

## **AGM – EXECUTIVE CHAIR SPEECH**

### **[WELCOME AND INTRODUCTION]**

Good morning, ladies and gentlemen, and welcome to the 2024 Banco Santander's Annual General Meeting.

Thank you all for joining us today, in person or remotely.

Once again, we are holding our General Meeting in an open format, so every shareholder can participate in virtually and in person, in a secure and reliable way.

### **1. [SUMMARY OF 2023 RESULTS]**

**2023 WAS A RECORD YEAR FOR SANTANDER**, both in terms of results and because of the progress we made in our transformation.

That progress is due to the efforts of the bank's entire team, which has, once again, gone the extra mile for our customers. I would like to thank and congratulate each and every one of our employees.

At our Investor Day in February last year, we announced new medium-term targets and began a new phase of value creation.

We **achieved all our targets** in the first year of this phase:

- Record profit of over €11 billion, and earnings per share growth of 21.5%.
- Our Return on Tangible Equity grew to over 15%.
- We added five million new customers.
- We built capital organically to an all-time high fully-loaded CET1 ratio of 12.3%.
- And we created shareholder value by growing tangible net asset value (TNAV) per share plus dividend per share (DPS) by 15%.

We also made **huge progress with our business transformation to build ONE Santander.**

The premise of my ONE Santander vision is that THE SUM OF ALL THE GROUP'S BUSINESSES AND COUNTRIES IS GREATER THAN THE VALUE OF EACH OF THEM INDIVIDUALLY; a vision we have been working on since my first day.

Just as important as the results is the progress in building global platforms for all our businesses.

English

TODAY we have ALL WE NEED to be a bank that LEADS the future of financial services:

- We have business and regional diversification, attractive and very profitable, which sets us apart and makes us more resilient.
- We have global and local scale as a leading bank in each of our markets and a total of 165 MILLION CUSTOMERS, ONE OF THE LARGEST CUSTOMER BASES OF ANY BANK IN THE WORLD.

**ALL THIS GIVES US THE CAPACITY TO INVEST IN PROPRIETARY TECHNOLOGY PRODUCTS AND ENABLES US TO ATTRACT THE BEST TALENT.**

Today we are a fintech solutions factory, having launched in recent years a car leasing platform, Zinia, a BNPL platform, Openbank, and our core banking solution, Gravity, among others.

THESE ARE ALL COMPETITIVE ADVANTAGES that enable us to stand out in our customers' eyes and improve profitability for our shareholders.

Today we have a team that is managing both the day-to-day and the transformation of the bank in an exceptional way. THE BEST MANAGEMENT TEAM IN SANTANDER'S HISTORY.

English

For the past year, Héctor Grisi has been doing a great job in **managing the bank's transformation and new culture**. I would like to congratulate him on behalf of the entire board for the successes achieved in 2023.

Our 2023 results have enabled us to increase the percentage of profits allocated to pay dividends. We raised our target of 40% to 50%.

Including the final dividend proposal that you will vote on today, we will pay our shareholders a **TOTAL OF OVER €5.5 BILLION** against 2023 results.

Half of that total, around €2.77 billion, will be a cash dividend, **50% MORE PER SHARE THAN IN 2022**.

The other half will go to share buyback programmes, which create value for shareholders by reducing the number of outstanding shares so that each shareholder gets both a **LARGER STAKE IN THE COMPANY AND A HIGHER DIVIDEND PER SHARE**.

Let me explain what that means for a shareholder who has held 1,000 shares since 2021:

- Once the ongoing buyback programmes are completed, Santander will have reduced its outstanding shares by 11% since 2021, which means that each shareholder will increase his or her stake in Santander BY OVER 12%.
- Over the period, and thanks to the buyback programmes, they will have earned approximately €400 IN DIVIDENDS, 24 euros more than if we had not carried out the programmes (+6.4%).

Moreover, investing in our own shares at current prices below book value, results in a return on capital investment of around 20%.

In summary, 2023 WAS A HISTORIC YEAR FOR OUR SHAREHOLDERS.

Looking ahead, Santander is a UNIQUE INVESTMENT OPPORTUNITY. WE SAW IN 2023 that it offers profitable and sustainable growth combined with solvency and a medium risk profile, as well as a focus on creating value and dividends above our peers.

## 2. [ECONOMIC LANDSCAPE]

The overall economic context in 2023 turned out to be more favourable than initially expected as the world's major economies continued to grow.

