

## Ana Botín calls for Europe to show ‘more solidarity’ in response to the coronavirus crisis and asks for more support for businesses to protect employment and to enable a faster recovery

- “Most businesses require government support to keep jobs in an environment where activity has plummeted. This is the way to recover more quickly from the economic crisis created by a health crisis,” Santander’s Group executive chairman Ana Botín said in her speech at the Annual General Meeting.
- Botín said: “Europe cannot be left behind in this crisis. Now is the time for Europe to rise to the occasion and lead a faster and more coordinated response. It is time to show the most caring face of Europe. This is what will reinforce the confidence of all citizens in the European project to continue advancing it. Without solidarity there is no union.”
- “We must plan, as soon as possible, to return the young and those that are already immunized to work, while also ensuring that the most vulnerable to the disease remain protected.”
- Ms Botín explained that the board’s decision to cancel payment of the 2019 final dividend was in response to the European Central Bank’s recommendation.
- She recalled that the Group has agreed to cancel its 2020 interim dividend payment and its dividend policy for the year, while reiterating that the bank is comfortable with its capital levels and buffers. She said the Group would reassess its medium term goals once the situation stabilizes.
- “This crisis is not a financial crisis, like in 2008. Today, banks are part of the solution”, Ana Botín said.

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Banco Santander’s Group executive chairman, Ana Botín, today called on Europe to lead “a faster and more coordinated response” to the COVID-19 health crisis and asked for greater support for businesspeople “to keep jobs in an environment where activity has plummeted.” She said this is the way to recover more quickly from a health crisis which is resulting in “economic and social distress on a scale we have not seen in generations.”

Botín spoke today at the Group’s Annual General Meeting, which approved the 2019 annual results. Due to mobility restrictions applied as a result of the State of Emergency declared in Spain, the event took place for the first time in Boadilla del Monte (Madrid), instead of the city of Santander, where the AGM traditionally takes place, and with shareholders participating entirely remotely.

Ana Botín said: “It is time to show the most caring face of Europe, giving an adequate fiscal response similar to that given by the European Central Bank (ECB), to reinforce the confidence of all citizens in the European project to continue advancing it. Governments must provide businesses and families the liquidity they require to handle the next few months so that the economic crisis is as short as possible, and business destruction is avoided”.

“From now on, with continued collaboration between the authorities and the private sector, and as some countries that are ahead have done, we must plan, as soon as possible, to return the young and those that are already immunized to work, while also ensuring that the most vulnerable to the disease remain protected,” she said.

“This crisis is not a financial crisis, like in 2008”, but there are lessons we can take from what happened then. “In this global crisis, we need global, coordinated action”. She emphasized the strength of the financial industry, which is now “prepared to tackle global challenges like coronavirus”. She also highlighted the role Banco Santander is playing in helping fight the crisis and to protect its employees, customers, shareholders and the communities where the Group operates.

### Changes to the dividend policy

As a result of this crisis, on Friday 27 March 2020, the ECB issued a recommendation urging financial institutions to preserve as much capital as possible given the uncertainty resulting from the COVID-19 emergency. Santander’s executive chairman explained in her speech that the board of directors shares this view and announced on 23 March 2020, before the ECB’s announcement, to cancel the interim dividend charged against 2020 and suspend its decision on 2020 dividends until there is more clarity regarding the impact of the crisis.

Following the ECB’s recommendation, which requires the banks under its supervision to preserve capital by cancelling the payment of dividends against 2019 and 2020 earnings, the board has decided to cancel its dividend policy for 2020. This means that Santander will be able to lend an additional €60 billion.

Furthermore, on Thursday this week, in light of the ECB’s recommendation, the board agreed to suspend the final dividend charged against 2019 earnings. The bank also said it would continue to review the development of the crisis and hold a further general shareholders meeting, expected in October 2020, to consider a dividend payment if the uncertainties relating to the COVID-19 crisis are resolved.

Ana Botín said: “I realise that for many thousands of people for whom the dividend is especially important, this is not good news and may add to financial worries at a bad time. The board and I must consider, when making this kind of decision, not just the interests of all shareholders, but also society in general, prioritizing the sustainability of the Group in light of regulatory recommendations.” She added: “By helping people and businesses now, we will help the economy get back on its feet faster, help people back into work, and help generate the growth that will power our business – as well as deliver shareholder returns – in the future.”

With regard to capital, Santander's executive chairman said she was confident that the bank's Q1 CET1 ratio will be in line with that of 2019, including the impact of the inorganic transactions closed in the first quarter. The remaining targets set out at Santander's 2019 Investor Day will be reassessed once the uncertainties relating to the COVID-19 pandemic are resolved.

### “Businesses are part of the solution”

Ana Botín mentioned in her speech some of the initiatives launched at a global level to respond to the challenges resulting from the COVID-19 pandemic. With regard to employees, she highlighted that the bank's investment in technology in recent years has allowed more than 100,000 colleagues to work from home, protecting the operational and business continuity of the bank. In addition, in the most affected countries the bank has temporarily closed a significant part of its branch network to minimize employee exposure while continuing to serve customers. She said that “each of us has an individual responsibility in this crisis: from how we live to how we engage with others and how we can make a difference. Businesses are part of the solution.”

Santander has committed not to carry out any redundancy plans in Spain and other countries. Commenting on this in her speech, Ms Botin said, “it is essential that those that can do it, maintain employment now, so people who work in the bank can count on their salary and help those close to them. To get out of the economic crisis as soon as possible, we need businesses which invest and create jobs,” she said.

