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# MR. HÉCTOR GRISI'S SPEECH

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2025 ANNUAL GENERAL MEETING

Good morning shareholders and thank you very much for attending this Annual General Meeting.

Today I would like to focus on the following three main points:

1. First, I will review the Group's main management priorities that enabled us to achieve our excellent results in 2024.
2. Then, I will spend a few minutes explaining our global businesses' financial performances in the year.
3. And finally, I will give more details on the 2025 priorities that we have set for them.

Before delving into the numbers, results and profits, I would like to remind you that what gives meaning to what we do are all the people who are part of Santander. Therefore, I would like to start by thanking all of you.

Thanks to our customers, and to you, **our shareholders, for the trust that you have in us** and, particularly, in the Group's value creation strategy.

**I would also like to thank the more than 200,000 employees** who work at Santander. They are 200,000 stories of dedication, effort, commitment and collaboration; 200,000 people who care not only about achieving and exceeding the goals we set in a way that is Simple, Personal and Fair.

**WITH THAT, I WOULD NOW LIKE TO TAKE YOU THROUGH THE MANAGEMENT ACTIONS CARRIED OUT IN 2024 THAT ENABLED US TO ACHIEVE EXCELLENT RESULTS.**

## [1. 2024 RESULTS: EXECUTION OF MANAGEMENT PRIORITIES]

Our main goal in 2024 was to extract the maximum value from Santander's business model, a model that very few competitors can replicate and which represents a significant competitive advantage, based on three fundamental pillars:

- A solid customer base, in fact, one of the largest in the world with 173 million customers;
- Geographical and business diversification; and
- Global scale and local leadership, with deep knowledge of the markets in which we operate.

We aimed to realize as much potential from this advantage as possible. To do so, we focused on collaboration, materializing existing synergies at a global level and capturing the benefits from these initiatives in the form of operational leverage. In 2024:

- We made progress in our goal of offering the best customer experience;
- We increasingly became our customers' primary bank;
- We increased customer transactionality, which in turn boosted deposits and net fee income, and
- We drove profitable business growth.

**As a result, profit reached an all-time high of EUR 12,574 million**, as we made excellent progress towards a simpler and more integrated model. This supported efficiency and profitability gains. We continued to prove **our ability to generate capital organically**, which enabled us to **report the highest capital ratio in our history, distribute more dividends and achieve double-digit growth in value creation.**

This positioned us at the end of the year as the bank with the highest capital generation in 2024 of the main banks both in the eurozone and globally, thanks to:

- Greater results, making us the second largest bank in terms of profit among global players, mainly due to the better relative performance of net interest income, good management of costs and provisions...
- ...and a strong improvement in profitability, driven by our transformation plan and disciplined capital allocation.

This **excellent performance enabled us to exceed all the financial targets we set for 2024:**

- Revenue rose 10% in constant euros.
- We ended the year with an efficiency ratio of 41.8%.
- Cost of risk was 1.15%, below our 1.20% target.
- As the Chair already mentioned, we increased the fully-loaded CET1 ratio by 50 bps to 12.8%.
- And we improved profitability, with RoTE reaching 16.3%.

As a result, TNAV per share plus cash dividend per share grew double digits year-on-year.

To achieve this record result, we focused on the **following five management levers:**

### **FIRSTLY, TRANSFORMATION**

Our strategy, ONE Transformation, aims to simplify our product offering and automate processes. This way, we can provide better customer experience, facilitate their interactions with the bank and progress towards the Group's goal of becoming our customers' primary bank and increasing transactionality. It also promotes network effects

through collaboration, which structurally improves operational leverage, achieving higher revenue and lower costs at the same time.

## **SECONDLY, THE IMPLEMENTATION OF COMMON PLATFORMS**

Our global scale enables us to identify what we do best in each unit and export it to the rest of the Group.

In terms of technology, this translates into developing the most innovative common platforms at the Group level, which allows us to deploy the best technology and operate it centrally.

In 2024, we focused on continuing to develop, implement and migrate activity and customers to our new common platforms. This enables us to drive digitalization to enhance service and better meet our customers' needs, while also reducing operating costs. This generates efficiencies, enabling us to compete on equal terms with other market players, who have simpler and leaner structures, and to continue building our aim of becoming a digital bank with branches.

## **THIRDLY, ACTIVELY MANAGE RISK AND BALANCE SHEET SENSITIVITY**

Active risk management, together with the good labour markets across our footprint, enabled us to maintain our solid credit quality, with cost of risk at controlled levels and improving compared to 2023.

