

Ana Botín: “The Board’s intention is to increase the total dividend per share by 5% again in 2017”

“Dividend would total EUR 22 cents, paid in three cash dividends valued at 6 cents per share each, and one under the Santander Dividendo Elección program, at 4 cents. The amount paid in cash would grow by around 9%”. Between 2015 and 2017, total cash dividend per share will have increased 20%.

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We will continue to invest in technology, spending 1,900 million euros per year.”

Santander’s Annual Shareholders’ Meeting approves the re-election as board members of Ana Botín, José Antonio Álvarez, Rodrigo Echenique, Esther Giménez-Salinas and Belén Romana. Shareholders also approve the appointment of Homaira Akbari to the board.



- “So far this year, the total return to our shareholders is 17%, much higher than the 6% average for European banks, and the best among our peers. This good performance reflects investor confidence in our strategy and our team.
- 2017 will be the first year since 2010 with economic growth in our top 10 markets. We reiterate our goals for 2017 and 2018.
- Spain has the chance not just to do better economically, but also to increase its institutional importance and its contribution to the major challenges facing our region and the world.
- In three years we have increased our capital by 19.5 billion Euros, 12 billion raised organically and 7.5 billion from the market. We closed 2016 with a CET1 capital ratio of 10.55%, that is, 50 basis points more than 2015. We have exceeded our own capital goals and the demands of regulators.”

Madrid, 7 April 2017 Banco Santander's Group executive chairman, Ana Botín, chaired the Annual General Meeting today which approved the bank's 2016 accounts. Botín highlighted that "with an improved franchise, more cohesive teams, a clear strategy and stronger execution, we have been able to achieve excellent results in 2016", despite volatility in markets and the "new challenges" for the economy and the banking sector. "We again achieved our commercial and financial targets, and met the profit metrics we promised to our shareholders in the right way", Botín said, adding that "the good results obtained in 2016 make us one of the few banks that can do three things at once: finance profitable growth, accumulate capital and continue to increase the dividend we pay our shareholders."

Botín recalled that Banco Santander registered attributable profit in 2016 of EUR 6,204 million, an increase of 4%, and that underlying profit, without the negative impact of the currencies of the countries in which the Group operates, rose 15%. The executive chairman of Banco Santander indicated that "in 2016, we fulfilled the commitment made to our shareholders: we increased the cash dividend per share, profit per share and the tangible value per share. Our plan for 2017 is to further improve them". Santander's executive chairman also pointed out the progress made in terms of customer loyalty, which is at the center of Group's current strategy: "We improved our relationship with customers in all our units, offering better products and services. As a result we have more customers, which are more loyal and more satisfied."

Dividend

Botín underscored that the Bank increased by 5% the total dividend per share against 2016 results, and the cash dividend 8%, to a total of 21 euro cents per share. Shareholders have already received three payments: two in cash, worth 5.5 cents per share each, and another 4.5 cents under the Santander Dividendo Elección (scrip) program. The fourth, for the same amount as the two in cash, will be paid in May. She pointed out that "So far this year, the total return to our shareholders is 17%, much higher than the 6% average for European banks, and the best among our peers. This good performance reflects investor confidence in our strategy and our team."

Regarding the dividend against 2017 results, Botín said that "for this year, and according to the policy approved by the board of the directors, the board's intention is to increase the total dividend per share again to 22 cents per share, and that is what we will put to this AGM" next year. The dividend will be paid out in three cash dividends valued at six euro cents per share each, and one under the Santander Dividendo Elección program, at four cents. Botín explained: "in this way, the total dividend per share will continue to increase by almost 5% and the amount paid in cash will grow by around 9%".

"We thus maintain our policy of increasing the cash dividend, which is positive in two respects: first, it allows shareholders to choose how to invest the dividend they receives and second, it does not dilute their shares", Ana Botín added.

Botín also referred to Santander's capital position: "in three years, we have increased our capital by 19.5 billion Euros, 12 billion raised organically and 7.5 billion from the market", she said, adding that "we ended 2016 with a CET1 of 10.55%, 50 basis points more than in 2015. We have exceeded our own capital goals and the demands of regulators. In her opinion, "it's not just the strength of our capital that matters, but also its quality and the strength of our balance sheet. Most of our assets are loans to customers and our main source of financing are stable customer deposits."

Growth and goals

Santander's Group executive chairman reiterated the goals set for the bank in 2018: "Though we anticipate that volatility and factors outside the Group will affect us in some countries, we are confident that we will achieve them", she indicated. Botín pointed out that "the Bank's good performance over the last year and the positive trends arising from our new strategy allow me today to say this: we are going to get better".