She also referred to the fund created by the bank to support the crisis response, called 'Together', which will be worth at least €25 million and used to purchase and donate medical equipment to help limit the spread of the virus. The fund will be financed through a voluntary reduction in compensation from the management team and the board, and this will be complemented by voluntary donations from the rest of the bank's employees.

In relation to Santander's role in helping those groups most affected by this crisis, Ana Botin said, “We have a responsibility to do all we can to support our customers, both individuals and businesses.”

Commenting on the bank's ability to host the AGM remotely, she said: “Back in 2005, Banesto was one of the first Spanish company to allow not only proxies and electronic voting, but also online shareholder attendance, with the ability to exercise their rights fully. Today, at Banco Santander, we have bylaws and regulations that mean that we can continue to meet, even at moments of crisis like this. Holding this meeting proves that we were ready to continue working for society even under circumstances like these.”

### 2019 results

In her speech, Ana Botín analysed the 2019 results, which have allowed the Group to generate growth, profitability and strength, in a responsible way. She highlighted that Santander's loyal and digital customers grew by 9% and 15% respectively in 2019, while revenues reached a record EUR 49,494 million. She also noted the improvement in profitability and cost control, which enabled Santander to finish the year as one of the most efficient banks among its peers. As a result, “we have been able to

deliver year-on-year growth in ordinary attributable profit of 3%, over 8.2 billion euros, and a return on tangible equity of 11.8%, amongst the best in our sector,” Botín said.

Santander capital ratio increased to 11.65% at 31 December 2019 after a record year of organic generation. “These are strong capital levels and give us a buffer in excess of regulatory requirements which is critical as we face the current crisis,” Botín remarked, adding: “We have proven that doing business the right way, the responsible way, works.”

Among other strategic priorities, the executive chairman of Banco Santander stressed the bank’s determination to become a more diverse company. The bank has set a target of having at least 30% of its executive roles being held by women by 2025. In her speech, Ms Botin highlighted that in 2019 the Dow Jones Sustainability Index recognised Santander as the most sustainable bank in the world. She also said that Santander would continue to prioritise actions to support the fight against climate change by mobilising funds to help the shift toward a more sustainable economy.

#### Goal: increase profitability

“The decisions we have taken in the last five years, and our execution of those decisions, has positioned us well – both in terms of weathering the storm of coronavirus, and ensuring we have a strategy to deliver sustainable growth, and increase profitability, once the storm has past,” said Botín, who noted that since 2013 Santander has almost doubled its ordinary profit (from EUR 4,200 million to EUR 8,200 million), increasing the return on tangible capital by 220 bps to 11.8%.

Ms Botin said that the medium-term strategic objectives will be reviewed once the economic impact of the crisis is clear, but stressed that the pillars on which the Group's strategy stands remain unchanged: improving operating performance, optimising capital allocation to the regions and businesses that generate the highest returns and accelerating the Group's transformation.

“Implementing our plans for digital transformation is critical because, when the crisis of the coronavirus passes, the pace of change will pick up once again. And given so many people have come to rely on digital banking during the crisis, the change is likely to accelerate,” she said. “Based on leading indicators and past experiences, we need to be prepared to face a profound contraction in global GDP in the first half of the year. From there, the economy could go through a significant recovery, but not as intense as the contraction in the first half of the year,” she said.

The chairman confirmed in her speech that the underlying results of the first quarter will be in line with those of the first quarter of 2019, with the crisis having a limited impact during the first three months of the year. Botín said the average daily loan volume in March increased 16% compared to February, which “shows that we are already supporting our customers.”

“One thing is very clear and rock solid: we are making the utmost effort and our priority is to fulfil Santander’s commitments to support our teams, customers and society. And that is in the interest of all our shareholders,” she said.

## José Antonio Álvarez: “The Group is prepared for this situation”

Banco Santander's CEO, José Antonio Álvarez, highlighted the Group's growth in 2019, despite the economic slowdown, and also said that the bank had seen normal activity trends for most of the first quarter of 2020. Mr. Álvarez said that, given the present uncertainties, the bank is ready for both a shorter economic impact with rapid recovery, as well as a scenario where the crisis lasts for a longer period of time with the impact extending into next year.

“The Group is prepared for this situation and, since the start of the crisis, it has rolled out its protocols across all countries, activating the corporate and local crisis committees set up to provide a firm and co-ordinated response on all fronts, with two main objectives; taking care of our employees and ensuring service to our customers,” explained the CEO, who also stressed that the bank's liquidity and solvency positions “enable us to support businesses and families.”

## Shareholders' meeting agreements

In addition to the 2019 accounts, the AGM approved the re-election of Ana Botín, Rodrigo Echenique, Esther Giménez-Salinas and Sol Daurella; the appointment of Luis Isasi, who will also be non-executive chairman of Santander Spain, as a non-executive director; the appointment of Sergio Rial, CEO of Santander Brazil, as an executive director; and the ratification of the appointment and re-election of Pamela Walkden. Botín said that these appointments strengthen the board's banking experience and skills. The appointments of Isasi and Rial are subject to regulatory approvals.

Shareholders also approved the renewal of the accounts external auditor for 2020, as well as the directors' remuneration schemes and the annual report on directors' compensation.

## Important information

### Non-IFRS and alternative performance measures

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### Corporate Communications

Ciudad Grupo Santander, edificio Arrecife, pl. 2  
28660 Boadilla del Monte (Madrid). Tel. +34 91 2895211  
[comunicacion@gruposantander.com](mailto:comunicacion@gruposantander.com)  
[www.santander.com](http://www.santander.com) - Twitter: @bancosantander

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