After having focused on maximizing net interest income in an environment of higher interest rates in recent years, asset and liability management in 2024 focused on positioning our balance sheets for the new interest rate cycles, significantly reducing their sensitivity to rates and, thus, mitigating future impacts.

So, we activated one of the main mechanisms available to banks to manage our balance sheets, which is investments in our ALCO portfolio, comprising mainly government bonds.

At the same time, we maintained a solid liquidity position throughout the year, with strong and diversified access to wholesale funding markets and a stable customer deposit base.

Additionally, we continue to hedge a large portion of our expected results in the most volatile currencies that have a higher depreciation risk.

All these measures are not only reflected in the 2024 results but also position us well for the year ahead.

#### **FOURTHLY, STRONG BALANCE SHEET AND DISCIPLINED CAPITAL ALLOCATION**

In a Group such as Santander, which is one of the largest in the world in terms of assets, it is essential to centrally manage our asset portfolio we originate at local level.

In the past year, we expanded our risk transfer and asset mobilization capabilities through the creation of a fully-dedicated global team, the Global Asset Desk, which has already become a benchmark in the market. Thanks to this team, we managed to free up capital equivalent to more than EUR 60 billion in risk-weighted assets in 2024, at a cost of capital that is half of the return on the new origination.

We also conducted a granular analysis of all portfolios and businesses to ensure an optimal allocation of the Group's capital to opportunities that generate the most value for our shareholders.

As a result, our front-book RoTE was 23% in 2024, well above our portfolio's average return. This new business profitability enables us to reinvest the third of our balance sheet that matures each year at much higher RoTEs. This, along with the allocation of free capital to the most profitable opportunities, substantially improves Santander's profitability and capital generation.

## AS A RESULT OF ALL THE ABOVE, WE INCREASED VALUE CREATION FOR OUR SHAREHOLDERS

Total remuneration paid to our shareholders in 2024, through cash dividends and share buybacks, was 34% higher than that paid in 2023.

As a result of everything I've just mentioned, we achieved double-digit growth in value creation for the second consecutive year, something we expect will continue in the coming years.

Moreover, we still believe that share buybacks are one of the best ways to invest capital and create value for shareholders. Therefore, as the Chair said earlier, the board intends to allocate up to EUR 10 billion through share buybacks corresponding to 2025 and 2026, stemming from the implementation of our shareholder remuneration policy and additional buybacks to distribute excess capital.

### [ 2. GLOBAL BUSINESS PERFORMANCE ]

## LET ME NOW TAKE A LOOK AT THE FINANCIAL PERFORMANCE OF OUR GLOBAL BUSINESSES IN 2024.

- **Retail achieved a profit of EUR 7,300 million in the year**, up 29% year-on-year in constant euros, due to the positive dynamics in the main P&L lines. Of note were:
  - Excellent margin management;
  - Higher fees, driven by larger commercial activity and a higher customer base,
  - Significantly lower costs in real terms, reflecting progress in our transformation which resulted in a strong operational leverage improvement,
  - And lower provisions, especially in Europe.

- In **Consumer**, we made progress in our strategy to optimize the funding structure by capturing deposits to improve margins and revenue stability. We launched initiatives to capture deposits digitally in the Netherlands and continued working on expanding Openbank to other markets.

Consumer had an exceptional operational performance, with double-digit growth in net operating income. Of note were the strong fee growth, good net interest income performance and lower costs, supported by our transformation efforts, even as we invest to grow.

As a result, profit was **EUR 1,700 million**, remaining high despite the impact of the expected normalization and a non-recurring provision in the UK.

- **CIB had a record profit of EUR 2,740 million**, up 16% year-on-year in constant euros. Net interest income, net fee income and total income reached all-time highs, supported by solid activity levels. The cost performance reflected investments to improve the franchise, which are already driving results in the form of fee growth, which significantly outpaced rises in costs. We expect this fee growth to accelerate even more as we continue to execute our strategy.
- **In Wealth**, we continued to deepen client relationships in private banking, asset management and insurance. This enabled us to accelerate growth while maintaining a high level of profitability. **Profit** increased 14% to **EUR 1,650 million**, supported by strong activity, with double-digit fee growth. This, along with costs that grew well below total income, enabled us to improve efficiency by more than 200 bps, even with the investments we are making.

An important growth driver in the CIB and Wealth businesses is collaboration, which leverages the benefits of connectivity between businesses as well as across the Group's countries.



