

Santander confirms its financial targets for 2022 as its unique diversification provides a “resilient foundation for growth”

- Santander will confirm today at its annual general meeting (AGM) that the bank expects “to maintain high profitability in the Americas while seeing improved profitability in Europe.”
- The business has remained strong in the first quarter of 2022, with loan origination returning to pre-pandemic levels.
- The bank will also seek approval at the AGM for a final dividend against 2021 results of 5.15 euro cents per share, to be paid from 2 May 2022. If approved, total shareholder remuneration (cash dividend + share buyback) against 2021 earnings will be €3.4 billion, equivalent to a yield of 7%¹.

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Banco Santander will today reiterate its 2022 financial targets at the group's annual general meeting (AGM), to be held at Santander's corporate centre in Boadilla del Monte.

In her address to shareholders, Santander's executive chair, Ana Botín, will say, “*Our business model and unique diversification provide a resilient foundation for growth. We expect to maintain high profitability in the Americas, while seeing improved profitability in Europe. As a result, based on current economic consensus, we are confident of achieving the 2022 financial targets we announced in February.*”

In February, the bank outlined its financial targets for 2022, including: mid-single digital revenue growth (in constant euros); cost-to-income ratio of 45%; underlying return on tangible equity (RoTE) above 13%; and a fully loaded CET1 capital of 12%. The bank also aims to deliver growth in EPS, and the sum of the tangible net asset value (TNAV) per share and dividend per share.

Botín will state that “*diversification has proved to be a key competitive advantage during the 2008 financial crisis, the 2011 sovereign debt crisis, and the pandemic, and explains why Santander has always performed among the the most resilient banks in all stress tests. Furthermore, our earning per share (EPS) has had the lowest volatility compared to our peers in the last 20 years.*”

Commenting on the bank's performance in 2022, Ms Botín will say, “*In the first quarter of 2022, the commercial activity has remained strong with revenues in line with the last quarter and new lending returning to pre-pandemic levels, increasing by an estimated 8% year-on-year. Furthermore, efficiency and cost of credit remained in line with the plan, and with our underlying RoTE above 13% and fully loaded CET 1 at 12% in the first quarter.*”

¹ Per Banco Santander's average share price of €3.01 in 2021.

At the AGM today, Banco Santander will seek shareholder approval for a final cash dividend against 2021 results of 5.15 euro cents per share, to be paid from 2 May 2022. Taken together with the interim dividend paid in November 2021, the total cash dividend paid against 2021 results will be 10 euro cents per share. Including share buybacks, total shareholder remuneration against 2021 results would be €3.4 billion, equivalent to a yield of 7%¹.

Botín will confirm today that the bank will continue to target a total shareholder remuneration equivalent to 40%² of underlying profit. Botín will also reiterate that in the medium term, the bank aims to achieve an underlying return on tangible equity and cost-to-income ratio at around 15% and 40%, respectively, while maintaining a fully loaded CET1 capital of 12%.

Shareholders representing at least 68% of the bank's share capital, a new record, are expected to participate at the hybrid AGM, with some present at the bank's corporate centre and others connected remotely. Among the other items shareholders will vote to approve are the financial statements for 2021, in which the Group achieved record pre-tax underlying³ profit of €15,260 million and attributable profit of €8,124 million. Shareholders will also vote to grant the board of directors' authority to reduce the Group's issued share capital by up to 10% by repurchasing and then cancelling shares through future buyback programmes. Any future share buyback programme is subject to corporate and regulatory decisions and approvals.

Furthermore, shareholders will also vote on the appointment of Germán de la Fuente as independent director and the re-election as directors of José Antonio Álvarez (CEO), Belén Romana and Henrique de Castro (independent external directors) and Luis Isasi and Sergio Rial (external directors).

Santander does not have a presence in Russia or Ukraine, and its direct credit exposures are negligible (€80 million in total). The bank has, however, taken several actions to support the humanitarian response. Commenting on the humanitarian crisis, Ms Botín will say, *"Now is the time to help. I am especially proud of the Poland-Spain refugee corridor we have organized in collaboration with the Spanish government which has allowed 180 people to safely reach Spain, and the provision of the Solaruco Building in our Boadilla del Monte headquarters as temporary accommodation for Ukrainian children suffering from cancer-related diseases and their families."*

² Implementation of shareholder remuneration policy is subject to future corporate and regulatory decisions and approvals.