All this amid high volatility in the geopolitical sphere, in which **THE DIVERSIFICATION OF THE SANTANDER MODEL, AS WELL AS OUR GEOGRAPHICAL FOOTPRINT, WILL BE MORE AND MORE A MAJOR COMPETITIVE ADVANTAGE.**

### [Europe and Spain]

In this new global geoeconomic scenario, **BOOSTING THE COMPETITIVENESS OF EUROPE AND EUROPEAN COMPANIES IS KEY TO GROW MORE AND TO IMPROVE OUR POSITION VS THE US AND CHINA.**

There is an urgent need for the public and private sectors to work together to improve the competitive position of European companies.

The newly elected European Parliament committees will have the great challenge of addressing the reforms needed to regain Europe's weight in the world's economy.

Against this backdrop, **SPAIN'S ECONOMY WILL CONTINUE TO GROW ABOVE THE EUROPEAN AVERAGE**, driven by private consumption and tourism.

English

Speeding up the implementation of European funds would help to increase investment and growth. The European Commission ranks Spain as the country where the funds can have the third highest impact, 3.5% of GDP compared with the EU average of 1.4%.

The entire Santander team is ready to collaborate on the distribution of these funds in order to have the greatest possible reach in the business world.

SPEEDING UP GROWTH REQUIRES MORE INVESTMENT AND MORE BALANCED PUBLIC ACCOUNTS.

### **[Latin America]**

From an economic perspective, LATIN AMERICA, WHERE SANTANDER IS THE LEADING BANK, is BETTER THAN EVER poised to leverage its strengths, thanks supply chains moving closer to the US, for example. It is set to grow faster than other regions.

In the past 10 years, 37 million new customers opened accounts with us, and there are still 178 MILLION PEOPLE FINANCIALLY UNDERSERVED.

English

BRAZIL IS THE LEADING COUNTRY IN LATIN AMERICA: one out of every three Latin Americans is Brazilian; THE COUNTRY'S GDP ACCOUNTS FOR 30% of the GDP of the entire region and ITS COMPANIES RECEIVE 40% of the foreign direct INVESTMENT CAPTURED BY THE ENTIRE REGION.

Its recent macroeconomic performance confirms its leading profile: BRAZIL'S CENTRAL BANK has responded to the recent inflationary shock FASTER AND MORE CONVINCINGLY than many other central banks.

Its legislators have designed new fiscal rules that are ALLOWING IT TO GROW IN A FISCALLY RESPONSIBLE MANNER, and productivity improvements in its economy, allowing the country to generate TRADE SURPLUS.

BRAZIL IS ON ITS WAY TO BECOMING AN INVESTMENT GRADE country and when that happens, it will bring an economic and geopolitical revolution in the global economy.

WE ARE VERY PLEASED TO HAVE ACCOMPANIED BRAZIL'S SUCCESS over the last two decades and this year we expect to achieve the best results in history in local currency.

IT IS OUR LARGEST MARKET, AND WE HAVE GREAT CONFIDENCE in the future of the country and our bank.



## [US]

The US is on track for a soft landing, with a positive outlook for 2024.

It is the biggest and most attractive financial market in the world in terms of risk/return ratio and growth, and at Santander we have the scale, the strategy and the team to compete there and grow profitably by creating value, as we have demonstrated over the last five years.

### 3. [SANTANDER'S STRATEGY]

**In this global environment, WE ARE NO LONGER ONLY COMPETING AGAINST OTHER BANKS.**

We operate in an environment in which we also compete against large technology companies, with less strict regulatory requirements than banks.

This means banks like Santander must change even faster.

I have total confidence in our ability to accelerate this transformation, **BECAUSE TODAY THE WHOLE TEAM SHARES THIS URGENCY.**

**Our vision is TO BE THE BEST OPEN FINANCIAL SERVICES PLATFORM [and, as a first step, TO BE THE MOST PROFITABLE BANK IN EACH OF OUR MARKETS].**

English

Our strategy is based on three pillars:

- **Think Value,**
- **Think Customer,**
- **And Think Global.**

Let me go through each one in some detail:

### [THINK VALUE]

**With the first strategic pillar, Think Value, we aim to CREATE VALUE FOR OUR SHAREHOLDERS [with double-digit annual growth average through the cycle, as measured by tangible net asset value plus dividend per share.]**

The starting point is to maintain our capital ratio above 12%.