- **Finally, in Payments,** we achieved a profit of **EUR 413 million**, with excellent revenue trends in both businesses, PagoNxt and Cards, with higher activity and solid credit quality in cards. This boosted profit 18% if we exclude the impact from discontinuing some platforms, in line with our strategy to promote the use of common platforms in the Group.

### 3. [MANAGEMENT PRIORITIES FOR OUR GLOBAL BUSINESSES IN 2025]

#### **AFTER AN EXCELLENT 2024, 2025 IS NOW WELL UNDERWAY.**

The good starting point thanks to the strong end of 2024 for the global economy allows us to address the potential instability of certain geopolitical risks this year.

It is precisely in times of uncertainty that diversification becomes more important, acting as a stabilizing element.

In Santander's case, since the publication of our Q4, the market is clearly recognizing both the 2024 results and the value of our business model. In fact, in the first quarter of 2025, Santander's market capitalization increased around 40%, the best performance among their peers.

The value of the Group's business model is something we have been proving for years, and it enabled us to achieve record profits for three consecutive years. And we are confident that we will exceed it yet again in 2025, improving profitability through our global businesses.

We expect to achieve year-on-year profitability growth in Consumer, CIB and Payments, while maintaining high levels in Wealth. In Retail, we also expect to maintain solid profitability, despite the rate environment, supported by the initiatives to reduce balance sheet sensitivity and our efforts to become the primary bank for our customers, driving good fee performance, with controlled costs and provisions.

We will continue to foster efficient capital allocation, with all businesses working closely with the capital management team to support value creation for you, our shareholders.

To achieve this, we have set the **following management priorities**:

- In **Retail**, continue working towards our vision of becoming a digital bank with branches, underpinned by a common operating model and advantages from a global tech platform.

Improved digital capabilities and the new branch model will enable us to provide better advice and personalized service.

We will continue with the transformation of our business model, based on strong customer relationships and the advantage of the network effect provided by the global structure.

All of these will result in better structural efficiency and support value creation.

- In **Consumer**, continue to consolidate our leadership position in Auto, strengthening existing partnerships and incorporating new ones, deploying the operational leasing platform in Europe and operating with lower cost-to-serve.

We will expand our offering through Zinia and transform the check-out lending business in the consumer lending business.

Lastly, in Openbank, we continue to execute our expansion plans in the US and Mexico, expanding our value proposition and driving deposit gathering initiatives in Europe.

- Our **CIB** business will continue to deepen our client relationships, with a particular focus on the US, through the growth plan for the franchise in the country.

At the same time we will consolidate our global centres of expertise and continue growing our Global Markets franchise on the back of the investments already made and the collaboration opportunities with other businesses.

- In **Wealth**, we will also continue to improve our customer experience by providing personalized service.

We will increase our penetration in our current footprint and foster expansion to new markets, such as the Middle East.

We will continue developing products with significant growth potential, such as alternative investments, health and cyber insurance.

We will boost operational leverage by globalizing our service and product factories.

And, finally, we will continue to develop global platforms to transform our operations and distribution model.

- Lastly, in **Payments**:
  - PagoNxt will focus on strategically managing Getnet's market share, our acquiring business, prioritizing profitable growth.

In Ebury, we will continue to expand geographically and incorporate tailored products to capture new verticals such as mass payments.

In PagoNxt Payments, we will migrate the Group A2A payments to our platform, reducing the cost per transaction, offering adjacent services and developing instant cross-border payment solutions.
  - Cards, which manages more than 100 million cards, will focus on building and implementing the Global Cards Platform. In 2025, we expect to authorize 3 billion transactions in six countries and issue debit cards in four of them. We will continue to drive profitable growth through credit cards and exploiting the commercial cards business, with a complete payments management offering and developing new business opportunities between Cards and Getnet.

[4. CLOSING]

Dear shareholders, as I come to the end of my speech, I would like to conclude by reiterating my thanks to all of you.

As Thomas Alva Edison once said, "Vision without execution is hallucination". That is why we at Santander are not satisfied with planning and designing the bank we want to be in the future, but rather we are concerned with executing our strategy day by day, step by step, in the present, dedicated to the transformation process. Our focus on execution enables us to look to the future with optimism and enthusiasm and, in this way, to demonstrate through results our commitments to you, our shareholders, and to ensure value creation year after year.

Thank you for being part of Grupo Santander. I hope to continue to count on all of you next year.