

The Grupo Santander Board today announces that Andrea Orcel's appointment to the role of Group CEO will not proceed

- José Antonio Álvarez will continue as group CEO.
- Rodrigo Echenique will continue as Chairman of Santander Spain until a successor is appointed.

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Following a board meeting today, the Grupo Santander Board announces that Andrea Orcel's appointment to the role of Group CEO will not proceed.

The Board of Santander made the decision to appoint Andrea Orcel in September 2018. In light of his seniority, along with regulatory, legal and contractual considerations, an early announcement of the appointment was necessary, subject to the usual conditions, including a six-month garden leave.

At that time, the Board of Santander had agreed the terms of his annual remuneration in his future role at Santander, which were in line with that of José Antonio Álvarez. It was not, however, possible, to determine in advance the final cost of the Group's share of compensating Mr Orcel for the remuneration awards, made to him by his previous employer, that would have been foregone. The Board therefore proceeded with the appointment on the basis of a considered estimate of the likely cost to Santander, based on advice, precedent and expectations of mitigation, due to the nature of the relationship between the two organizations and the different activities carried out by each institution.

In recent months, discussions have been taking place over the terms of Mr Orcel's departure from his previous employer. It has now become clear that the cost to Santander of compensating Mr Orcel for the deferred awards he has earned over the past seven years, and other benefits previously awarded to him, would be a sum significantly above the Board's original expectations at the time of the appointment.

The Board considers that for Santander to pay this amount to facilitate the hiring of one individual, even one of the calibre and background of Mr Orcel, would be unacceptable for a retail and commercial bank such as Santander. This is particularly so in light of Santander's values and its responsibilities to its wider stakeholders and the societies in which it operates. As such, it has been decided by the Board that it would not be right to proceed with the appointment.

José Antonio Álvarez, who has remained in the role since the announcement and his anticipated transition in March to Chairman of Santander Spain, will continue to serve in this role without change. He will also serve as Vice Chairman of the Board.

Rodrigo Echenique, who is due to retire from his current role as Chairman of Santander Spain in March, will remain until a successor is named.

Ana Botin, Executive Chairman of the Board said: *"Santander is a retail and commercial bank with significant responsibilities to the societies in which it operates. In making this decision we have had to balance the respect we have for all of our stakeholders - the millions of people, customers and shareholders we serve - with the very significant cost of hiring one individual, even one as talented as*

Andrea, by compensating for the loss of a significant proportion of seven years of his past remuneration. The Board and I are certain that this decision, although difficult to take, is the right one.

“On a personal note, my colleagues and I were looking forward to working with Andrea. We all wish him every success in the future.

“We, as a Group, are fortunate to have José Antonio who has agreed to continue as CEO. I know we will work together as well as we have over the past four years, delivering profitable growth as more and more customers trust us to help them prosper. We will present our strategic update to the market together later this year in what we both believe is an exciting opportunity ahead of Santander.”