No other bank can optimize capital allocation across the diversity of our markets and global businesses as we do.

### [THINK CUSTOMER]

**The second pillar of our strategy is Think Customer** (always put the customer first). We have a huge and growing customer base across all our businesses.

Our strategy revolves around providing COMPETITIVE PRICES, EXCELLENT SERVICE AND BEING A TRUSTED PARTNER.

For our largest customer base, the retail customer, we have embarked on a global transformation to **become a DIGITAL BANK WITH BRANCHES**, COMBINING THE BEST OF A DIGITAL BANK WITH OUR BRANCH NETWORK AND LOCAL PRESENCE TO BEST ADVISE AND SUPPORT OUR CUSTOMERS.

A simple and attractive, personal and digital product offering that provides the best experience for our customers.

Some examples of the progress we made in 2023 are:

- In Retail, in Mexico, we reduced our mortgage products from 17 to just 3. As a consequence, we now underwrite four times more mortgages for every 100 requested than before, with the same efforts.
- In Payments, Santander Key in Spain already enables more than 4 million customers to approve transactions securely with a single click using biometrics.
- And the fully digital account opening processes in Mexico, Chile and Spain, which enable customers to sign up in less than 10 minutes.

English

THERE IS MUCH MORE STILL TO COME as we roll out our new platform based on our new core "Gravity", which is proprietary technology, and our new apps and websites based on Openbank's native cloud technology.

Gravity is part of the reason why The Banker named us the World's MOST INNOVATIVE Bank.

Less than a month ago we launched our new BrokerAI product at Openbank, which uses artificial intelligence models to provide price estimates for more than a thousand stocks, putting technology at the service of our customers to help them make the best financial decisions with the most complete information.

[THINK GLOBAL]

**Our third pillar is Think Global.**

Over many years, the Group has had success as more than the sum of many individual countries and standalone businesses.

In retail and consumer, VERY FEW banks have our unique combination of in-market and global scale as well as diversification.

This is a MAJOR COMPETITIVE ADVANTAGE today and for the years to come.

English

The common business models and objectives in our Retail and Consumer businesses, which represent around 65% of the Group profit, will allow us to 1) GROW FURTHER in customers and revenue, and 2) STRUCTURALLY CHANGE OUR COST BASE, IMPROVING PROFITABILITY.

We serve more than 138 million customers, which enables us to build the best in-house and common digital solutions for all our markets.

In 2023 alone we lowered our technology cost per transaction [by 7%], with Gravity already processing over 90 billion transactions. The deployment of our technological platform also helps us simplify processes and automate manual tasks.

Also, by 2023 we reduced the number of resources dedicated to non-commercial activities [by 1.5%], and resources dedicated to operational activities [by 7%] per million customers significantly.

All of this enabled us to improve our efficiency in the retail business by 157 basis points over 2023 and there is still room for improvement.

#### 4. [OUR GLOBAL BUSINESSES]

These three strategic pillars, Think Value, Think Customer and Think Global, culminate in a model of five global lines of business.

We began this path in 2015 with CIB. In the following years, we continued with Wealth and with Payments, which includes PagoNxt and Cards. And finally, in 2023, with Consumer, and Retail & Commercial banking, which we call Retail.

In summary, we are now managing the group around five global businesses:

- **Retail;**
- **Consumer;**
- **Payments;**
- **CIB;**
- **and Wealth.**

Let me elaborate further on two global businesses: Consumer and Payments. The CEO will cover the others.

## [CONSUMER]

We have defined **our Consumer business to include our global Auto and global consumer finance businesses plus Openbank.**

Europe and the US account for c.90% of revenue, around 45% in each region.

In the auto business, which is c. 70% of Consumer total revenues, we are **leaders in Europe and Brazil**, third in Mexico and top 5 in the US.

The US is a key market for CONSUMER and for the Group; it will be the first example of how we will implement our globalized model.

We are going to launch a new digital deposit-gathering solution nationwide in the second half of 2024.

The solution is based on our Gravity platform and Openbank, which enable us to rapidly scale our digital presence across the country and offer the best customer experience with a fast, simple and secure onboarding process.

This step will begin a new phase for Santander in the US, where we see a great opportunity to grow profitably leveraging the scale and innovation of our new digital platform to achieve a 15% RoTE in 2025.

