'll continue to drive sustainability and inclusion by empowering our communities, financing their transition to a greener economy while promoting a culture of responsibility, and ensuring that our impact stretches beyond our own profit.

## **3. Innovating on solid foundations has been Santander's bedrock since it was created.**

In the past 168 years, Santander has withstood wars, pandemics and sweeping changes to the economy. We have not just survived; we've emerged stronger.

The current volatility is not new for us. **Our diversification acts as stabilizer in an uncertain global environment.**

**We're facing up to what will be the third global revolution in human history after the agricultural and industrial revolutions — the AI revolution.**

As we did in the past, we will embrace this change by leveraging the extensive knowledge we have gained through generations and making the right decisions today.

Our willingness to anticipate, lead and shape change, rather than simply react to it, is what has driven us forward.

## **4. I want to take this moment to thank the board and all the Santander team for their commitment and dedication to the bank.**



We have the best talent to realize our aim of becoming the best open financial services platform and to do it in the right way.

Thank you, our shareholders, for your trust and support to our vision and strategy over the past decade.

We've only scratched the surface of our potential as a Group. The best is yet to come.

Everyone at Santander is committed to following the pathway of success, achieving sustainable growth, creating value, and helping people and businesses prosper.

Thank you.