Banco Santander (SAN)

Updated May 16th, 2026, by Josh Arnold

Key Metrics

Current Price:	$11.74	**5 Year CAGR Estimate:**	-2.7%	**Market Cap:**	$172 B
Fair Value Price:	$8.72	**5 Year Growth Estimate:**	0.0%	**Ex-Dividend Date:**	07/30/2026[1]
% Fair Value:	135%	**5 Year Valuation Multiple Estimate:**	-5.8%	**Dividend Payment Date:**	08/06/2026
Dividend Yield:	2.4%	**5 Year Price Target**	$8.72	**Years Of Dividend Growth:**	4
Dividend Risk Score:	F	**Sector:**	Financials	**Rating:**	Hold

Overview & Current Events

Banco Santander, headquartered in Madrid, Spain, is a diversified banking business with operations in Retail Banking, Santander Corporate and Investment Banking, Wealth Management, and Spain Real Estate Activity. The company is truly global, with a presence in Europe, North America, and South America. Santander's top markets by attributable profit include Brazil, Spain, The United Kingdom, Santander Consumer Finance, Mexico, Chile, USA, Portugal, Poland and Argentina. The $172 billion market capitalization company has 11,000+ branches, with ~186,000 employees serving tens of millions of customers around the globe. Santander reports results in euro, but all numbers for this report are in U.S. dollars.

Santander posted first quarter earnings on April 23rd, 2026, and results were fairly strong. The bank posted adjusted earnings-per-share of 27 cents, while earnings on a dollar basis (after being adjusted from euro) rose 12% year-on-year to $4.14 billion.

Attributable profit soared 60% to $6.4 billion, which included a $2.21 billion net capital gain following the completion of the sale of Santander Bank Polska in January 2026.

Total revenue was up 4% year-on-year to $17.6 billion, which was driven by a 4% increase in net interest income to $12.81 billion, as well as net fee income of $3.91 billion. The latter was up 6% as a result of stronger customer activity and volume growth across all of its businesses.

Loans were up 5%, while deposits grew 4% on a constant currency basis. However, the bank traded lower after earnings as it suspended its buyback program temporarily. The program was launched only in February and was set for about $6 billion. This is due to the fact that Santander has a pending acquisition of Webster Financial (WBS), which is set to be voted upon in late May.

We now see $1.09 in adjusted earnings-per-share, two cents higher than prior.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$0.45	$0.46	$0.53	$0.52	$0.32	$0.53	$0.58	$0.71	$0.80	$1.06	***$1.09***	***$1.09***
DPS	$0.22	$0.26	$0.27	$0.26	$0.00	$0.06	$0.11	$0.15	$0.21	$0.26	***$0.28***	***$0.32***
Shares[2]	14582	16136	16237	16618	17312	17063	16551	15886	15137	14678	***14200***	***12500***

Note that all the numbers in this report refer to the Banco Santander American Depository Receipts (ADRs) in USD, listed on the NYSE (ticker: SAN). Keep in mind that the Euro to USD exchange rate has varied over this time. Today, the exchange rate is 1.16 USD per Euro after significant deterioration in the value of the dollar so far this year. The company had traditionally paid three cash dividends and one scrip dividend each year (which is why the share count rises over time). The company's earnings have stabilized, which is putting the future of capital returns in a better spot. The dividend is quite variable in both amount and timing, and therefore difficult to predict. It's also paid semi-annually. Share repurchases continue as well so long as the temporary suspension proves to be temporary.

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[1] Estimated date

[2] Share count in millions

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Santander's Latin America markets have higher growth rates than their European counterparts. Of course, this is also a point of risk as these markets are not as established and overall credit tends to be more finicky. We see minimal earnings growth ahead. Santander continues to struggle with rates and credit quality to an extent, and we don't see that changing given its focus on auto loan origination. However, efficiency efforts are yielding higher margins, and therefore, higher earnings.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	11.6	14.3	8.5	8.5	8.3	6.8	5.1	5.8	5.7	11.1	***10.8***	***8.0***
Avg. Yld.	4.2%	4.0%	6.0%	5.9%	---	1.6%	3.7%	3.6%	4.6%	2.2%	***2.4%***	***3.7%***

Santander has somewhat of a peculiar trading history, as the dividend was held relatively steady for years even after earnings collapsed. Eventually, the high dividend payment caught up with the firm and a dividend cut was required. As mentioned, the cash dividend was suspended for 2020. The dividend has risen for four years now, but we note the payout is variable.