## [PAYMENTS]

**Our vision is to become a global leader in the payments business**, based on our 165 million customers, c. 100 million active cards and 35 billion annual transactions, making us one of the world's largest card issuers and payment processors.

Payments is a high-volume, growing and profitable business, and Santander is uniquely positioned, thanks to its scale, reach, broad customer base and technology, to grow further and be more efficient than our competitors.

Our global Payments business, which covers the full payments cycle, operates through two units:

- PagoNxt (with €1 billion revenue growing at 17% in constant euros reaching, and an EBITDA margin of almost 25%, [up 16pp vs. 2022.] Getnet is the third largest acquirer in LatAm).
- Cards (with more than €4 billion revenues increasing at 10% in constant euros, and a RoTE of 35%).

These units offer a set of highly competitive solutions for all our customers, both in payments between individuals, as well as in purchases



English

in physical and e-commerce, or payments between companies, in a growing market.

## 5. [CULTURE & ESG]

Our success, in the past and even more so in the future, is powered by a strong corporate culture.

A culture that is fully aligned with our strategy and values.

A culture that attracts and retains the best talent, who understand how to achieve the results and how to do it the right way.

More than 200,000 professionals work in the Group - and they will take Santander to the next level.

The pride of working for a company that is more than 160 years old is reflected in the employee NPS that, in 2023, WAS ONE OF THE HIGHEST AMONG ALL COMPANIES AND THE HIGHEST IN THE FINANCIAL SECTOR.

53% of our professionals are women; they hold 31.4% of management positions and make up 40% of the board.

WE HAVE ACHIEVED OUR GENDER PAY GAP TARGET TWO YEARS EARLY.

## [Green Finance & Inclusion]

Our approach to responsible banking is reflected in how we support society as a whole, where we focus on challenges where we can have an impact, as they are aligned with our strategy.

Supporting the green transition to net zero, in 2023, we reached €115 billion in sustainable finance mobilized since 2019, close to the target of €120 billion by 2025.

We have financed and advised renewable energy projects with the capacity to supply the energy consumed in a year by more than 10 million households.

Euromoney named us the Best Bank in the World for Financial Inclusion for the third year in a row.

And, through Santander Universities, we invested €105 million in higher education, focusing on the three Es: Employability, Entrepreneurship and Education.

In addition, last year Santander PAID ALMOST €10 BILLION in taxes in our markets – taxes that will help finance all kinds of public services, almost double the 5.5 billion euros provided to shareholders.

English

The best way to raise more is for companies to make a profit to increase investment and create more jobs.

### **[It's good for companies to make a profit]**

There is no conflict between making a profit and contributing to a more fair and inclusive society. On the contrary.

Corporate profits allow for more financing of investment, which boosts growth and job creation, and which in turn allows for the financing of public services.

And banking is a key player in this process, channelling savings into investments.

### **[Board changes]**

Strong banks are built on strong governance. As confirmed by the independent consultant who, every three years, evaluates the effectiveness of the Group's management, our board has a high degree of independence, with effective operations and a very balanced composition in terms of skills, experience and geographical and gender diversity.

English

In 2023, we welcomed Glenn Hutchins. This year, Glenn will assume the position of lead independent director, which up to now has been held by Bruce Carnegie-Brown, who will step down from the board after nine years.

Glenn is a business leader and a highly regarded professional in the US financial sector.

On behalf of the entire board, I would like to thank Bruce for his exceptional contribution and, in particular, for his thorough approach to his duties as a board member and lead independent director.

I would also like to thank Ramiro Mato, who will soon be leaving the board, for his dedication to the Group over the past 6 years.

To fill these vacancies, the Board has proposed the appointments of Carlos Barrabés and Antonio Weiss as new independent directors, which we will submit for approval at today's General Meeting, subject to regulatory approval.

Carlos Barrabés was a pioneer of e-commerce. He brings broad experience in the Spanish and international markets; the application of technology in business and socio-economic development, as well as in the generation and promotion of talent.

Antonio Weiss has extensive experience in the US market, one of the Group's strategic markets, and, in particular, in the financial sector.

## 6. [2024 OUTLOOK]

**2024 has started with excellent business and commercial dynamics.**

We continue growing the number of customers we serve (+2 million) and will increase our income around 9% year-on-year (in current euros) in the first quarter as a result.

Costs have remained flat for three consecutive quarters and this, together with the impact of our ongoing transformation on costs and revenue, allows for a continued improvement in the efficiency ratio to 42.7% which we expect to close in the first quarter.