³ Reconciliation of underlying results to statutory results, available in the Alternative Performance Measures section of the group's 2021 financial report.

IMPORTANT INFORMATION

Non-IFRS and alternative performance measures

This document contains, in addition to the financial information prepared in accordance with International Financial Reporting Standards ("IFRS") and derived from our financial statements, alternative performance measures ("APMs") as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 (ESMA/2015/1415en) and other non-IFRS measures ("Non-IFRS Measures"). These financial measures that qualify as APMs and non-IFRS measures have been calculated with information from Santander Group; however those financial measures are not defined or detailed in the applicable financial reporting framework nor have been audited or reviewed by our auditors. We use these APMs and non-IFRS measures when planning, monitoring and evaluating our performance. We consider these APMs and non-IFRS measures to be useful metrics for our management and investors to compare operating performance between accounting periods, as these measures exclude items outside the ordinary course performance of our business, which are grouped in the "management adjustment" line and are further detailed in Section 3.2. of the Economic and Financial Review in our Directors' Report included in our Annual Report on Form 20-F for the year ended 31 December 2021. Nonetheless, these APMs and non-IFRS measures should be considered supplemental information to, and are not meant to substitute IFRS measures. Furthermore, companies in our industry and others may calculate or use APMs and non-IFRS measures differently, thus making them less useful for comparison purposes. For further details on APMs and Non-IFRS Measures, including their definition or a reconciliation between any applicable management indicators and the financial data presented in the consolidated financial statements prepared under IFRS, please see the 2021 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission on 1 March 2022, as well as the section "Alternative performance measures" of the annex to the Banco Santander Q4 2021 Financial Report, published as Inside Information on 2 February 2022. These documents are available on Santander's website (www.santander.com). Underlying measures, which are included in this document, are non-IFRS measures.

The businesses included in each of our geographic segments and the accounting principles under which their results are presented here may differ from the included businesses and local applicable accounting principles of our public subsidiaries in such geographies. Accordingly, the results of operations and trends shown for our geographic segments may differ materially from those of such subsidiaries

Forward-looking statements

Banco Santander advises that this document contains "forward-looking statements" as per the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements may be identified by words like "expect", "project", "anticipate", "should", "intend", "probability", "risk", "VaR", "RoRAC", "RoRWA", "TNAV", "target", "goal", "objective", "estimate", "future" and similar expressions. Found throughout this document, they include (but are not limited to) statements on our future business development, economic performance and shareholder remuneration policy. However, a number of risks, uncertainties and other important factors may cause actual developments and results to differ materially from our expectations. The following important factors, among others, could affect our future results and could cause materially different outcomes from those anticipated in forward-looking statements: (1) general economic or industry conditions of areas where we have significant operations or investments (such as a worse economic environment; higher volatility in the capital markets; inflation or deflation; changes in demographics, consumer spending, investment or saving habits; and the effects of the COVID-19 pandemic in the global economy); (2) exposure to various market risks (particularly interest rate risk, foreign exchange rate risk, equity price risk and risks associated with the replacement of benchmark indices); (3) potential losses from early repayments on our loan and investment portfolio, declines in value of collateral securing our loan portfolio, and counterparty risk; (4) political stability in Spain, the United Kingdom, other European countries, Latin America and the US; (5) changes in legislation, regulations or taxes, including regulatory capital and liquidity requirements, especially in view of the UK exit from the European Union and increased regulation in response to financial crisis; (6) our ability to integrate successfully our acquisitions and related challenges that result from the inherent diversion of management's focus and resources from other strategic opportunities and operational matters; and (7) changes in our access to liquidity and funding on acceptable terms, in particular if resulting from credit spreads shifts or downgrade in credit ratings for the entire group or significant subsidiaries.

Numerous factors could affect our future results and could cause those results deviating from those anticipated in the forward-looking statements. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

Forward-looking statements speak only as of the date of this document and are informed by the knowledge, information and views available on such date. Santander is not required to update or revise any forward-looking statements, regardless of new information, future events or otherwise.

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