Since the dividend cut, shares have been trading in a more normalized range. Our fair value estimate is 8 times earnings, due to the obvious growth struggles the company is facing. With shares trading at 10.8 times our earnings estimate, we see a meaningful headwind to total returns in the coming years from the valuation.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	49%	57%	51%	50%	0%	11%	19%	21%	26%	24%	***26%***	***30%***

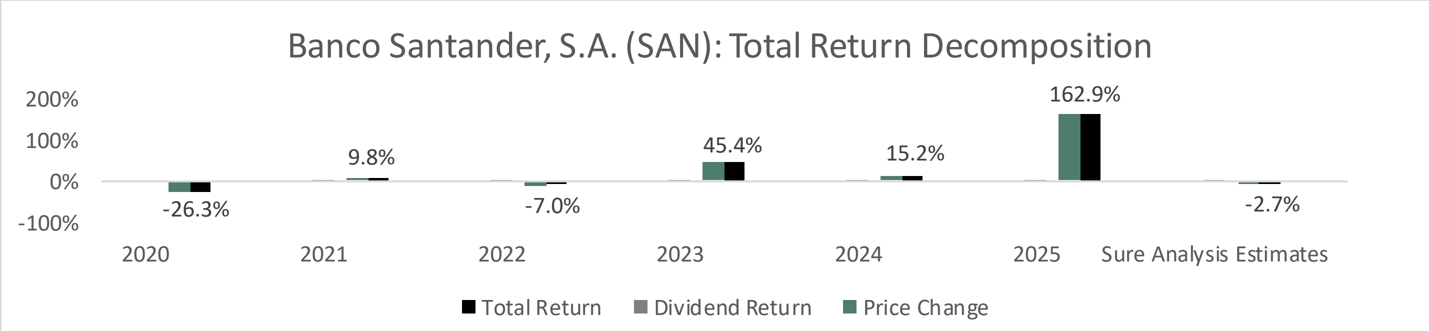
Santander has a few advantages over a typical bank, stemming from its top five deposit market share in countries like Spain, Brazil, Mexico, Chile, and Argentina. The wide geographical base gives the company multiple positions in markets that are not necessarily correlated.

Recession performance and its aftermath are noteworthy. Santander went from earning $1.79 per share in 2008 down to $0.84 in 2011 and $0.29 in 2012. Since then, earnings have rebounded, but not nearly to the same level. We believe Santander should have slashed the dividend much earlier. Despite the material and lasting impact on earnings, the dividend continued along until 2014. Those four years of a near (or well above) 100% payout ratio required significant dilutive action. We see 2020's recession as damaging as well, but a rather swift recovery into 2021 gave way to strong earnings.

Final Thoughts & Recommendation

We are forecasting -2.7% annual total returns going forward, which is a further deterioration. Santander is a risky bank to own as growth prospects fizzle and the valuation remains elevated. We reiterate the stock at a hold.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	50,608	56,762	58,703	58,574	53,461	57,323	57,183	64,516	69,099	73,297
SG&A Exp.	20,202	22,443	23,377	22,118	20,922	22,077	21,471	24,078	24,011	---
D&A Exp.	2,616	2,937	2,863	3,360	3,209	3,261	3,148	3,447	3,565	3,587
Net Profit	6,866	7,496	9,222	7,294	-10,017	9,612	10,129	11,991	13,609	15,753
Net Margin	13.6%	13.2%	15.7%	12.5%	-18.7%	16.8%	17.7%	18.6%	19.8%	21.5%
Free Cash Flow	14,923	35,334	-10,366	-12,039	65,818	53,584	17,787	-9,341	-37,615	85,627
Income Tax	3,632	4,399	5,769	4,956	6,432	5,790	4,731	4,629	5,718	5,330

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets ($B)	1416	1733	1669	1706	1855	1807	1860	1986	1912	2,193
Cash & Eq. ($B)	104	164	160	144	213	320	336	366	227	179
Goodwill & Int.	31103	34411	32670	31014	19,566	18,777	19,995	21,965	20,040	20,327
Total Liab. ($B)	1307	1605	1546	1582	1,743	1,697	1,756	1,871	1,800	2,061
Accounts Payable	1491	2218	1814	1891	2,457	2,717	3,244	3,674	2,554	2,027
LT Debt ($B)	242	261	282	293	289	279	301	341	339	542
Total Equity ($B)	96	113	110	112	100	98	96	105	103	121
LTD/E Ratio	2.52	2.31	2.56	2.62	2.89	2.83	3.15	3.23	3.30	4.47

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	0.5%	0.5%	0.5%	0.4%	-0.6%	0.5%	0.6%	0.6%	0.7%	0.8%
Return on Equity	7.1%	7.2%	8.2%	6.6%	-9.4%	9.7%	10.4%	10.9%	12.0%	12.9%
ROIC	6.3%	6.3%	7.3%	5.9%	-2.4%	2.4%	2.6%	2.8%	3.0%	2.4%
Shares Out.	14,582	16,136	16,237	16,618	17,312	17,063	17,787	17,040	15,568	14,975
Revenue/Share	3.57	3.84	3.19	2.80	3.28	3.08	3.21	3.79	4.44	9.38
FCF/Share	1.02	2.29	-0.64	-0.73	4.04	3.09	1.00	-0.57	-2.42	5.72

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.