

July 2021

Acquisition of Amherst Pierpont



Disclaimer

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Delivering disciplined and consistent capital allocation...

We will continue to allocate capital to higher growth opportunities

Reminder
Group Q4'20
results

Disciplined capital allocation

1

**High RoRWA
organic growth**

Primarily in Americas

2

**Fee income
businesses**

SCIB, Wealth
Management,
Payments Software

3

**Santander of
Tomorrow**

One Santander,
PagoNxt and Digital
Consumer Bank

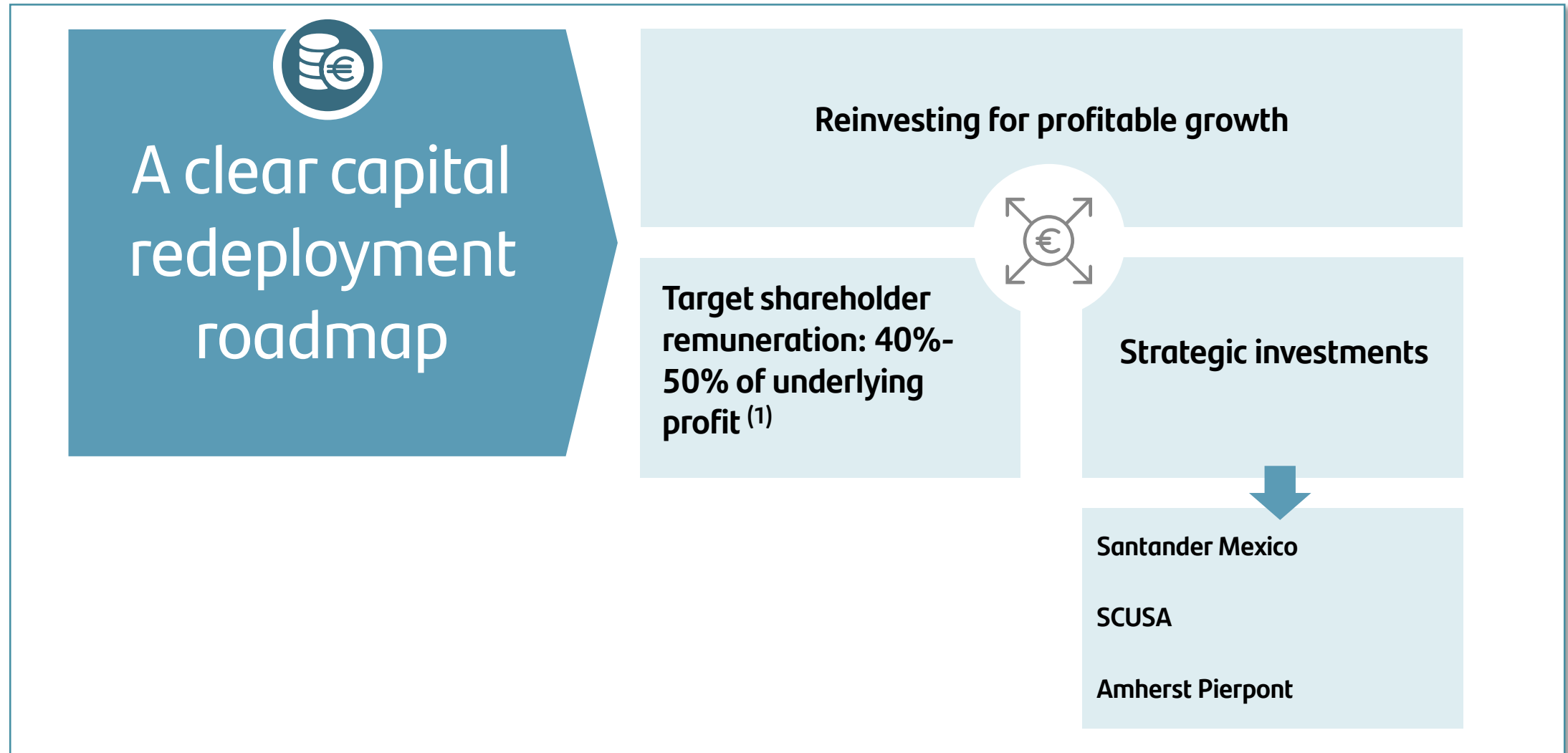
**EPS + TNAVps
growth**

Dividend growth
(40%-50%¹ cash payout)



(1) The board's intention is to restore in the mid-term a payout of 40-50% of the underlying profit. With respect to the remuneration against 2021 results, the intention is, in line with the announcement made in April 2020, to maintain the suspension of the dividend policy while the ECB 2020/63 recommendation of December 15th applies.