Along with the rest of the sector, Santander has "a huge challenge ahead of us: digital transformation. Not only are we going to have to do the same things in different ways, but we are also going to have to do things we never before imagined." In this respect, she confirmed that the Bank will continue to invest in technology, spending 1,900 million euros per year to carry out the transformation. She explained that the Group is working on three fronts: "first, transforming our traditional products and services; second, with Openbank, a fully digital bank that we will relaunch in the coming days; and third, through Santander Digital and our 200 million investment fund Santander Innoventures".

Looking forward, Botín is confident that "we have a great platform to keep growing". She identified Santander's three main competitive advantages: "our 125 million customers, our focus on commercial banking, mostly in 10 markets; geographic diversification, with a balance between mature and emerging economies which makes our results more stable and predictable, which means we need less capital than our peers; and the subsidiaries model, which minimizes risks, makes us strong locally, but also presents a great opportunity for more collaboration between the countries and businesses of the Group". In this sense, she explained that "the corporate centre plays a vital role: it brings value to the Group and allows for economies of scale while at the same time we have reduced the cost of it by 18% in 2016 and 35% in three years". She underscored that "we have studied the markets where we are and we are where we want to be".

Botín indicated that "the key to reaching our goal of profitable and sustainable growth is to continue executing our strategic plan". She added that Santander wants to be "the best commercial bank in Europe and America, gaining the trust of our employees, customers, shareholders and society in general by acting in way that is Simple, Personal and Fair, by helping people and businesses prosper" and she insisted that "as important as what we achieve is how we achieve it".

Corporate governance and commitment to society

Santander's Group executive chairman referred to some of the changes made by the bank in terms of corporate governance. "We have included in the Regulations of the Board of Directors the requirement that the majority of its members be independent, as it is today". She also said that the Bank has strengthened the innovation and technology committee, so that it reflects "the board's recognition of its importance." She reminded also Homaira Akbari's appointment as board director and the start up of the International Advisory Board.

"Santander is a responsible company that's concerned about the society in which it operates", Botín said. She explained that Santander will strengthen its commitment to society in the next two years. "We have raised the goal for 2018. We want to help 5 million people through our financial inclusion and social action programs." The executive chairman also said that the Bank is going to build on its university program, what makes Santander the largest supporter of higher education globally, by focusing on entrepreneurship and job creation.

Spain

Botín reasserted the bank's commitment to Spain: "It is the country where our roots are, our headquarters and where we have great potential." She said that "the Spanish economy has done very well over the last two years. This growth has been based on strong foundations: Companies are financially healthier and families have more to spend and invest". She added: These foundations should enable us to continue growing at a rate of around 2.5%. Continuing to invest in education, supporting business and job creation, we can make sure that everyone who wants to work can work". In her opinion, "few countries have the experience and position Spain has in Europe and Latin America, which gives us access to more than 1.1 billion people, with a unique combination of soundness, tradition and dynamism." She also said that "Spain has the chance not just to do better economically, but also to increase its institutional importance and its contribution to the major challenges facing our region and the world: education, higher quality employment and financial inclusion."

The AGM approved the re-election as board members of Ana Botín, José Antonio Álvarez, Rodrigo Echenique, Esther Giménez-Salinas and Belén Romana. Shareholders also approved the appointment of Homaira Akbari to the board.

José Antonio Álvarez: “The positive trends of 2016 continue in the first months of this year”

Banco Santander’s CEO, José Antonio Álvarez, provided an in-depth review of the Group’s units in the countries and the global businesses. He summed up 2016 saying: “profit and dividend increased; we grew volumes excluding the exchange rate effect; the balance sheet continued to have a balanced structure; and we have significantly improved our solvency and credit quality”. He added: “All that was done while at the same time moving ahead in our commercial transformation, enhancing our customer relationships and improving their experience with the bank”. Álvarez showed confidence in Santander’s ability to deliver on its targets. “We are seeing that the positive trends of 2016 continue in the first months of this year: we are increasing loyal and digital customers; costs remain contained as in previous quarters, credit quality is improving and we are generating organic capital”. Santander’s CEO set out the bank’s financial priorities for 2017:

- Accelerate revenue growth, mainly in emerging economies.
- Grow market share in mature economies.
- Keep costs under control, with an overall growth below average inflation in the countries.
- Continue to improve the cost of credit, with falling provisions as the cycle improves in countries such as Brazil and Spain.
- Risk Weighted Assets (RWA) growth below the Group’s lending and profit growth.

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