The cost of risk in Q1 is expected to be in line with our forecasts for the year, with improved performance in Europe, offsetting the impact of portfolio growth in Latin America, and the expected normalization in Consumer.

The capital ratio remains above 12% in line with our target for 2024.

We have many growth levers across the group:

- We expect our Retail business to achieve a return on tangible equity (RoTE) above 16% in Q1, annualizing the impact of the banking tax in Spain, registered entirely in January 2024, supported by solid revenue performance in South America and Spain.
- Our Consumer business will show a customer net operating income growth of around 6%, supported mainly by the business improvement both in Europe and US.

As a result, WE EXPECT TO REACH A RoTE FOR THE GROUP OF 16% IN Q1, annualizing the impact of the banking tax in Spain, with an expected growth of TNAV plus dividend per share above 13% year-on-year, with today's data.

I AM VERY CONFIDENT THAT WE WILL DELIVER A CONSIDERABLY BETTER PERFORMANCE IN 2024 THAN 2023, WHICH WAS ALREADY A RECORD YEAR, AND WILL MEET OUR 2024 TARGETS.

THAT BEING THE CASE, BASED ON THE BANK'S CURRENT REMUNERATION POLICY, CASH DIVIDENDS AND SHARE BUYBACKS AGAINST 2024 RESULTS WOULD AMOUNT TO OVER €6 BILLION.

## 7. [CLOSING: 10 YEARS AT THE HELM OF SANTANDER]

In 2024, I will have been Executive Chair for ten years.

During this time, we have witnessed negative interest rates, a global pandemic, an energy shock, and war in Europe.

Despite all that, Santander has:

- increased the number of customers by nearly 60 million;
- almost tripled its profits;
- multiplied shareholder remuneration (through cash dividends and share buybacks) seven-fold;
- increased the return on capital by more than 50%, to reach 15% [of RoTE]; and
- generated net funds of €58 billion, around half of which was used to strengthen our capital and the other half, €28 billion, to remunerate our shareholders.

I'M VERY PROUD OF MY TEAM, all over the world, and WHAT WE HAVE ACHIEVED TOGETHER - DELIVERING STRONG RESULTS TODAY WHILE INVESTING TO SECURE FUTURE GROWTH.

Our origins lie in Santander, where the bank was founded to meet a widely felt need among businesses and the community: to help finance a society that was undergoing rapid expansion and constant change.

We were born with a purpose. Its essence has remained unchanged but it has been reinvented several times throughout our 167-year history: to help people and businesses prosper.

There have been challenging and rewarding moments. The management, board, and the bank's entire team have shown flexibility, determination and courage in adapting to changing times:

- The bank has survived wars and financial, economic and social crises.
- In 1874, when facing invasion by the Carlist army, we moved our funds to the holds of a tugboat.
- We experienced Spain's first monetary integration with the creation of the peseta in 1868, and then, generations later with the creation of the euro.



English

- We have moved from a totally physical and fragmented world, in which money was kept and transported in iron coffers, to today's digital, interconnected and global world, with large digital platforms.

Overall, I have witnessed the transformation of a small Spanish commercial bank into a global bank, with 165 million customers and a presence in 10 key markets in Europe and the Americas.

Now we are taking the next step. To become a **TRULY GLOBAL BANK**, with the ability to compete successfully in the digital world, with new rules of the game, without losing that closeness to our customers.

We will continue to act as a local bank, close to the ground and close to customers.

History is never straightforward, the GREAT expansion since 2012 has required a great effort all these years.

More than this, we can be proud of achieving these results by acting responsibly, and delivering for today while securing our future.

VERY FEW BANKS ARE ABLE TO DO BOTH.

WE CAN.

English

We have an exceptional team, who I would like to thank once again for their hard work and commitment to THIS common goal.

A team that shares Santander's driving ethos - "let's go for it". **WHEN WE SET OUR MINDS TO SOMETHING, WE ACHIEVE IT.**

And we are backed by board that is committed but never afraid to challenge: I would like to thank them for supporting this vision of delivering sustainable results.

Above all, I would like to thank all of you, our shareholders, for your trust. Trust which powers our growth, and creates value.

My vision and responsibility, from day one and in the coming years, is to make Santander one of the banks leading the transformation of the financial services industry, while we continuing to improve our profitability and create value for shareholders every year.

Thank you.