...with a clear redeployment roadmap



Proposed transaction

- Santander Holdings USA to acquire 100% of Pierpont Capital Holdings LLC (“PCH”), parent company of Amherst Pierpont Securities (“APS”), a leading independent fixed-income broker dealer based in New York, for a total consideration of c.\$600 million (c.€500 million)
- The transaction is an outstanding opportunity to transform SCIB’s⁽¹⁾ global franchise as it enhances its infrastructure and capabilities in US fixed income capital markets, bringing a management team with a strong track record, providing a platform for self-clearing USD fixed income securities globally, and growing our institutional client footprint in the US
- APS is a market leader in securitized products, including agency and non-agency residential mortgages securities, commercial mortgage securities and asset-backed securities, and is an active market maker in both the primary and secondary rates and credit markets.
- APS has a premier fixed-income and diversified structured products franchise with 230 highly experienced employees serving over 1,300 active institutional clients
- APS was designated a primary dealer of U.S. Treasuries by the Federal Reserve Bank of New York in 2019 and is currently the only non-rated, non-bank to hold that designation. These capabilities will strengthen Santander’s CIB unique value proposition with European and LatAm clients
- APS has reported an average c.22% pre-tax margin ⁽²⁾⁽³⁾, and average c.15% ROE since 2016 (28% in 2020), and an estimated c.3% RoRWA in 2020
- The transaction, estimated to close by the end of 1Q22, is expected to be c.1% EPS accretive for Santander Group ⁽⁴⁾, and to have a -9 bps impact on CET1 and 11% ROIC⁽⁴⁾

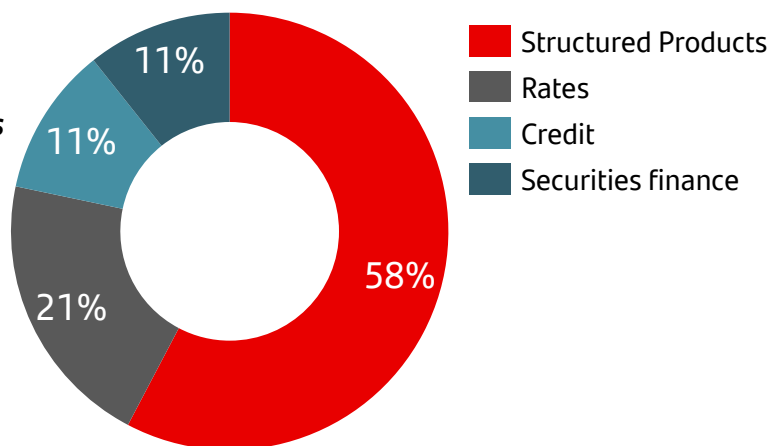
APS: Leading US independent broker dealer

Overview of APS⁽¹⁾

- Differentiated fixed income broker dealer with self-clearing capabilities and Primary Dealer designation
- Highly experienced management team with strong track record driving client growth
- Strong distribution platform with 1,300 active institutional accounts, of which c. 17% are middle-market accounts
- Solid risk culture
- Liquid balance sheet (\$14.3bn, 1Q21) with 94% of assets being FICC eligible and agency CMOs

Revenues in FY2020⁽¹⁾

c60% of its revenues from its **structured products** unit...



Selected company & financial data⁽¹⁾

Total equity

1Q'21

\$394mn

RoE

Average last 5 years

c.15%

Pre-tax margin

Average last 5 years

c. 22%

Employees

Across 8 locations in the US.

Half in its New York headquarters

230

Active institutional clients

From offices in New York, Chicago,

San Francisco, Austin, Hong Kong and other US locations

c. 1,300

Rationale for the transaction

Highly complementary acquisition that will transform SCIB's global franchise by strengthening our structuring and distribution capabilities in US fixed income capital markets and securitized products

Unique business opportunity:

- Only non-rated, non-bank that is a Primary Dealer for US Treasury auctions that will strengthen our value proposition with Santander's European and LatAm clients
- Self-clearing capabilities will allow Santander to internally clear USD denominated fixed income securities for the whole Group
- Grows CIB's institutional client footprint in US to the middle market where APS has strong presence
- US CIB business less balance sheet dependent with c.65% of APS revenue driven by non-interest income⁽¹⁾
- Limited product and client overlap with current Santander US CIB operations reduces integration risk
- Significant potential revenue synergies from serving our diversified products to respective client bases
- Experienced management team with strong track record of growing clients and revenues

gracias

shukran

danke

mercie

Thank you

grazie

obrigado

faleminderit

akpé